

ANNUAL REPORT 2014-15

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 POF 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	- <i>Chairman</i>
B R Taneja	- <i>Managing Director (w.e.f. December 01, 2014)</i>
Salil Taneja	- <i>Chief Executive Officer (up to November 30, 2014)</i>
Rajiv Goel	- <i>Chief Financial Officer</i>
O P Kakkar	- <i>Director</i>
K K Rai	- <i>Director</i>
J P Sureka	- <i>Director</i>
Ajit Ingle	- <i>Nominee Director of IDBI Bank Limited (w.e.f. September 06, 2014)</i>
Suresh Khatanhar	- <i>Nominee Director of IDBI Bank Limited (up to September 05, 2014)</i>

Company Secretary

Nilesh Jain

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 Industriebank AG

Registered Office

Lunkad Towers,

Viman Nagar, Pune - 411014

Website : www.ismt.com

E-mail ID: secretarial@ismt.co.in

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

Sharepro Services (India) Private Limited

PHYSICAL SUMMARY

(Tonnes Per Annum)

A. TUBE DIVISION										
Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Production	113982	147180	138571	185976	167187	135782	145429	162276	161181	135635
Sales	115910	145052	141980	183194	165662	132156	144242	159062	163315	132794
Captive	4802	5007	13539	21553	19992	14652	16025	19150	17175	17068
External	111108	140045	128441	161641	145670	117504	128217	139912	146140	115726
of which:										
- Domestic	81074	107783	83695	104355	101499	92363	86422	101208	112833	82481
- Exports	30034	32262	44745	57286	44171	25141	41795	38704	33307	33245

(Tonnes Per Annum)

B. STEEL DIVISION										
Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Production	203932	244888	216319	268638	254070	231395	202392	237914	247351	234707
Sales	208054	246410	214796	267296	256347	227866	201601	244684	245096	228078
Captive	116910	165222	137255	157913	148990	133976	145394	157862	160985	131968
External	91144	81189	77541	109383	107357	93890	56207	86822	84111	96110
of which:										
- Domestic	90938	80995	77497	108975	107174	93390	55865	86320	83510	95263
- Exports	206	194	44	408	183	500	342	502	601	847

KEY PARAMETERS

Rs. in Crore

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Operations :										
Gross Sales	2,320	2,563	2,513	2,981	2,553	1,914	2,308	2,051	2,049	1,807
Net Sales	1,463	1,495	1,511	1,879	1,602	1,185	1,285	1,180	1,190	1,061
- Tube Sales	979	1,072	1,098	1,302	1,071	777	980	827	872	694
- Steel Sales	484	424	413	578	532	408	304	353	318	367
- Exports	282	291	412	501	328	176	354	247	225	211
- Imports	443	566	492	551	364	268	195	60	90	132
- Exports (% of Total Tube sales)	28.8%	27.1%	37.5%	38.5%	30.7%	22.6%	36.1%	29.8%	25.9%	30.3%
Raw Material (% of Net Sales)	55.2%	50.0%	49.9%	51.1%	46.3%	42.3%	50.1%	48.3%	45.0%	45.4%
Energy Cost (% of Net Sales)	20.7%	21.3%	19.6%	18.3%	18.1%	18.1%	13.3%	14.7%	13.9%	12.9%
Profitability :										
EBIDTA	46	103	179	265	275	218	251	226	269	264
- EBIDTA margin	3.0%	6.5%	11.1%	13.5%	16.5%	18.1%	19.1%	18.6%	22.4%	24.3%
Net Profit / (Loss)	(221)	(170)	(100)	29	75	75	56	100	130	115
- Net Profit / (Loss) Margin	-14.6%	-10.8%	-6.2%	1.5%	4.5%	6.2%	4.3%	8.3%	10.8%	10.6%
Net worth	279	304	490	582	618	578	529	533	461	422
Finance :										
Total Debt	1,578	1,446	1,200	1,087	925	871	895	726	704	673
Term Debt	1,119	981	878	972	853	762	795	630	563	533
Term Loan Repayment	288	210	178	180	147	123	120	69	37	59
Total Finance Costs	226	184	153	121	91	79	82	67	76	86
- Total Finance Costs (% of Net Sales)	15.5%	12.3%	10.1%	6.4%	5.7%	6.6%	6.4%	5.6%	6.4%	8.1%
- Foreign Currency Debt (% Term Debt)	38.2%	63.8%	85.2%	78.1%	61.6%	79.7%	78.2%	88.7%	58.4%	31.9%
Net Block	1,577	1,340	1,388	1,427	1,361	1,223	1,148	1,021	810	823
General :										
Average Market Capitalization	230	151	317	500	766	636	467	1,289	1,154	888
Book Value (Rs. Per Share)	19.02	20.78	33.43	39.72	42.16	39.42	36.11	36.41	31.90	29.20

Directors' Report

To the Members of ISMT Limited

The Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the year ended March 31, 2015.

FINANCIAL HIGHLIGHTS

Rs. in Crore

Particulars	Financial Year	
	2014-15	2013-14
Gross Sales	2320.15	2563.10
Profit/(Loss) before Finance Charges, Depreciation, Amortization & Tax (EBIDTA)	46.17	102.91
Cash Profit/ (Loss)	(250.70)	(102.56)
Gross Profit/ (Loss)	(180.17)	(80.62)
Profit/ (Loss) Before Tax	(220.99)	(204.65)
Taxation	0.00	(34.36)
Net Profit/ (Loss)	(220.99)	(170.29)
Add: Balance brought forward from Previous Year	(245.27)	(74.98)
Balance available for Appropriation	(472.19)	(245.27)
Appropriations / Transfer to Reserves	NIL	NIL
Balance carried to Balance Sheet	(472.19)	(245.27)

DIVIDEND

Your Directors are unable to recommend a dividend for the year ended on March 31, 2015, in view of the loss.

OPERATIONS

This has been one of the most difficult years with all the three plants viz. Baramati, Jejuri and Ahmednagar recording lowest production and sales in last 10 years. The continuing imports resulted in tube segment operating at 25% capacity.

MARKET

Both domestic and export markets continued to be extremely challenging - on account of large volume of imports at low prices and sharp drop in oil prices in the international market.

FINANCE

The Joint Lenders' Forum (JLF) of the Company bankers had mandated SBI Capital Markets Limited to make a financial plan and had also commissioned Techno Economic Viability Study by Dun and Bradstreet Information Services India Pvt. Ltd. The JLF then approved a Corrective Action Plan for fresh Corporate Term Loans of Rs. 450 Crore by way of rectification.

Term Loans of Rs. 405 Crore were accordingly disbursed during the year. Due to increased borrowings and higher interest rates, the finance cost shot up by more than 23%.

The Corrective Action Plan (CAP), however, failed to achieve the desired result primarily due to aggressive Chinese imports in the absence of a deterrent Import Duty. The Company is now discussing with Bankers the various options including Restructuring.

CAPTIVE POWER PLANT

Captive Power Plant (CPP) had envisaged that the Coal Linkage will be available and the Banking of Power will be allowed, both of which are still not in place resulting in large losses. The Company has now appealed to APTEL against the MERC order denying Banking to the Company.

The Company has yet to receive an amount of Rs. 40.83 Crore from MSEDCL towards excess energy charges paid on account of non availability of Banking facility.

IMPORT DUTY

The Safeguard Duty of 20% was finally imposed after about two years in August, 2014 which will soon come down to 10% in August 2015. The domestic industry has since filed an application for levy of Anti Dumping Duty against imports from China.

It is critical for survival of the industry that steep and long term Anti Dumping Duty is imposed at the earliest and that the Provisional Duty is urgently levied immediately after initiation of Anti Dumping Proceedings.

SALE OF NON CORE ASSETS

Reduction of debt through sale of non core assets is one of the highest priority of the Company.

DIRECTORS

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

IDBI Bank Limited had appointed Mr. Ajit Ingle as its Nominee Director in place of Mr. Suresh Khatanhar on the Board of the Company w.e.f September 6, 2014. The Board placed on record its sincere appreciation and gratitude for his guidance and contribution to the Company.

Mr. Salil Taneja whose term as Whole-time Director was upto November 30, 2014 has resigned as Director of the Company w.e.f. December 1, 2014. The Board placed on record its appreciation and gratitude for his guidance and contribution to the Company.

Mr. B. R. Taneja was appointed as the Managing Director of the Company w.e.f. December 1, 2014 for a period of 2 (two) years with approval of the Members of the Company by way of Postal Ballot.

Directors' Report (contd.)

Mr. Rajiv Goel has been re-appointed as a Whole-time Director of the Company w.e.f. December 1, 2014 for a period of 1 (one) year subject to approval of the Members of the Company at its ensuing Annual General Meeting (AGM).

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 includes criteria for performance evaluation of the non-executive directors and executive directors like : 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 and Sharing of information etc.

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

AUDITORS

Pursuant to Section 139 of the Companies Act, 2013 and the Rules framed thereunder, the members of the Company at the 16th AGM held on September 26, 2014, approved the appointment of M/s. P. G. Bhagwat and J. K. Shah & Co., as Joint Statutory Auditors of the Company to hold office for a period of 3 (three) consecutive years till the conclusion of 19th AGM, subject to ratification of their appointment at every AGM.

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 do not call for further comments.

COST AUDITORS

Pursuant to Section 148 of Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014, your Directors had, on recommendation of the Audit Committee, approved the appointment and remuneration of following Cost Auditors for Financial Year 2014-15:

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

The payment of remuneration for FY 2014-15 to aforesaid Cost Auditors is subject to ratification by the Members at the ensuing Annual General Meeting.

The Cost Audit Report for the financial year 2013-14 was due on September 30, 2014 and was filed with the Ministry of Corporate Affairs on September 26, 2014.

SUBSIDIARIES

As on date of this report, the Company continued to have eleven direct and indirect subsidiary companies. A report in Form AOC-1 on the performance and financial position of each of the subsidiary companies as per the Companies Act, 2013 included in the consolidated financial statement 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

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Management Discussion Analysis and Corporate Governance Report together with a Certificate from the Company's Auditors on compliance, is forming part of this Report.

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, 2015 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;
- 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.

EXTRACT OF ANNUAL RETURN

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

Directors' Report (contd.)**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

The particulars as required under Section 134(3)(m) of the Companies Act, 2013 is forming part of this report as Annexure B.

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.

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

Detail pertaining to remuneration of Directors and employees required under 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, 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, 2015. The Report of the Secretarial Auditors is forming part of this Report as Annexure D. The Company is in the process of appointing an Independent Woman Director to address both the observations of the Secretarial Audit Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under Section 186 of the Act forming part of the Notes to the Financial Statements is forming part of this Report.

RISK MANAGEMENT

The Management of the Company has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, liquidity, security, property, IT, regulatory and other risks have been identified and assessed and there is an adequate risk management policy in place capable of addressing those risks.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements.

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.

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.

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.

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 the continued support and co-operation received by the Company from the 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 teamwork.

For and on behalf of the Board of Directors

Pune
May 30, 2015

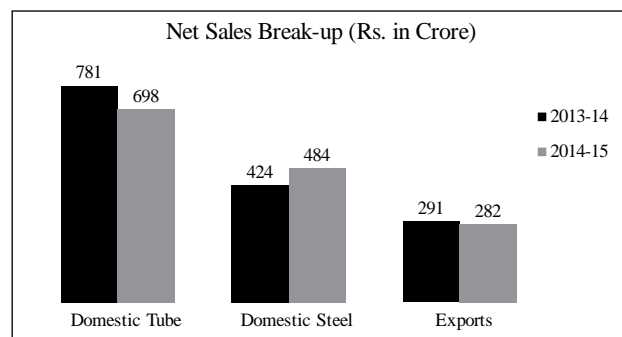
S C Gupta
Chairman

Management Discussion and Analysis

It was the most difficult years for the industry - less than 50% of the market was available to the domestic players on account of unabated imports from China at dumping prices.

Company Performance :

- Total Revenue : Rs. 1515.89 Crore
- EBDITA : Rs. 46.18 Crore
- Profit / (Loss) after Tax : Rs. (220.99) Crore



While external steel volumes increased by over 14% there was a drop in external tube volumes by 11% over Previous Year. Export sales during the year remained at the same level as previous year.

Rs. in Crore

Particulars	2014-15	2013-14	% Change
Net Sales	1463	1495	(2%)
Domestic			
- Tube	697	781	(11%)
- Steel	484	424	14%
Exports	282	291	(3%)

INDUSTRY STRUCTURE AND DEVELOPMENTS

Seamless Tubes Industry

Seamless Tube is a capital intensive industry and deploys high end technology and better surface finish, machine-ability, strength to weight ratio and longer life. Seamless Tubes find applications in Oil and Gas exploration industry, Power Sector, Automotive, Construction Equipment, Bearing, Material handling equipments, Structural Components and host of other Mechanical applications. With the fast growing horizontal drilling and hydraulic fracturing technology being deployed for recovery of Shale gas, the use of seamless tubes is also set to increase.

Despite the large market, the rampant dumping by global players has rendered the domestic Seamless Tube manufacturers extremely vulnerable. While Indian seamless tube sector accounts for less than 5% of the world seamless tube market, ample scope exists for growth of the sector once the core sectors of the economy start reviving and the problem of dumping is addressed. Indian seamless tubes industry is also competitive in the global arena with about 30% of seamless tube production in the country is being directly or indirectly exported.

Anti Dumping

Chinese imports have continued to dominate the domestic seamless tube industry. Market share of imports from China has been increasing which resulted into loss of market share of the Domestic Industry. Increased imports are entering Indian Market at dumped prices causing price suppression and depression effect on domestic industry's prices. In addition to the material injury, which is already inflicted on the domestic industry, the imports are causing a significant threat of injury to the domestic industry.

The Domestic Industry has already lost several opportunities in the form of tenders floated by PSUs / other private projects in the fields of oil exploration, etc. to China exporters. It is likely that similarly further opportunities may be lost to imports from China increasing the losses suffered by the Domestic Industry.

The Safeguard Duty has failed to make any impact and the imports have continued at dumping prices. The domestic industry has therefore filed an application for levy of Anti Dumping Duty which is intended to provide adequate protection for upto five years.

The table gives details of imports and domestic demand for last 4 years:

Particulars	2014 *	2013-14	2012-13	2011-12
Total imports	292,548	352,804	375,581	439,409
Imports from China	247,131	291,002	259,758	325,865
% of Chinese imports to Total Imports	84.5%	82.5%	69.2%	74.2%
Total Estimated Domestic Demand	547,161	631,127	676,656	814,372
% of Chinese share in Total Domestic Demand	45.2%	46.1%	38.4%	40.0%

* January 2014 to Decemeber 2014

Since the Chinese imports are below their cost of production and amount to dumping, most of the tube producing countries have imposed Anti Dumping Duties on imports of Seamless Tubes & Pipes originating from China. The quantum of steep import duties imposed by various countries highlights the extent of dumping.

Trade Remedies Instruments	Imposing Countries	Affected Countries	Range of Duties
Anti-Dumping	US	China	48.99% - 98.74%
Subsidies	US	China	13.66% - 53.65%
Anti-Dumping	Canada	China	39.00% - 166.9%
Subsidies	Canada	China	91.26 - 4,070.00 RMB/Metric Ton
Anti-Dumping	EU	China	48.3% - 71.9%
Safeguard	Indonesia	Global Measure	Rp 28,429 per kg - Rp 27,126 per kg (on a reducing scale year on year)
Anti-Dumping	Brazil	China	USD 759.26 / MT to USD 811.13 / MT
Anti-Dumping	Mexico	China	USD 1252 / MT

Management Discussion and Analysis (contd.)

Steel Industry

ISMT is predominantly engaged in the manufacturing of specialty alloy and bearing Steel. The end user segments are largely Bearing, Automotive, Engineering and Forging Customers apart from some customers requiring steel for specialized application. The fortunes of the specialty and alloy steel products is closely linked to automotive and auto component industry. Unlike last year, the raw material prices have remained relatively stable during the year, however the forex volatility has impacted the prices of imported raw material in the short term.

ISMT has integrated Steel Plant which uses the Electric Arc Furnace technology to produce Steel.

Safeguard Duty (Steel Rounds & Billets)

There has been a surge in imports of Alloy & Non Alloy Steel Long Products comprising of bars, billets and rods.

Alloy Steel Producers Association of India (ASPA) of which the Company is a constituent, proposes to file an application for imposition of Safeguard Duty.

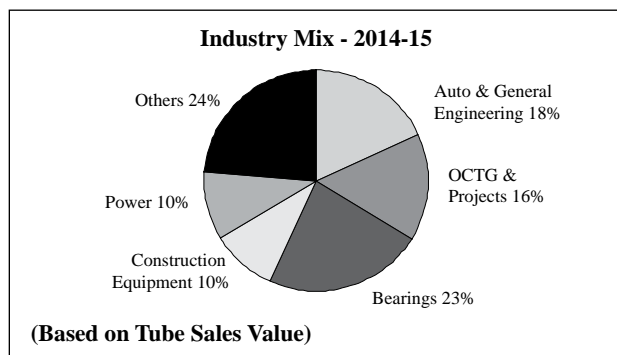
Captive Power Plant

Unfortunately for the Company, MSEDCL did not permit Banking and there have been no Coal Linkage available with the Government during last 5 years. It was not economical for the Company to run the Captive Power Plant and accordingly operations of the Captive Power Plant was temporarily suspended w.e.f. 1st April, 2014 and the same will be reviewed as and when Banking or Coal Linkage do become available.

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



Your Company continues to be a leading supplier of value added Seamless Tubes to Bearing Industry both in the domestic and international market where the share in total tube sales increased to 23% in current year from 19% in FY 2013-14 and 17% in FY 2012-13. Similarly sales to Oil & Gas exploration and Auto & General Engineering increased by 2% and 4% respectively as compared to previous year. Power Sector on account of delay in implementation of power projects witnessed a drop and accounted for 10% of total tube sales against 14% last year.

OPPORTUNITIES & THREATS

Opportunities

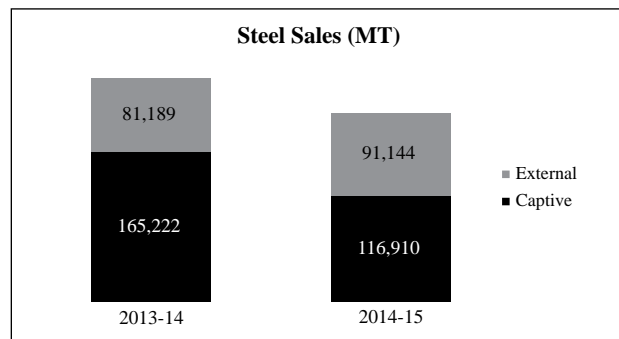
The overall seamless tubes production in the country relative to its steel production is much lower than that of developed markets. This in turn creates the potential for a long term upside as the economy revives.

Threats

Unabated Chinese imports constituted the biggest threat to the Company and the Industry and this is likely to be further aggravated by the slow down of the Chinese economy.

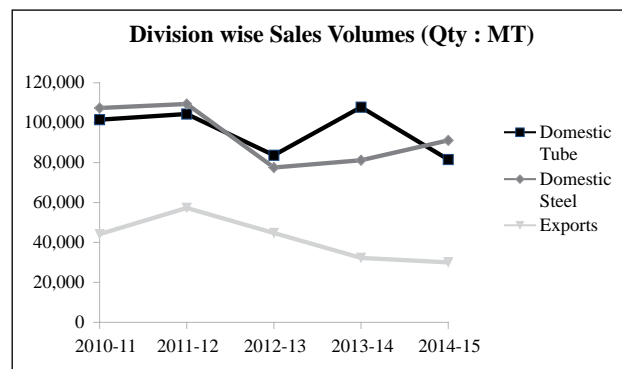
SEGMENT / PRODUCT INFORMATION

Your Company is engaged in manufacturing Seamless Tubes and Engineering Steels. Seamless Tube accounted for 67% of ISMT's total external sales value while Steel accounted for the balance 33%. Captive consumption of steel decreased to 56% against 67% last year on back of lower seamless tube production.



Management Discussion and Analysis (contd.)

As a result of dumping of seamless tubes the domestic seamless tube sales dropped during the year. However there was a increase in domestic steel sales. Exports remained almost same as that of previous year.



OUTLOOK

While the impact of measures initiated by the new government will be felt in the long term, imposition of effective import duty is critical for the health of the industry in the medium and short term.

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 slowdown of Chinese economy, the Greece crisis, fall in oil and commodity prices are some of the key global concerns with wide ranging domestic implications.

The management of your Company has put in place adequate risk management system so as to minimize and/or eliminate the adverse impact if any, of any of the risks.

INTERNAL CONTROL SYSTEMS

While the Company has adequate and effective internal control systems and processes, the diverse business needs calls for a constant review of efficacy of such control systems.

FINANCIAL PERFORMANCE

Some of the key financial parameters are as under :

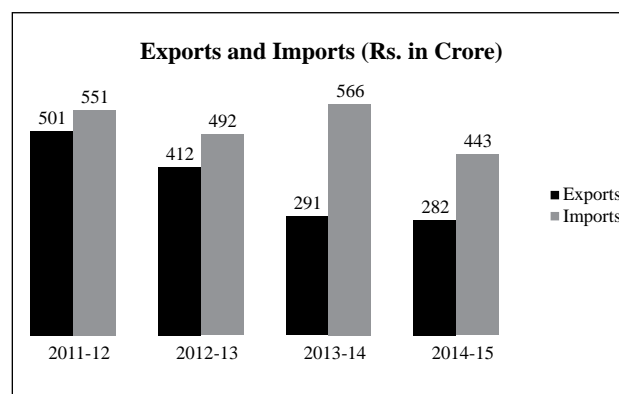
Finance Cost

There was a steep increase in finance cost on account of additional borrowings. The cost of funds also went up on account of higher

Rupee Loans. The Company is working on financial package to meet its obligations for debt servicing in the coming financial years given the continued weakness in the economy.

The Finance cost during the year increased by Rs. 42 Crore and stood at 15% of Net Revenue. The prolonged period of economic slowdown, the unabated dumping of seamless tubes in the country and the resultant underutilized capacity coupled with the ongoing dispute on energy banking has resulted into higher leverage and hence increase in finance cost.

During the year Company consumed imported raw material, stores, spares and consumables amounting to about Rs. 443 Crore.



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 objective laid in the policy.

Foreign Currency Term Loans accounted for over 38% of the Company's outstanding term debt as on March 31, 2015 (as compared to 64% as on March 31, 2014).

During the year the Company was eligible for Rs. 13.49 Crore as incentive under the Mega Project Incentive Scheme of Government of Maharashtra against Rs. 14.02 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 & debtors levels as on the Balance Sheet date has increased significantly (especially debtors) over corresponding period last year.

Management Discussion and Analysis (contd.)
Rs. in Crore

Particulars	2014-15	2013-14
Inventory	410	472
Stock Turnover (times)	3.57	3.17
Debtor's	176	372
Debtor's Turnover (times)	8.31	4.02

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 accounts for over 21% of the Company's net revenues at Rs. 303 Crore. In the current financial year operations of the Captive Power Plant were temporarily suspended from April 1, 2014.

Particulars	2014-15	2013-14	% change
Power consumption (KWH/ Ton of Production)			
- Steel Division	849	834	2%
- Tube Division	744	643	16%
Avg. Electricity Rate per Unit from MSEDCCL (Rs. / KWH)	8.07	10.57	(24%)

The 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	2014-15	2013-14	% Change
Furnace oil Consumption (K Ltrs/ Ton of Production)			
- Steel Division	36	30	20%
- Tube Division	92	81	14%
Avg. Furnace Oil rate Rs. per Litre	35.26	42.75	(18%)

Due to low capacity utilisation, the power and fuel consumption per Metric Ton of production of both seamless tubes & steel division increased over previous year.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The industrial relations continued to remain peaceful throughout the year. In order to reduce fixed costs, rationalisation of manpower was carried out at various levels.

In the prevailing economic and business environment the focus has been on aligning HR to support to meet the defined business objectives of the Company and enable it to sail through the challenges that it is faced with and prepare it for grabbing opportunities that come in the way and creating new opportunities.

EMPLOYEE RELATED INFORMATION

As on March 31, 2015

Particulars	Factory Locations	Others	Total
Managers	204	63	267
Officers & Staff	545	72	617
Workmen	1,227	0	1227
Total	1,976	135	2111

CAUTIONARY STATEMENT

Your Company continued its support to the Social initiative programme started jointly with Prithvi, an NGO to combat the HIV epidemic in India, particularly in the areas surrounding the ISMT plants.

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is committed and continues to focus on good Corporate Governance by being transparent and by maintaining a high level of integrity, accountability and social responsibility. This report is prepared in conformity with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

BOARD OF DIRECTORS

The Board consists of 7 Directors of which 3 Directors are Independent as on March 31, 2015 in terms of sub-clause (1) and clause 49 (II) (B) of the Listing Agreement.

The composition of the Board of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting (AGM), as also the number of other Directorships in other public companies and memberships in various committees across all public companies as on March 31, 2015 are as follows:

Name of the Director	Category	Financial Year 2014-15 Attendance		Number of Directorships in other public companies*	Committee positions in other public companies**	
		Board Meetings	Last AGM		Member	Chairman
S.C. Gupta	ID-NED	6	Yes	8	6	NIL
Rajiv Goel	ED	7	Yes	1	1	NIL
O.P. Kakkar	ID-NED	3	Yes	NIL	NIL	NIL
K.K. Rai	ID-NED	7	Yes	2	2	NIL
J.P. Sureka	Promoter NED	5	Yes	2	2	NIL
B.R. Taneja	Promoter ED	5	Yes	1	NIL	NIL
Ajit Ingle@	NED (IDBI Bank Nominee)	4	No	NIL	NIL	NIL
Salil Taneja@@	Promoter ED	5	Yes	2	NIL	NIL
Suresh Khatanhar@@@	NED (IDBI Bank Nominee)	1	No	NIL	NIL	NIL

NED: Non-Executive Director

ED: Executive Director

ID-NED : Independent Non-Executive Director in terms of sub-clause (1) of Clause 49(II)(B) of the Listing Agreement

* 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 and Stakeholders' Relationship Committees.

@ Director w.e.f. September 06, 2014.

@@ Ceased to be a Director w.e.f. December 01, 2014.

@@@ Ceased to be a Director w.e.f. September 06, 2014.

Corporate Governance Report (contd.)

During the year under review, Seven Board Meetings were held as under :

Sr. No	Date of Meeting
1	May 28, 2014
2	August 13, 2014
3	September 26, 2014
4	November 14, 2014
5	December 01, 2014
6	February 12, 2015
7	March 30, 2015

- The composition of the Board of the Company is in conformity with the stipulations in Clause 49 of the Listing Agreement.
- 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. O. P. Kakkar, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Pursuant to the provisions of the Companies Act, 2013, Mr. Rajiv Goel is proposed to be re-appointed as a Whole-time Director of the Company for a period of 1(one) year with effect from December 1, 2014 upto November 30, 2015 in the ensuing AGM.

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

AUDIT COMMITTEE

The terms of reference of the Audit Committee are in conformity with the stipulations in Clause 49 of the Listing Agreement with the Stock Exchanges and provisions of Section 177 of the Companies Act, 2013.

Composition, Meetings and Attendance during the year :

The composition of Audit Committee and attendance of each member is indicated alongside their names:

Name of Director	Chairman / Member	Number of Meetings Attended
K.K. Rai	Chairman (Independent)	6
J.P. Sureka	Member	6
S.C. Gupta	Member (Independent)	6

During the year under review, Six Meetings of Audit Committee were held as under:

Sr. No	Date of Meeting
1	May 27, 2014
2	August 13, 2014
3	September 26, 2014
4	November 14, 2014
5	January 27, 2015
6	February 12, 2015

Mr. K.K.Rai, the Chairman of the Audit Committee was present at the last Annual General Meeting.

MANAGERIAL REMUNERATION**a. NOMINATION AND REMUNERATION COMMITTEE:**

The Company has a Nomination and Remuneration Committee of Directors.

The Nomination and Remuneration Committee is empowered to fix, review and recommend the remuneration payable to the Whole-time Directors of the Company from time to time including the annual increase in their remuneration.

Composition, Meetings and Attendance during the year:

The composition of Nomination and Remuneration Committee and attendance of each member is indicated alongside their names:

Name of Director	Chairman / Member	Number of Meetings Attended
K.K. Rai	Chairman	3
J.P. Sureka	Member	3
S.C. Gupta	Member	3

During the year under review, three meetings of Nomination and Remuneration Committee were held as under :

Sr. No	Date of Meeting
1	November 14, 2014
2	February 12, 2015
3	March 11, 2015

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.

Corporate Governance Report (contd.)

- The Company pays remuneration by way of salary, perquisites, allowance and commission to its Whole-time Directors.
- Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors decides the payment of remuneration to the Non-Executive Directors. Mr. O. P. Kakkar, Non-Executive Director is paid remuneration.
- The Company paid sitting fee of Rs. 20,000/- each for attending Board and Committee Meetings upto February 12, 2015, to all 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. 40,000/- each.
- During the FY 2014-15, on recommendation of Nomination and Remuneration Committee the Board had approved the Nomination and Remuneration Policy.

c. Remuneration to Directors :

A Statement on the remuneration paid / payable to the Whole-time Directors viz. Mr. B R Taneja, Mr. Salil Taneja and Mr. Rajiv Goel and sitting fees paid to Non-Executive Directors, during the financial year 2014-15 is given below:

Name of the Director	Salary & Perquisites (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)
S.C. Gupta	NA	NA	4,20,000
B.R. Taneja*	66,00,000	NA	60,000
Rajiv Goel**	78,82,684	NA	NA
O.P. Kakkar	36,00,000	NA	NA
K.K. Rai	NA	NA	4,40,000
J.P. Sureka	NA	NA	3,80,000
Ajit Ingle	NA	NA	1,00,000
Salil Taneja***	56,99,650	NA	NA
Suresh Khatanhar@	NA	NA	40,000
TOTAL		NA	14,40,000

* Was non-executive director from April 01, 2014 upto November 30, 2014 and was appointed as executive director thereafter. Since, approval of the Central Government was awaited, therefore, he was not paid any remuneration during FY 2014-15.

** Was re-appointed as executive director from December 01, 2014 subject to approval of the shareholders. He was not paid any remuneration w.e.f. December 01, 2014.

*** Ceased to be a Director w.e.f. December 01, 2014.

@ Ceased to be a Director w.e.f. September 06, 2014.

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

Service of the Whole-time Directors may be terminated by either party giving the other party notice as per the notice period mentioned in their Agreement or the Company paying salary for said notice period in lieu thereof. There is no separate provision for payment of severance fees.

The Company has applied to the Central Government for payment of remuneration to Mr. B.R. Taneja, Managing Director and the approval is awaited. The Company will apply to the Central Government for payment of remuneration to Mr. Rajiv Goel subsequent to the approval of the shareholders.

Details of shares of the Company held by its Non-Executive Directors as on March 31, 2015 are given below:

Name of the Director	Number of shares
S.C. Gupta	NIL
O.P. Kakkar	85,204
K.K. Rai	NIL
J.P. Sureka	1,20,380
Ajit Ingle	NIL

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 indicated alongside their names:

Name of the Director	Chairman/ Member	Number of Meetings Attended
K.K. Rai*	Chairman	4
S.C. Gupta	Member	4
J.P. Sureka**	Member	4

*K.K. Rai - Chairman of the Committee upto May 28, 2014

**J.P. Sureka - Chairman of the Committee from August 13, 2014

During the year under review, Four Meetings of Stakeholders Relationship Committee were held as under:

Sr. No.	Date of Meeting
1.	May 28, 2014
2.	August 13, 2014
3.	November 14, 2014
4.	February 12, 2015

Corporate Governance Report (contd.)

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board has constituted a Corporate Social Responsibility Committee (CSR Committee) during the FY 2014-15.

The terms of reference of CSR Committee were as under :

- To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013.
- To recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and
- monitor the CSR Policy of the Company from time to time.

Composition, Meetings and Attendance during the year:

The composition of the CSR Committee and attendance of each member is indicated alongside their names:

Name of the Director	Chairman/ Member	Number of Meeting(s) attended
O.P. Kakkar	Chairman	1
S.C. Gupta	Member	NIL
J.P. Sureka	Member	1

During the year under review, one meeting of CSR Committee was held as under :

Sr. No.	Date of Meeting
1.	February 12, 2015

INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on March 11, 2015 in conformity with the stipulations in Clause 49 of the Listing Agreement

COMPLIANCE OFFICER

Mr. Nilesh Jain, Company Secretary is the Compliance Officer of the Company for ensuring compliance with the requirements of the Listing Agreement with the Stock Exchanges and under SEBI (Prohibition of Insider Trading) Regulations, 1992 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, 2015.

Details of investor complaints received and redressed during the Financial Year 2014-15 are as follows:

Number of complaints pending at the beginning of the year	Nil
Number of complaints received during the year	4
Number of complaints disposed off during the year	4
Number of complaints remaining unresolved at the end of the year	Nil

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 posted on the website of the Company.

CEO / CFO CERTIFICATION

In accordance with Clause 49(IX) of the Listing Agreement with the Stock Exchanges, the CEO 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
2013-14	AGM	26.09.2014	Hyatt Regency, Weikfield IT Park, Pune -411014	10.00 A.M.	4
2012-13	AGM	12.08.2013	Hyatt Regency, Weikfield IT Park, Pune -411014	11.00 A.M.	-
2011-12	AGM	27.09.2012	Hotel Le Meridien, Regal Hall, Pune-411 001	11.00 A.M.	3

All special resolutions moved at the Annual General Meeting for year 2011-12 were passed unanimously by show of hands. The special resolutions moved at the Annual General Meeting for year 2013-14 were passed with requisite majority by way of e-voting and poll.

POSTAL BALLOT

Pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the approval of Shareholders of the Company was sought for passing the following Special Resolutions through postal ballot process:

- Special Resolution for creating charge etc. on Company's properties under Section 180(1)(a) of the Companies Act, 2013;
- Special Resolution for grant of loan(s)/ guarantee(s)/ security (ies) and make investment under Section 186 of the Companies Act, 2013;
- Special Resolution for Appointment and remuneration of Mr. B.R. Taneja as a Managing Director of the Company with effect from December 1, 2014 to November 30, 2016.

Corporate Governance Report (contd.)

Voting Pattern and Procedure for Postal Ballot :

- The Board of Directors of the Company at its Meeting held on February 12, 2015, had appointed Mr. Milind Kasodekar, Partner, MRM Associates, Practicing Company Secretary, as Scrutinizer for conducting the postal ballot process in a fair and transparent manner. The Postal Ballot Notice dated February 12, 2015 was dispatched to the Shareholders of the Company on February 25, 2015.
- The last date for receipt of Postal Ballot Forms was March 28, 2015.
- The Shareholders holding shares as on the “cut off” date i.e. February 13, 2015 were entitled to vote through either by e-voting or by means of postal ballot on the proposed resolutions (item no. 1 to 3) as set out in the Notice of the Postal Ballot.
- The e-voting period remained open from February 27, 2015 to March 28, 2015 (Both days inclusive).
- The Scrutinizer had carried out the scrutiny of all the postal ballot forms received from the Shareholders and votes casted through electronic means upto 5.00 P.M. on March 28, 2015 and submitted his report on March 31, 2015.
- Further, 70 Shareholders voted through ballot process.
- The results of the Postal Ballot were announced on March 31, 2015 at the Registered Office of the Company and were informed to the Stock Exchanges where the Company’s shares are listed.
- All Special Resolutions were passed by the requisite majority.

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.
- The Company has established Whistle Blower Policy and same has been disclosed on Company’s website.

MEANS OF COMMUNICATION

The quarterly results are normally published in one English daily newspaper and one vernacular (Marathi) daily newspaper. The quarterly results are also displayed on the Company website.

Presentations were made to Institutional Investors and to the Analysts during the period under review.

DESIGNATED E-MAIL ID OF THE COMPANY

The Company has designated the E-mail ID “secretarial@ismt.co.in” exclusively for investor servicing.

GENERAL SHAREHOLDER INFORMATION

AGM Date and Time	September 26, 2015 at 11:00 AM
Venue	Hyatt Regency, Weikfield IT Park, Pune Nagar Road, Pune - 411014.
Financial Year	April 01 to March 31
Date of Book Closure	From September 21, 2015 to September 26, 2015 (both days inclusive)
Dividend Payment date	Not applicable
Listed on Stock Exchange	BSE and NSE

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 listing fees for the Financial Year 2015 - 16 to the Stock Exchanges where the shares of the Company are listed.

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

(Rs.)

Month	Market price		BSE 500 INDEX	
	High	Low	High	Low
April 2014	14.90	11.20	8,537	8,259
May 2014	20.60	11.56	9,578	8,296
June 2014	19.00	14.45	9,892	9,233
July 2014	18.70	14.70	10,056	9,460
August 2014	20.40	13.20	10,146	9,606
September 2014	25.00	16.60	10,478	9,972
October 2014	22.50	18.60	10,602	9,841
November 2014	25.50	18.60	10,997	10,583
December 2014	21.00	16.40	11,089	10,154
January 2015	19.05	14.90	11,544	10,457
February 2015	16.35	11.30	11,506	10,899
March 2015	12.45	8.15	11,765	10,734

NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE):

(Rs.)

Month	High	Low
April 2014	14.30	10.60
May 2014	20.60	11.65
June 2014	18.45	15.20
July 2014	18.95	14.65
August 2014	20.50	13.20
September 2014	24.90	16.15
October 2014	22.55	18.50
November 2014	25.70	18.70
December 2014	20.95	16.10
January 2015	19.00	14.70
February 2015	15.70	11.00
March 2015	12.35	8.50

Source: BSE & NSE websites.

REGISTRAR AND SHARE TRANSFER AGENT

Shareholders may contact Registrar and Share Transfer Agent at the following addresses :

<p>M/s Sharepro Services (India) Pvt. Ltd. 13, AB Samhita Warehousing Complex 2nd Floor, Saki Naka Telephone Exchange Lane, Off. Andheri Kurla Road, Saki Naka, Andheri East, Mumbai - 400 072. Tel.:- +91 - 22 - 67720300 / 400 Fax.- 022 – 28591568 e-mail:sharepro@shareproservices.com</p>

Corporate Governance Report (contd.)**M/s Sharepro Services (India) Pvt. Ltd.**

3, Chintamani Apartments,
Lane No 13, Off V.G.Kale Path
824/D, Bhandarkar Road
Pune - 411004
Tel. +91-20-25662855
e-mail: sharepropune@vsnl.net

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, e-mail 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 Clause 47 (c) of the Listing Agreement with the Stock Exchanges, 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, 2015

Shareholding of Nominal Value of Rs	Number of Share Holder(s)	% to Total	Number of Shares	% to Total
Upto 5,000	123886	96.70	19741170	13.48
5,001 10,000	1988	1.55	3040510	2.08
10,001 20,000	1078	0.84	3106789	2.12
20,001 30,000	447	0.35	2243259	1.53
30,001 40,000	174	0.14	1224935	0.84
40,001 50,000	141	0.11	1326337	0.90
50,001 1,00,000	188	0.15	2701525	1.84
1,00,001 And above	212	0.16	113116858	77.21
Total	128114	100.00	146501383	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY

86.88% of total Equity Capital is held in demat form with NSDL and CDSL as on March 31, 2015.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT, PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

As required by Clause 49(II)(E) of the Listing Agreement, 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 web site.

I confirm that the Company has in respect of financial year ended on March 31, 2015, received from the senior management team

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 center) and NSE (through NEAPS), from time to time is available on the website of BSE at www.bseindia.com and of NSE at www.nseindia.com

UNCLAIMED / OUTSTANDING DIVIDEND ON EQUITY SHARES:

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

Investors are requested to browse the said site 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 at :

1. MIDC Industrial Area, Ahmednagar - 414111
2. MIDC Industrial Area, Baramati - 413133
3. Jejuri Morgaon Road, Jejuri - 412303
4. Village Kurla, Warora, Chandrapur - 422 910

ADDRESS FOR CORRESPONDENCE

Lunkad Towers, Viman Nagar, Pune 411 014

For and on behalf of the Board of Directors

S C Gupta
Chairman

Pune, May 30, 2015

of the Company and the Members of the Board, a declaration of compliance with Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team comprises of employees in the Vice President and above Cadre as on March 31, 2015.

For ISMT Limited

Pune
May 30, 2015

B. R. Taneja
Managing Director

CEO/CFO CERTIFICATION TO THE BOARD (Under Clause 49 (IX) of Listing Agreement)

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, 2015 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (2) There are, to 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, 2015;
 - (ii) All significant changes in accounting policies during the financial year ended March 31, 2015 and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

B.R.Taneja
Managing Director
Pune, May 30, 2015

Rajiv Goel
Chief Financial Officer

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 on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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 with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state 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'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, 2015

J.K. Shah
Partner
Membership No. 3662
Mumbai: May 30, 2015

Annexure 'A' to the Directors' Report
Extract of Annual Return as on the financial year ended on March 31, 2015

[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	M/s Sharepro Services (India) Pvt. Ltd. 13, AB Samhita Warehousing Complex, 2nd Floor, Saki Naka Telephone Exchange Lane, Off. Andheri Kurla Road, Saki Naka, Andheri East, Mumbai - 400 072 Tel. : 022-67720300 / 400; Fax : 022-28591568, E-mail : sharepro@shareproservices.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 Products	% to total turnover of the Company
1	Seamless Tubes and Hollows	3499 / 3490	66.94%
2	Steel	3302	33.06%

III. PARTICULARS OF SUBSIDIARY COMPANIES COVERED UNDER SECTION 2(87)(II) -

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	100.00
3.	Indian Seamless Inc.	Suite 1700, One Riverway, Houston, TX 77056, USA	NA	Subsidiary	100.00
4.	Structo Hydraulics AB	Box 1003, SE-68829 Storfors, Sweden	NA	Subsidiary	100.00
5.	ISMT Europe AB	Box 1, SE-68821 Storfors, Sweden	NA	Subsidiary	100.00
6.	Structo (UK) Limited	2nd Floor, Blenheim House, 86, London Road, Leicester LE20QR United Kingdom	NA	Subsidiary	100.00
7.	Nagapattinam Energy Private Limited	MMPDA Towers, 2nd Floor, 184, Royapettah High Road, Chennai 600014	U40100TN2008PTC069515	Subsidiary	100.00

Extract of Annual Return as on the financial year ended on March 31, 2015 (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 *
8.	PT ISMT Resources	WismaMetropolitan II, 6th Floor, J1 Jenderal Sudirman Kav, Jakarta 12920	NA	Subsidiary	100.00
9.	Best Exim Private Limited	Lunkad Towers, Viman Nagar, Off Pune Nagar Road, Pune - 411014	U51399PN2004PTC019783	Subsidiary	100.00
10.	Success Power and Infraprojects Private Limited	Lunkad Towers, Viman Nagar, Pune-411014	U40108PN1996PTC099133	Subsidiary	100.00
11.	Marshal Microware Infrastructure Development Company Private Limited	Lunkad Towers, Viman Nagar, Pune Nagar Road, Pune-411014	U45203PN2007PTC129795	Subsidiary	100.00

* 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 Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	5017553	0	5017553	3.42	4976833	0	4976833	3.40	-0.03
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	70975708	566550	71542258	48.83	70255982	566550	70822532	48.34	-0.49
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(1) :-	75993261	566550	76559811	52.26	75232815	566550	75799365	51.74	-0.52
(2) Foreign									
a) NRI-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2) :-									
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	75993261	566550	76559811	52.26	75232815	566550	75799365	51.74	-0.52
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	8589	66806	75395	0.05	8889	66806	75695	0.05	0.00
b) Banks / FI	1984472	9376	1993848	1.36	1984472	9376	1993848	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) FIs	4965426	15500	4980926	3.40	4725971	15500	4741471	3.24	-0.16
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	6958487	91682	7050169	4.81	6719332	91682	6811014	4.65	-0.16

Extract of Annual Return as on the financial year ended on March 31, 2015 (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	
2. Non-Institutions									
a) Bodies Corp.	9371331	186516	9557847	6.52	11211946	186385	11398331	7.78	1.26
i) Indian	0	0	0	0.00	0	0	0	0.00	0.00
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	18230224	10647174	28877398	19.71	18361731	10528748	28890479	19.72	0.01
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	13885359	70627	13955986	9.53	14639476	70627	14710103	10.04	0.51
c) Others (specify)									
i) Trusts	1480263	5213878	6694141	4.57	65833	5213278	5279111	3.60	-0.97
ii) Non-Residents	1218582	2587449	3806031	2.60	1052693	2560287	3612980	2.47	-0.13
Sub-total (B)(2):-	44185759	18705644	62891403	42.93	45331679	18559325	63891004	43.61	0.68
Total Public Shareholding (B)=(B)(1)+ (B)(2)	51144246	18797326	69941572	47.74	52051011	18651007	70702018	48.26	0.52
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	127137507	19363876	146501383	100.00	127283826	19217557	146501383	100.00	0.00

(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	0.00	55533788	37.91	37.70	0.00
2	Vishkul Leather Garments Private Limited	14282179	9.75	0.00	13562453	9.26	0.00	-0.49
3	Misrilall 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	Misrilall 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	Lighto Technologies Private Limited	300	0.00	0.00	300	0.00	0.00	0.00
11	Ashok Kumar Jain (HUF)	2526301	1.72	0.00	2536181	1.73	0.00	0.01
12	Salil Baldev Taneja	234040	0.16	0.00	234040	0.16	0.00	0.00
13	B R Taneja	90793	0.06	0.00	90793	0.06	0.00	0.00
14	Jagdish Prasad Sureka	120380	0.08	0.00	120380	0.08	0.00	0.00
15	Tara Jain	1414848	0.97	0.00	1414848	0.97	0.00	0.00
16	Ramesh Sureka	132155	0.09	0.00	132155	0.09	0.00	0.00

Extract of Annual Return as on the financial year ended on March 31, 2015 (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	
17	Savitri Devi Sureka	99386	0.07	0.00	99386	0.07	0.00	0.00
18	Raj K Sureka	85754	0.06	0.00	85754	0.06	0.00	0.00
19	Sanjay Sureka	77423	0.05	0.00	77423	0.05	0.00	0.00
20	Alka P Mehta	73473	0.05	0.00	73473	0.05	0.00	0.00
21	Aayushi Jain	41424	0.03	0.00	41424	0.03	0.00	0.00
22	Mini Sureka	20450	0.01	0.00	20450	0.01	0.00	0.00
23	Priti Sureka	20213	0.01	0.00	20213	0.01	0.00	0.00
24	Akshay Jain	10313	0.01	0.00	10313	0.01	0.00	0.00
25	Rohin Raj Sureka	10000	0.01	0.00	10000	0.01	0.00	0.00
26	Avishi Sureka	10000	0.01	0.00	10000	0.01	0.00	0.00
27	Manju Banka	50600	0.03	0.00	0	0.00	0.00	-0.03
	Total	76559811	52.26	0.00	75799365	51.74	37.70	-0.52

(iii) Change in Promoters' Shareholding

Sl. No.		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	76559811	52.26		
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	75799365	51.74		

Following are the details of datewise shareholding change

Sl. No.	Name	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014/ end of year (31.03.2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Vishkul Leather Garments Private Limited	14282179	9.75	01.04.2014				
				19.12.2014	-3652	Transfer	14278527	9.75
				09.01.2015	-89071	Transfer	14189456	9.69
				16.01.2015	-114519	Transfer	14074937	9.61
				23.01.2015	-308734	Transfer	13766203	9.40
				30.01.2015	-163300	Transfer	13602903	9.29
				06.02.2015	-28450	Transfer	13574453	9.27
				27.02.2015	-12000	Transfer	13562453	9.26
		13562453	9.26	31.03.2015				

Extract of Annual Return as on the financial year ended on March 31, 2015 (Cont.)

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

(iii) Change in Promoters' Shareholding (Cont.)

Sl. No.	Name	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014/ end of year (31.03.2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
2	Ashok Kumar Jain (HUF)	2526301	1.72	01.04.2014				
				23.05.2014	-10000	Transfer	2516301	1.72
				22.08.2014	-5000	Transfer	2511301	1.71
				27.03.2015	913	Acquisition	2512214	1.71
				31.03.2015	23967	Acquisition	2536181	1.73
				2536181	1.73	31.03.2015		
3	Manju Banka	50600	0.03	01.04.2014				
				12.09.2014	-35000	Transfer	15600	0.01
				21.11.2014	-5000	Transfer	10600	0.01
				09.01.2015	-10600	Transfer	0	0.00
				0	0.00	31.03.2015		

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

Sl. No.	Name	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014/ end of year (31.03.2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Jiten Kirtanlal Shah	7555305	5.16	01.04.2014				
				14.11.2014	-100000	Transfer	7455305	5.09
				21.11.2014	-44062	Transfer	7411243	5.06
				31.12.2014	-2708	Transfer	7408535	5.06
				02.01.2015	63362	Acquisition	7471897	5.10
				02.01.2015	-8442	Transfer	7463455	5.09
				09.01.2015	-24295	Acquisition	7439160	5.08
				16.01.2015	-20520	Acquisition	7418640	5.06
				7418640	5.06	31.03.2015		
2	ISSAL Employee Welfare Fund	5000000	3.41	01.04.2014	0	N.A.	N.A.	N.A.
		5000000	3.41	31.03.2015				
3	East Coast Securities Limited	4822676	3.29	01.04.2014				
		4722676	3.22	10.10.2014	-100000	Transfer	4722676	3.22
4	Life Insurance Corporation Of India	1983208	1.35	01.04.2014	0	N.A.	N.A.	N.A.
		1983208	1.35	31.03.2015				

Extract of Annual Return as on the financial year ended on March 31, 2015 (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 (01-04-2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014/ end of year (31.03.2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
5	ISMT Employees Welfare Fund	1471563	1.00	01.04.2014				
				06.06.2014	-40000	Transfer	1431563	0.98
				20.06.2014	-33150	Transfer	1398413	0.95
				27.06.2014	-26000	Transfer	1372413	0.94
				31.10.2014	-37200	Transfer	1335213	0.91
				07.11.2014	-21500	Transfer	1313713	0.90
				21.11.2014	-47000	Transfer	1266713	0.86
				28.11.2014	-24374	Transfer	1242339	0.85
				05.12.2014	-15027	Transfer	1227312	0.84
				12.12.2014	-21178	Transfer	1206134	0.82
				02.01.2015	-12200	Transfer	1193934	0.81
				09.01.2015	-35001	Transfer	1158933	0.79
				16.01.2015	-38800	Transfer	1120133	0.76
				23.01.2015	-137000	Transfer	983133	0.67
				30.01.2015	-43500	Transfer	939633	0.64
				06.02.2015	-25000	Transfer	914633	0.62
				20.02.2015	-291000	Transfer	623633	0.43
		27.02.2015	-247500	Transfer	376133	0.26		
		06.03.2015	-131000	Transfer	245133	0.17		
		13.03.2015	-153000	Transfer	92133	0.06		
		20.03.2015	-35000	Transfer	57133	0.04		
		57133	0.04	31.03.2015				
6	Maharashtra Seamless Ltd	1445000	0.99	01.04.2014	0	N.A.	N.A.	N.A.
		1445000	0.99	31.03.2015				
7	GVN Fuels Ltd	1414146	0.97	01.04.2014	0	N.A.	N.A.	N.A.
		1414146	0.97	31.03.2015				
8	Daniel Vyappar Private Limited	1014142	0.69	01.04.2014	0	N.A.	N.A.	N.A.
		1014142	0.69	31.03.2015				
9	Paragkumar Kishorkumar Shah	923919	0.63	01.04.2014	0	N.A.	N.A.	N.A.
		923919	0.63	31.03.2015				
10	Concord Trexim Pvt Ltd	835395	0.57	01.04.2014	0	N.A.	N.A.	N.A.
		835395	0.57	31.03.2015				

Extract of Annual Return as on the financial year ended on March 31, 2015 (Cont.)

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

(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 (01-04-2014 to 31.03.2015)	
		No. of shares at the beginning (01.04.2014/ end of year (31.03.2015))	% of total shares of the Company				No. of shares	% of total shares of the Company
1	S. C. Gupta - Independent Director	0	0.00	01.04.2014	0	N.A.	N.A.	N.A.
		0	0.00	31.03.2015				
2	B. R. Taneja - Managing Director	90793	0.06	01.04.2014	0	N.A.	N.A.	N.A.
		90793	0.06	31.03.2015				
3	Rajiv Goel - Whole-time Director & CFO	2000	0.00	01.04.2014	0	N.A.	N.A.	N.A.
		2000	0.00	31.03.2015				
4	O. P. Kakkar - Non-Executive Director	85204	0.06	01.04.2014	0	N.A.	N.A.	N.A.
		85204	0.06	31.03.2015				
5	K. K. Rai - Independent Director	0	0.00	01.04.2014	0	N.A.	N.A.	N.A.
		0	0.00	31.03.2015				
6	J. P. Sureka - Non-Executive Director	120380	0.08	01.04.2014	0	N.A.	N.A.	N.A.
		120380	0.08	31.03.2015				
7	Salil Taneja - Whole-time Director & CEO*	234040	0.16	01.04.2014	0	N.A.	N.A.	N.A.
		234040	0.16	30.11.2014				
8	Suresh Khatanhar - Nominee Director**	0	0.00	01.04.2014	0	N.A.	N.A.	N.A.
		0	0.00	05.09.2014				
9	Ajit Ingle - Nominee Director***	0	0.00	06.09.2014	0	N.A.	N.A.	N.A.
		0	0.00	31.03.2015				
10	Nilesh Jain - Company Secretary	0	0.00	01.04.2014	0	N.A.	N.A.	N.A.
		0	0.00	31.03.2015				

*Ceased to be a Director w.e.f. December 01, 2014

**Ceased to be a Director w.e.f. September 06, 2014

***Appointed as a Director w.e.f. September 06, 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
Indebtedness at the beginning of the financial year				
i) Principal Amount	2041.32	97.43	Nil	2138.75
ii) Interest due but not paid	11.07	0.44	Nil	11.51
iii) Interest accrued but not due	1.49	0	0	1.49
Total (i+ii+iii)	2053.88	97.87	Nil	2151.75
Change in Indebtedness during the financial year				
Net Addition (+) / Reduction (-)	65.56	-19.21	0	46.35
Net Change	65.56	-19.21	0	46.35
Indebtedness at the end of the financial year				
i) Principal Amount	2097.27	78.66	0	2175.93
ii) Interest due but not paid	21.34	0	0	21.34
iii) Interest accrued but not due	0.83	0	0	0.83
Total (i+ii+iii)	2119.44	78.66	0	2198.10

Extract of Annual Return as on the financial year ended on March 31, 2015 (Cont.)

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

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		B.R.Taneja - MD (from 01.12.2014 to 31.03.2015)	Salil Taneja - WTD & CEO (from 01.12.2014 to 31.03.2015)	Rajiv Goel - WTD & CFO (from 01.04.2014 to 31.03.2015)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2800000	2695000	3800000	9295000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1400000	2277000	3434684	7111684
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	"Commission - as % of profit - others, specify..."	0	0	0	0
5	Others, please specify	0	0	0	0
	Total (A)	4200000	4972000	7234684	16406684
	Ceiling as per the Act*				

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

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors						Total Amount
		S.C. Gupta	K.K. Rai	J.P. Sureka	Ajit Ingle	O.P. Kakkar	B.R. Taneja (from 01.04.2014 to 30.11.2014)	
1	Independent Directors							
	Fee for attending board / committee meetings	420000	440000	0	0	0	0	
	Commission	0	0	0	0	0	0	
	Others, please specify	0	0	0	0	0	0	
	Total (1)	420000	440000	0	0	0	0	860000
2	Other Non-Executive Directors	0	0	0	0	0	0	
	Fee for attending board / committee meetings	0	0	380000	100000	0	0	
	Commission	0	0	0	0	0	0	
	Others, please specify :- Remuneration	0	0	0	0	3600000	2400000	
	Total (2)	0	0	380000	100000	3600000	2400000	6480000
	Total (B)=(1+2)	420000	440000	380000	100000	3600000	2400000	7340000
	Total Managerial Remuneration (A+B)							23746684
	Overall Ceiling as per the Act							NA

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CFO	Nilesh Jain- Company Secretary	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Covered at point VI A above	Covered at point VI A above	1193412	1193412
2	Stock Option			-	-
3	Sweat Equity			-	-
4	Commission - as % of profit			-	-
5	Contribution to PF & other Funds			129252	129252
	Total			1402446	1402446

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)
A. COMPANY Penalty Punishment Compounding B. DIRECTORS Penalty Punishment Compounding C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			NIL		

Annexure 'B' to the Directors' Report

Information required under Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 for the year ended on March 31, 2015 :

(A) Conservation of Energy

- (i) the steps taken or impact on conservation of energy :
1. Assel mill drive optimized
 2. Revamped preheating furnace at tube plant
 3. Development of heat treatment cycle for piercing point in bogie furnace
- (ii) the steps taken by the Company for utilising alternate sources of energy : NIL
- (iii) the capital investment on energy conservation equipments :
1. Separate lighting transformer for shed lighting.

(B) Technology absorption

- (i) the efforts made towards technology absorption :
1. Development of piercing plug
 2. Developed piercing mill roll machining in-house
 3. Development of rifled tubes with new steel grade
 4. Development of new Boron steel grade
 5. Addition of FeMo in steel grades of T11, T12 & T22 during tapping to improve centre segregation
- (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.

Drastic cost reduction measures were undertaken to reduce both fixed and variable costs despite operating the plants at uneconomical levels.

- (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	2014-15	2013-14
i)	Capital	0.04	0.07
ii)	Recurring	0.51	0.43
	Total	0.55	0.50
	Total R & D as a % of Turnover	0.04%	0.03%

(C) Foreign exchange earnings and Outgo

The Company continues to strive to improve its export earnings across regions and across sectors. Your Company has established strong foothold in the value added seamless tubes segment in the overseas market and continue to pursue product certifications. Further details in respect of exports 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 Directors' 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 2014-15, Ratio of the remuneration of each Director to median remuneration of employees of the Company for the financial year 2014-15 and the comparison of the remuneration of the Key Managerial Personnel ('KMP') against the performance of the Company –

Sr. No.	Name of Directors/ KMP and Designation	Remuneration of Directors/ KMP for financial year 2014-15 (Rs.)	% increase in remuneration in the Financial Year 2014-15	Ratio of the remuneration of each Director to median remuneration of employees	Comparison of the remuneration of KMP against the performance of the Company
1	B. R. Taneja, Managing Director [^]	66,00,000	N.A.	17:1	Net loss increased by 29.77% in the financial year 2014-15
2	Rajiv Goel, Whole-time Director & Chief Financial Officer	78,82,684	6.05	20:1	
3	O.P. Kakkar, Non-Executive Director	36,00,000	NIL	9:1	
4	Salil Taneja, Chief Executive Officer*	56,99,650	N.A.	22:1	
5	Nilesh Jain, Company Secretary	14,02,446	3.77	N.A.	

[^] Mr. B R Taneja was a Non-Executive Director only for part of the financial year 2014-15 i.e. upto November 30, 2014 and was appointed as the Managing Director of the Company w.e.f. December 01, 2014.

* Mr. Salil Taneja was a Director only for part of the financial year 2014-15 i.e. upto November 30, 2014.

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

- 2) The median remuneration of employees of the Company during the financial year was Rs. 3.86 lacs p.a.
- 3) In the financial year under review, there was decrease of 3.27% in the median remuneration of employees.
- 4) There were 2,111 permanent employees on the rolls of the Company as on March 31, 2015.
- 5) Relationship between average increase in remuneration and the Company performance –
The Net loss of the Company increased by 29.77% in the financial year 2014-15 whereas, the average decrease in remuneration was 2.32%. The average decrease in remuneration was lower on account of drop in performance of the Company.
- 6) The market capitalisation of the Company as on March 31, 2015 was Rs. 135.22 Crore (Rs. 163.64 Crore as on March 31, 2014).
- 7) Price Earnings Ratio of the Company as at March 31, 2015 was (0.61) and as at March 31, 2014 was (0.96).
- 8) The market quotations of shares of the Company as on March 31, 2015 was Rs. 9.23 (face value Rs. 5 per share). The last public offer made by the Company in the year 1992 was at face value of Rs. 10 per share at par.
- 9) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year 2014-15 was NIL. The percentile increase in the managerial remuneration for the same financial year can not be ascertained due to change in managerial person(s).
- 10) Statement showing details of employee in receipt of remuneration aggregating to Rs. 5 lacs per month and above :

Sr No	Name of the Employee	Designation	Remuneration Rs.	Qualifications	Experience (Years)	Date of commencement of employment	Age (Yrs)	Last employment held
1	Rajiv Goel	Whole-time Director and Chief Financial Officer	78,82,684*	B. Com. (Hons), FCA & FCS	37	December 01, 2005	61	The Indian Seamless Metal Tubes Limited
2	Baldev Raj Taneja	Managing Director	66,00,000**	B.E. (Mech), PGDBM	55	December 01, 2005	79	The Indian Seamless Metal Tubes Limited
3	Salil Taneja	Chief Executive Officer	56,99,650***	B.Sc. (Engg), MBA (Fin.), Ohio, Yale, USA	25	December 01, 2005	48	The Indian Seamless Metal Tubes Limited

* Was re-appointed as Whole-time director from December 01, 2014 but was not paid any remuneration from the said date.

** Was non-executive director from April 01, 2014 upto November 30, 2014 and was appointed as the Managing Director thereafter. He was not paid any remuneration during financial year 2014-15, since approval of the Central Government is awaited.

*** Director upto November 30, 2014;

Notes:

1. Nature of employment is contractual for all the above employees.
2. Remuneration includes salary and allowance (contribution to Provident Fund & Super Annuation), House Rent Allowance, Leave Travel Allowance, Medical Reimbursement and other allowances payable as per Rules of the Company
3. Mr. B. R Taneja is father of Mr. Salil Taneja
4. None of the employees is covered under Rule 5(3)(viii) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Section 197 of the Companies Act, 2013.

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

Annexure 'D' to the Directors' Report

Secretarial Audit Report for The Financial Year Ended March 31, 2015

[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]

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 **ISMT LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, 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 March 31, 2015, complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the **ISMT LIMITED** for the financial year ended March 31, 2015, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the Rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (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) The Listing Agreements entered into by the company with Bombay Stock Exchange and National Stock Exchange.

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

A/ Companies Act, 2013:

- a) The company has not complied with provisions of Section 149 (4) of the Companies Act, 2013. The company do not have one third of total strength of directors as Independent Directors.
- b) The company has not complied with provisions of Section 149 (1) the Companies Act, 2013 with respect to appointment of Woman Director.

We further report that

The Board of Directors of the company is duly constituted, except for appointments as mentioned above, with proper balance of Executive Directors and Non-Executive Directors.

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 approval of the members of the company is accorded:

1. As per the provisions under Section 180 (1)(c) of the Companies Act, 2013, to borrow monies where the monies to be borrowed together with the monies already borrowed by the company exceeds the aggregate of the paid up capital of the company and its free reserves provided that the total amount so borrowed shall not at any time exceed Rs.5000 Crore (Rupees Five Thousand Crore Only).
2. As per the provisions under Section 180 (1)(a) of the Companies Act, 2013, for creation of charge /mortgage/ hypothecation to secure financial liabilities to the extent of Rs.5000 Crore (Rupees Five Thousand Crore Only).

For MRM ASSOCIATES, COMPANY SECRETARIES

CS M B KASODEKAR

PARTNER

Membership No. F 2756, C. P. No: 1681

Unique Code of Partnership Firm: P2001MH006700

Pune, May 30, 2015

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, 2015, 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 auditor's 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, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 audit opinion on the standalone financial statements.

Basis for Qualified Opinion

- 1] The company has outstanding Minimum Alternate Tax (MAT) entitlement of Rs.91.44 Crore as on March 31, 2015. Taking into consideration the loss during the current financial year and carried forward losses under the Income Tax, 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.91.44 Crore and its consequential effect on the Earnings per Share of the company.
- 2] The company, through its subsidiary, has invested Rs. 48.43 Crore 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. 8.38 Crore and guarantee given by the company in respect of loans availed by SHAB is Rs. 31.30 Crore. 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 Number 3.20 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 has recognized claim in earlier year, of which outstanding balance as on March 31, 2015 is Rs. 40.83 Crore, against Maharashtra State Electricity Distribution Company Limited (MSEDCL) for non-implementation of Energy Banking Agreement. The

realization of this claim is contingent and dependent upon the outcome of the decision of the petition filed with Appellate Tribunal (APTEL) Delhi. 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. 40.83 Crore. Refer Note Number 3.2(ii) forming part 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, 2015, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

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

Note No. 3.3 explaining the accounting treatment given for write back of depreciation amounting to Rs. 103.71 Crore consequent to change in the method of depreciation as well as adoption of useful lives of the Fixed Assets from the date of acquisition.

Note No. 1.24 regarding remuneration to the Managing Director and Executive Director amounting to Rs. 0.91 Crore, provided for in the financial statements is subject to approval of Central Government.

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, 2015 issued by the 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 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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 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 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 in its financial statements.
 - ii. The company does not have any long-term contracts including derivative contracts, having any material foreseeable losses, for which provision was required.
 - iii. There are minor delays in amounts required to be transferred to the Investor Education and Protection Fund by the company as follows:
 - a) Rs. 0.28 Crore, 3 days delay
 - b) Rs.0.28 Crore, 9 days delay

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, 2015

J.K. Shah

Partner
Membership No. 3662
Mumbai: May 30, 2015

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:

- 1) 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.
- 2) 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 explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and the book records were not material and have been properly dealt with in the books of account.
- 3) As per the records of the company, it has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
- 4) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control systems.
- 5) The company has not accepted / nor there are any outstanding Fixed Deposit from the public.
- 6) 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 (1) of Section 148 of the Companies Act, 2013 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.
- 7) a) According to the records of the company, the company is not regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as March 31, 2015 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.
c) According to the information and explanation given to us, the amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made there under have been so transferred. However there is minor delay of 3 days in transferring Rs. 0.28 Crore and 9 days in transferring Rs. 0.28 Crore.
- 8) The accumulated losses of the company exceed 50% of its Net Worth. The company has incurred cash loss during the year as well as in the immediately preceding financial year.
- 9) According to the information and explanation given to us, the company has defaulted in repayment of dues to banks. Details of defaults are mentioned in Annexure- II.
- 10) According to the information and explanations given to us, the company has given guarantees on behalf of its subsidiaries for loans taken by them from banks. The terms and conditions whereof, in our opinion, based on the management representation, are not prima-facie prejudicial to the interest of the company.
- 11) According to the information and explanation given to us, the term loans taken by the company during the year have been utilised for the purpose for which the said loans were obtained.
- 12) 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 has been noticed or reported during the year.

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, 2015

J.K. Shah

Partner
Membership No. 3662
Mumbai: May 30, 2015

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
		6.41	Dy. Commissioner (Appeals)
		0.01	High Court, Bombay
Maharashtra Sales Tax Act, 1959	Sales Tax	0.02	Tribunal
		0.47	High Court, Bombay
		5.76	Dy. Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	12.28	CESTAT
		6.80	High Court, Bombay
		1.11	Commissioner
		0.06	Joint Commissioner
		0.87	Asst. Commissioner
		0.73	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
		3.75	CIT, Pune

Annexure – II**Rs. in Crore****a. Delay in repayment of installments including interest during the year :**

No. of Days	Amount
00 – 30 Days	72.86
31 – 60 Days	37.57
61 – Less than 90 Days	185.09

b. Installments including interest outstanding as at March 31, 2015 of Rs. 59.39 Crore :

No. of Days	Amount
00 – 30 Days	34.02
31 – 60 Days	18.75
61 – Less than 90 Days	6.62

Out of the above Rs. 16.80 Crore has been paid subsequent to Balance Sheet date.

BALANCE SHEET AS AT MARCH 31, 2015

Rs. in Crore

Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	1.1	73.25	73.25
Reserves and Surplus	1.2	205.45	231.24
		278.70	304.49
NON-CURRENT LIABILITIES			
Long Term Borrowings	1.3	967.17	738.64
Deferred Tax Liabilities (Net)	1.4	-	-
Long Term Provisions	1.5	6.34	6.33
		973.51	744.97
CURRENT LIABILITIES			
Short Term Borrowings	1.6	458.38	464.13
Trade Payables	1.7	477.22	590.42
Other Current Liabilities	1.8	510.05	639.04
Short Term Provisions	1.9	3.21	1.47
		1,448.86	1,695.06
		2,701.07	2,744.52
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	1.10	1,569.55	1,314.54
Capital Work-in-Progress		7.83	25.27
		1,577.38	1,339.81
Non-Current Investments	1.11	52.79	52.75
Long Term Loans and Advances	1.12	111.34	111.85
Other Non Current Assets	1.13	92.57	92.57
		256.70	257.17
CURRENT ASSETS			
Inventories	1.14	410.00	472.13
Trade Receivables	1.15	176.14	371.69
Cash and Bank Balances	1.16	119.14	128.99
Short Term Loans and Advances	1.17	22.48	29.11
Other Current Assets	1.18	139.23	145.62
		866.99	1,147.54
		2,701.07	2,744.52
Significant Accounting Policies	2		
Notes to Accounts	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

Nilesh Jain
Company Secretary
Pune, May 30, 2015

Pune, May 30, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Rs. in Crore

Particulars	Note No.	2014-15	2013-14
INCOME			
REVENUE FROM OPERATIONS			
Sale of Products	1.19	2,320.15	2,563.10
Less : Inter Segment Transfers		674.97	880.27
Inter Division Transfers		38.08	39.97
		1,607.10	1,642.86
Less: Excise Duty		144.04	147.47
Net Sales		1,463.06	1,495.39
Other Operating Revenue	1.20	43.27	68.71
Less: Excise Duty		1.83	2.99
		41.44	65.72
REVENUE FROM OPERATIONS (NET)		1,504.50	1,561.11
Other Income	1.21	11.39	15.61
TOTAL REVENUE		1,515.89	1,576.72
EXPENSES			
Cost of Materials Consumed	1.22	733.10	761.46
Purchases of Traded Goods		16.24	1.78
Changes in Inventories of Finished Goods and Work-in-Progress	1.23	58.86	(16.13)
Employee Benefits Expense	1.24	120.81	123.75
Finance Costs	1.25	226.08	183.53
Depreciation, Amortisation and Obsolescence	1.26	74.00	102.09
Other Expenses	1.27	540.71	602.95
Exceptional Item			
.i) Foreign Exchange Loss		16.89	67.52
ii) Others		(49.81)	(45.58)
(Refer Note No 3.3 of Notes to Accounts)			
TOTAL EXPENSES		1,736.88	1,781.37
PROFIT / (LOSS) BEFORE TAX		(220.99)	(204.65)
TAX EXPENSES			
Previous Year Tax		-	(0.25)
MAT Credit - Previous Year		-	0.25
Deferred Tax - Current Year		-	(34.36)
PROFIT / (LOSS) FOR THE YEAR		(220.99)	(170.29)
Earning per Equity Share (Face Value of Rs. 5/- each)		(15.08)	(11.62)
(Refer Note No 3.18 of Notes to Accounts)			
Significant Accounting Policies	2		
Notes to Accounts	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.**
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Company Secretary
Pune, May 30, 2015

Pune, May 30, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Rs. in Crore

Particulars	2014-15	2013-14
i) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) Before Tax	(220.99)	(204.65)
Adjustments for :		
Depreciation , Amortisation and Obsolescence	74.00	103.31
Depreciation written back	(103.71)	-
Finance Costs	226.08	183.52
Interest Income	(10.05)	(10.92)
Income on Assignment of Liability	-	(4.35)
Loss/(Profit) on Sale of Fixed Assets (Net)	-	0.01
Provision for Doubtful Debts	47.24	5.71
Bad Debts written off	14.81	-
Provision for Wealth Tax	0.05	0.05
	<u>248.42</u>	<u>277.33</u>
Operating Cash Profit before Working Capital Changes	27.43	72.68
Adjustments for :		
Trade and Other Receivables	148.28	27.28
Inventories (Increase) / Decrease	62.13	35.72
Trade Payables and Other Liabilities	(168.73)	(54.71)
	<u>41.68</u>	<u>8.29</u>
Taxes Paid	(1.09)	(1.89)
Net Cash flow from Operating Activities	68.02	79.08
ii) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(6.44)	(56.08)
Sale of Fixed Assets	0.01	0.03
Interest Received	7.73	11.37
Net Cash used in Investing Activities	1.30	(44.68)
iii) CASH FLOW FROM FINANCING ACTIVITIES :		
Dividend Payments (including Tax thereon)	(0.62)	(0.01)
Investment	(0.04)	-
Proceeds from /(Repayment of) Borrowings	152.90	177.19
Interest Paid	(216.91)	(174.08)
Net Cash from Financing Activities	(64.67)	3.10
Net Increase / (Decrease) in Cash and Cash Equivalents	4.65	37.50
Cash and Cash Equivalents at the beginning of the year (Refer Note No.1.16)	45.38	7.88
Cash and Cash Equivalents at the end of the year (Refer Note No.1.16)	50.03	45.38
Net Increase / (Decrease) in Cash & Cash Equivalents	4.65	37.50

As per our report of even date

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

For **J. K. Shah & Co.**
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Pune, May 30, 2015

Pune, May 30, 2015

Notes to Financial Statement for the year ended March 31, 2015

NOTE NO. 1.1 SHARE CAPITAL

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Authorised		
i) 17,50,00,000 (Previous Year 17,50,00,000) Equity Shares of Rs.5/- each	87.50	87.50
ii) Unclassified Shares	71.00	71.00
	158.50	158.50
Issued, Subscribed and Paid up:		
14,65,01,383 (Previous Year 14,65,01,383) Equity Shares of Rs 5/- each fully paid	73.25	73.25
	73.25	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, 2015		As at March 31, 2014	
	Equity Shares Number	Rs. in Crore	Equity Shares Number	Rs. in Crore
Shares outstanding at the beginning of the year	14,65,01,383	73.25	14,65,01,383	73.25
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	14,65,01,383	73.25	14,65,01,383	73.25

The details of shareholders holding more than 5% shares.

Name of Shareholders	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Seamless Enterprises Limited	55,533,788	37.90%	55,533,788	37.90%
Vishkul Leather Garments Private Limited	13,562,453	9.26%	14,282,179	9.75%
Jiten Kirtanlal Shah	7,418,640	5.06%	7,555,305	5.16%

During the period of five years immediately preceding the date as at 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, 2015 (Contd.)
NOTE NO. 1.2 RESERVES AND SURPLUS
Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
i) Capital Reserve	6.94	6.94
ii) Capital Redemption Reserve	80.60	80.60
iii) Revaluation Reserve		
Opening Balance	-	-
Addition during the year	210.46	-
Less : Transfer to General Reserve	0.78	-
(Refer Note No. 3.14 of Notes to Accounts)	209.68	-
iv) Amalgamation Reserve		
Opening Balance	20.24	26.96
Less : Transfer to General Reserve	4.49	6.72
(Refer Note No. 3.14 of Notes to Accounts)	15.75	20.24
v) Reserve for Contingencies	1.91	1.91
vi) General Reserve		
Opening Balance	397.33	397.33
Add : Transfer from Revaluation Reserve	0.78	-
Add : Transfer from Amalgamation Reserve	4.49	-
	402.60	397.33
vii) Hedge Reserve Account		
Opening Balance	(20.73)	(15.44)
Addition during the year	(30.32)	(20.73)
Less : Transferred to Statement of Profit and Loss	20.73	15.44
(Refer Note No. 3.11 of Notes to Accounts)	(30.32)	(20.73)
viii) Foreign Currency Monetary Item Translation Difference Account		
Opening Balance	(9.78)	(6.75)
Addition during the year	(1.64)	(4.66)
Less : Transferred to Statement of Profit and Loss	1.90	1.63
(Refer Note No. 3.11 of Notes to Accounts)	(9.52)	(9.78)
ix) Surplus		
Opening Balance	(245.27)	(74.98)
Add : Profit / (Loss) for the year	(220.99)	(170.29)
Less : Adjustment to Carrying Value of Assets	5.93	-
Closing Balance	(472.19)	(245.27)
	<u>205.45</u>	<u>231.24</u>

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)

NOTE NO. 1.3 LONG TERM BORROWINGS

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
SECURED LOANS :		
i) Term Loans from Banks		
a) Rupee Loans	630.66	285.17
b) Foreign Currency Loans	305.64	426.55
	936.30	711.72
ii) Long Term Maturities of Finance Lease Obligations	-	0.02
UNSECURED LOANS :		
i) Interest Free Incentive and Sales Tax Loan	24.12	26.90
ii) Others - From Associate Company	6.75	-
(Refer Note No. 3.12 of Notes to Accounts)	967.17	738.64

Security

- i) Term Loans of Rs. 720.19 Crore (including current maturities of Rs. 74.06 Crore)(Previous Year Rs 347.48 Crore including current maturities of Rs. 38.20 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. 177.99 Crore (including current maturities of Rs.68.18 Crore) (Previous Year Rs. 270.91 Crore including current maturities of Rs. 105.50 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. 114.20 Crore (including current maturities of Rs. 45.38 Crore) (Previous Year Rs. 206.13 Crore including current maturities of Rs.114.71 Crore) are stipulated to be secured by exclusive charge on the equipment finance. Out of above, term loan of Rs.76.95 Crore is further stipulated to be secured with the land appurtenant thereto
- iv) Term Loans of Rs. 106.98 Crore (including current maturities of Rs. 34.92 Crore) (Previous Year Rs. 136.92 Crore including current maturities of Rs. 29.79 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) Term Loan of Rs. 39.49 Crore (including current maturities of Rs. Nil) (Previous Year Rs. 38.48 Crore including current maturities of Rs. Nil) 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.(i) above.
- vi) Further the above term loans from banks, amounting to Rs. 385.50 Crore, are guaranteed by the Managing Director of the Company.
- vii) Finance Lease Obligation is secured by Hypothecation of Assets taken under Finance Lease.
- viii) 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)	152.23	177.80	200.94	405.33
b) Sales Tax Loan	4.75	5.07	5.06	9.24

- xi) 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, 2015 (Contd.)**NOTE NO. 1.4 DEFERRED TAX LIABILITIES (Net)**

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
i) Deferred Tax Liabilities		
a) Depreciation	<u>214.99</u>	<u>151.74</u>
	<u>214.99</u>	<u>151.74</u>
ii) Deferred Tax Assets		
a) Accumulated Tax Losses*	24.57	16.82
b) Unabsorbed Tax Depreciation	170.60	127.86
c) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss	19.82	7.06
	<u>214.99</u>	<u>151.74</u>
Deferred Tax Liabilities (Net)	<u>NIL</u>	<u>NIL</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

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee Benefits		
Leave Encashment	<u>6.34</u>	<u>6.33</u>
	<u>6.34</u>	<u>6.33</u>

NOTE NO. 1.6 SHORT TERM BORROWINGS

Particulars	As at March 31, 2015	As at March 31, 2014
SECURED		
Loans Repayable on Demand		
Working Capital Borrowings From Banks		
i) Rupee Loans	411.19	414.13
ii) Foreign Currency Loans	2.19	-
UNSECURED		
Working Capital Borrowings From Bank		
i) Rupee Loan	<u>45.00</u>	<u>50.00</u>
	<u>458.38</u>	<u>464.13</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, 2015 (Contd.)

NOTE NO. 1.7 TRADE PAYABLES

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Acceptances	329.17	391.29
Other Trade Payables		
i) Micro, Small and Medium Enterprises (Refer Note No. 3.9 of Notes to Accounts)	0.10	0.21
ii) Others	147.95	198.92
	477.22	590.42

NOTE NO. 1.8 OTHER CURRENT LIABILITIES

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
CURRENT MATURITIES OF LONG TERM DEBT		
Secured		
i) Rupee Loans	60.56	50.16
ii) Foreign Currency Loans	161.98	238.04
	@ 222.54	288.20
Current Maturities of Finance Lease Obligations (Refer Note No. 1.3 (vii))	0.02	0.02
Unsecured		
I) Interest Free Sales Tax Loan	2.79	0.53
ii) Term Loan From Bank	-	20.00
	2.79	20.53
Interest accrued but not due on borrowings	0.83	1.49
Interest accrued and due on borrowings*	21.34	11.51
Unclaimed dividends #	2.63	3.25
Other Payables		
i) Acceptances- Capital	0.09	0.92
ii) Other Payables – Capital	5.61	8.74
iii) Advances From Customers	9.54	34.13
iv) Provision for Expenses	27.30	18.03
v) Other Liabilities # #	217.36	252.22
	510.05	639.04

Delay in No. of Days	2014-15		2013-14	
	Principal @	Interest *	Principal @	Interest *
00 - 30 Days	23.29	10.72	17.17	8.20
31 -60 Days	8.30	10.46	19.42	3.31
61 - Less than 90 Days	6.46	0.16	-	-
Total	38.05	21.34	36.59	11.51

@ * Includes overdue interest and installments of Rs. 59.39 Crore, since paid Rs. 16.80 Crore (Previous Year interest and installments of Rs. 48.10 Crore, since paid Rs. 29.25 Crore).

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

Other Liabilities includes Buyer's Credit - Others Rs. 195.79 Crore and Buyers Credit-Capital Rs. Nil (Previous Year Buyers Credit Others Rs 212.09 Crore and Buyers Credit- Capital Rs. 22.97 Crore).

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)
NOTE NO. 1.9 SHORT TERM PROVISIONS

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee Benefits		
i) Gratuity	0.04	0.14
ii) Leave Encashment	0.10	0.24
iii) Superannuation	3.07	1.10
	3.21	1.47

NOTE NO. 1.10 FIXED ASSETS

Rs. in Crore

Particulars	Original Cost			Depreciation and Amortisation				Net Book Value		
	As at April 01, 2014	Additions	Disposals	As at March 31, 2015	As at April 1, 2014	Charge for the year	On disposals / adjust- ments	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible Assets										
Land-Freehold @	9.19	-	-	9.19	-	-	-	-	9.19	9.19
Land-Leasehold #	7.03	210.46	-	217.49	0.82	0.87	-	1.69	215.80	6.22
Buildings @	130.28	1.35	-	131.63	32.80	10.41	-	43.21	88.42	97.48
Plant and Machinery@	1,861.80	19.23	5.14	1,875.89	665.84	63.69	104.60	624.93	1,250.96	1,195.95
Furniture and Fixtures@	5.00	-	-	5.00	3.11	0.67	-	3.78	1.22	1.89
Office Equipment @	12.25	0.14	-	12.39	10.24	1.58	-	11.82	0.57	2.01
Vehicles	1.64	-	0.12	1.52	1.47	0.08	0.12	1.43	0.09	0.17
Assets Under Lease										
Plant and Machinery	6.96	-	-	6.96	5.33	0.23	1.90	3.66	3.30	1.63
Total A	2,034.15	231.18	5.26	2,260.07	719.61	77.53	106.62	690.52	1,569.55	1,314.54
Intangible Assets										
Technical Know-How	4.13	-	-	4.13	4.13	-	-	4.13	-	-
Computer Software	3.79	-	-	3.79	3.79	-	-	3.79	-	-
Total B	7.92	-	-	7.92	7.92	-	-	7.92	-	-
Total A + B	2,042.07	231.18	5.26	2,267.99	727.53	77.53	106.62	698.44	1,569.55	1,314.54
Previous Year	1,978.87	68.32	5.12	2,042.07	622.68	107.52	2.67	727.53	1,314.54	1,356.19

Refer Note No. 3.14 of Notes to Accounts

i) Additions to Plant and Machinery include Exchange Difference of Rs. 5.67 Crore (Previous Year Rs. 50.36 Crore) and Interest of Rs. Nil (Previous Year Rs. 0.41 Crore).

ii) Depreciation for the year includes Rs.5.93 Crore charged to Retained Earnings (Previous Year Rs. Nil) and depreciation on disposals and adjustments include excess provision for depreciation written back of Rs. 103.71 Crore. (Refer Note No. 3.3 of Notes to Accounts)

@ Includes assets of Captive Power Plant held for sale as below

Particulars	Original Cost	Accumulated Depreciation	Net Book Value
Land-Freehold	7.11	-	7.11
Buildings	6.98	1.74	5.24
Plant and Machinery	264.44	31.67	232.77
Furniture and Fixtures	0.19	0.10	0.09
Office Equipment	0.14	0.12	0.02
Total	278.86	33.63	245.23

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)

NOTE NO. 1.11 NON CURRENT INVESTMENTS

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Long Term Investments – At Cost		
Trade (unquoted)		
Investment in Equity Instruments of Subsidiaries		
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. 3.20 of Notes to Accounts)	48.43	48.43
ii) Tridem Port and Power Company Private Limited 25,80,300 (Previous Year 25,41,000) Equity Shares of Rs 10 each fully paid	2.58	2.54
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
	<u>52.79</u>	<u>52.75</u>
Aggregate amount of unquoted investments	52.79	52.75

NOTE NO. 1.12 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2015	As at March 31, 2014
Advances to Related Parties		
Subsidiary Company (Refer Note No. 3.12 of Notes to Accounts)	104.21	101.14
Others		
i) Capital Advances	4.23	4.64
ii) Security Deposits	2.90	4.11
iii) Employee Welfare Fund	-	1.96
	<u>111.34</u>	<u>111.85</u>

Employee Welfare Fund represents interest free advance given by the Company in earlier years for the benefit of designated employees pursuant to the proviso (b) to Section 77 (2) of the Companies Act, 1956.

NOTE NO. 1.13 OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2015	As at March 31, 2014
i) MAT Credit Receivable	91.44	91.44
ii) Refunds Due From Government Authorities	1.13	1.13
iii) Trade Receivables		
Outstanding for a period exceeding six months		
Considered Doubtful	47.24	13.63
Less: Provision for Doubtful Debts	<u>47.24</u>	<u>13.63</u>
	-	-
	<u>92.57</u>	<u>92.57</u>

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)
NOTE NO. 1.14 INVENTORIES

Rs. in Crore

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

Particulars	As at March 31, 2015	As at March 31, 2014
i) Raw Materials	74.92	71.13
ii) Work-in-Progress	138.74	172.64
iii) Finished Goods	78.96	103.92
iv) Stores, Spares and Consumables	117.38	124.44
	<u>410.00</u>	<u>472.13</u>

NOTE NO. 1.15 TRADE RECEIVABLES

(Net of bills discounted with Banks)

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured		
i) Outstanding for a period exceeding six months Considered Good	7.34	68.22
ii) Others Considered Good	168.80	303.47
	<u>176.14</u>	<u>371.69</u>

NOTE NO. 1.16 CASH AND BANK BALANCES

Particulars	As at March 31, 2015	As at March 31, 2014
Cash and Cash Equivalents		
i) Balances with Banks	49.98	45.30
ii) Cash on Hand	0.05	0.08
	<u>50.03</u>	<u>45.38</u>
Other Bank Balances		
Deposits with Banks	69.11	83.61
	<u>119.14</u>	<u>128.99</u>
Balances with Banks include:		
i) Unclaimed Dividend	2.63	3.25
ii) Unclaimed Interest on Debentures	0.19	0.24
Deposits with Banks include:		
i) Margin Money Deposits against Guarantees / Letter of Credit/ with less than 12 months maturity	66.50	35.40
ii) Margin Money Deposits against Guarantees / Letter of Credit/ with more than 12 months maturity	1.15	1.59

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)

NOTE NO. 1.17 SHORT TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Loans and Advances to Related Parties		
Associate Company	-	6.55
(Refer Note No. 3.12 of Notes to Accounts)		
Others		
i) Security Deposits	6.66	6.78
ii) Advances recoverable in Cash or in Kind	15.82	15.78
	<u>22.48</u>	<u>29.11</u>

NOTE NO. 1.18 OTHER CURRENT ASSETS

Particulars	As at March 31, 2015	As at March 31, 2014
Balances with Government Authorities		
i) Balance with Custom, Excise and Sales Tax	26.03	21.75
ii) Export Incentives and Other Statutory Refunds	92.97	103.69
iii) Taxes paid (net of provisions)	8.49	7.45
Others	11.74	12.68
Expenses to the extent not written off or adjusted		
i) Preliminary Expenses	-	0.02
ii) Loan Processing Fee	-	0.03
	<u>139.23</u>	<u>145.62</u>

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)**NOTE NO. 1.19 REVENUE FROM OPERATIONS (GROSS)****SALE OF PRODUCTS****Rs. in Crore**

Particulars	2014-15	2013-14
i) Tube #	1,099.60	1,204.94
ii) Steel	1,220.55	1,358.16
Gross Sales	<u>2,320.15</u>	<u>2,563.10</u>

includes traded goods sold of Rs. 15.73 Crore (Previous Year Rs.1.97 Crore) .

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

Particulars	2014-15	2013-14
Other Operating Revenues		
i) Sale of Scrap (Gross)	72.60	93.52
Less : Inter Segment Transfers	<u>52.83</u>	<u>59.31</u>
	19.77	34.21
ii) Sale of Power	-	156.50
Less : Inter Segment Transfers	<u>-</u>	<u>146.84</u>
	-	9.66
iii) Export Incentives	10.01	10.45
iv) Electricity Refund	-	0.12
v) Commission Received	-	0.25
vi) Mega Project Incentives	<u>13.49</u>	<u>14.02</u>
	<u>43.27</u>	<u>68.71</u>

NOTE NO. 1.21 OTHER INCOME

Particulars	2014-15	2013-14
i) Interest Income #	10.05	10.92
ii) Miscellaneous Income	1.34	4.69
(Refer Note No. 3.17 of Notes to Accounts)		
	<u>11.39</u>	<u>15.61</u>

includes interest from Banks Rs. 6.15 Crore (Previous Year Rs.8.09 Crore) .

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)

NOTE NO. 1.22 COST OF RAW MATERIAL CONSUMED

Rs. in Crore

Particulars	2014-15	2013-14
Opening Stock	71.13	103.28
Add : Purchases made during the year	736.89	729.31
	808.02	832.59
Less : Closing Stock	74.92	71.13
Total Raw Material Consumed	733.10	761.46

DETAILS OF RAW MATERIAL CONSUMED

Particulars	2014-15	2013-14
Tube Segment		
Steel	668.76	797.27
Less : Inter Segment Transfers included in above	600.07	780.42
Net Consumption	68.69	16.85
Steel Segment		
i) Pig Iron, DRI and Scrap	629.91	714.46
ii) Ferro Alloys	81.52	82.94
	711.43	797.40
Less : Inter Segment Transfer	47.02	52.79
Net Consumption	664.41	744.61
Total Raw Material Consumed	733.10	761.46

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

Particulars	2014-15	2013-14
Closing Stock		
i) Finished Goods	78.96	103.92
ii) Work-in-Progress	138.74	172.64
	217.70	276.56
Opening Stock		
i) Finished Goods	103.92	91.33
ii) Work-in-Progress	172.64	178.41
	276.56	269.74
(Increase)/Decrease in Inventories		
i) Finished Goods	24.96	(12.59)
ii) Work-in-Progress	33.90	5.77
	58.86	(6.82)
Adjusted against exceptional item	-	(9.31)
	58.86	(16.13)

PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

Particulars	2014-15	2013-14
i) Tube	113.06	133.43
ii) Steel	25.68	39.21
	138.74	172.64

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)**NOTE NO. 1.24 EMPLOYEE BENEFITS EXPENSE**

Rs. in Crore

Particulars	2014-15	2013-14
i) Salaries, Wages, Bonus and Allowances #	102.70	105.89
ii) Contributions to Provident Fund and Other Funds	10.67	10.17
iii) Staff Welfare Expenses	<u>7.44</u>	<u>7.69</u>
	<u>120.81</u>	<u>123.75</u>

Salaries, Wages, Bonus and Allowances includes remuneration payable to Managing Director and Executive Director amounting to Rs. 0.91 Crore (Previous year of Rs. 1.40 Crore) is subject to approval of Central Government.

NOTE NO. 1.25 FINANCE COSTS

Particulars	2014-15	2013-14
D) Interest Expenses		
a)Term Loans	87.28	72.23
b)Working Capital and Others	<u>114.67</u>	<u>89.76</u>
	201.95	161.99
ii) Cash Discount	1.42	1.14
iii) Other Finance Costs	<u>22.71</u>	<u>20.40</u>
	<u>226.08</u>	<u>183.53</u>

NOTE NO. 1.26 DEPRECIATION, AMORTISATION AND OBSOLESCENCE

Particulars	2014-15	2013-14
i) Depreciation for the year	71.60	106.31
Less: Withdrawal from Amalgamation Reserve	<u>-</u>	<u>6.72</u>
	71.60	99.59
ii) Amortisation of Miscellaneous Expenditure	0.05	0.08
iii) Loss on Obsolescence of Assets	<u>2.35</u>	<u>2.42</u>
	<u>74.00</u>	<u>102.09</u>

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)

NOTE NO. 1.27 OTHER EXPENSES

Rs. in Crore

Particulars	2014-15	2013-14
i) Materials		
a) Stores and Spares	39.87	62.61
b) Consumables	<u>71.36</u>	<u>88.68</u>
	111.23	151.29
ii) Energy		
a) Power Charges	210.16	82.01
b) Fuel	77.91	97.86
c) Gases	15.00	15.54
d) Coal- Indigenious	<u>0.12</u>	<u>123.79</u>
	303.19	319.20
iii) Direct Manufacturing		
a) Processing Charges	9.48	13.87
b) Other Direct Expenses	35.04	38.80
c) Repairs & Maintenance to Plant and Machinery	4.60	6.74
d) Repairs to Factory Building	0.26	0.58
e) Machine Rentals	<u>0.29</u>	<u>0.29</u>
	49.67	60.28
iv) Selling & Distribution		
a) Freight Charges	34.51	38.69
b) Commission on Sales	6.30	4.91
c) Selling and Other Expenses	<u>1.96</u>	<u>1.99</u>
	42.77	45.59
v) Excise Duty on Stock of Finished Goods	(0.98)	(0.02)
vi) Administrative Expenses		
a) Rent	1.43	1.34
b) Rates and Taxes	0.72	0.67
c) Travelling	3.73	7.13
d) Communication	1.35	1.55
e) Repairs & Maintenance -Others	0.66	0.74
f) Insurance	1.19	1.31
g) Equipment Lease Rentals	0.70	0.76
h) Loss on Sale of Assets	-	0.01
i) Miscellaneous Expenses	<u>25.05</u>	<u>13.10</u>
(Refer Note No. 3.19 of Notes to Accounts)	34.83	26.61
	<u>540.71</u>	<u>602.95</u>

Notes to Financial Statement for the year ended March 31, 2015 (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 Fixed Assets Tangible

- i) Fixed Assets are stated at their original cost of acquisition including taxes, duties, freight, other incidental expenses related to acquisition and installation of the concerned assets and excludes refundable taxes and duties.
- ii) 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 the 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

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)

immediately in the statement of the 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.

2.9 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.

2.10 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 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 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.
- ii) 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, 2015 (Contd.)
NOTE NO. 3 NOTES TO ACCOUNTS
3.1 CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)
Rs in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
i) Contingent Liabilities		
a) Claims against the Company not acknowledged as debt		
Sales Tax	12.16	12.16
Income Tax disputed by the Company	4.45	2.88
Excise and Customs Duty	28.64	32.08
Others	58.23	10.54
b) Corporate Guarantees*	46.95	33.06
c) Bills discounted on behalf of third party	119.13	64.62
ii) Commitments		
Capital Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	18.49	6.44

* Given on behalf of Structo Hydraulics AB, Sweden of Rs. 31.30 Crore (USD 5 Million) and Indian Seamless Inc., USA of Rs. 15.65 Crore (USD 2.5 Million) in respect of loans availed by them.

- 3.2** i) 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).
- ii) Upon petition filed by the Company regarding inter alia non implementation of Energy Banking Agreement (EBA) dated May 7, 2010 Maharashtra Electricity Regulatory Commission (MERC) had disallowed the petition and passed an order dated June 20, 2014 and subsequently confirmed the same by its order dated January 12, 2015. The Company has since appealed to Appellate Tribunal (APTEL) against this order. Based on legal advice, the Company, pending final disposal of the matter had accrued EBA benefit aggregating to Rs. 49.97 Crore up to March 31, 2014, of which amount outstanding as on March 31, 2015 is Rs. 40.83 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 during the current financial year on account of temporary suspension of operation of power plant.

3.3 Exceptional Item - Others includes
Rs. in Crore

Particulars	2014-15	2013-14
i) Excess Power Cost	-	14.60
ii) Legal and other related expenses incurred on International Arbitration	6.66	3.27
iii) Insurance Claim written off	-	2.45
iv) Provision for Doubtful Debts #	47.24	-
v) Payment received from equipment supplier (net)	-	(65.90)
vi) Excess provision for depreciation written back *	(103.71)	-
	<u>(49.81)</u>	<u>(45.58)</u>

* The Company, hitherto, provided depreciation in accordance with the Schedule XIV of the Companies Act, 1956 based on the Straight Line Method. Part C of Schedule II of the Companies Act, 2013 permits to use estimated useful life for providing depreciation and accordingly the Company for the first time has adopted useful life, which is based on external experts' report, for providing depreciation on Plant & Machinery located at Ahmednagar, Baramati and Jejuri from the date of acquisition of assets. The Company has also changed its depreciation policy effective from April, 01, 2014 for providing depreciation from Straight Line Method to Written Down Value Method. Consequent to the change in method of depreciation and the revision in depreciation calculation as per useful life of assets from the date of acquisition of assets and based on the experts' opinion obtained on its treatment in the financial statements by the Company, excess depreciation provided till March 31, 2014 amounting to Rs. 103.71 Crore has been credited to the Statement of Profit and Loss.

Pursuant to Companies Act, 2013, becoming effective April 1, 2014, the Company has reworked depreciation with reference to the estimated useful life of the aforesaid Plant & Machinery based on technical evaluation and for other fixed assets based on the life prescribed under part C of Schedule II of the Companies Act, 2013. As a result, the charge of depreciation for the year is lower by Rs. 32.37 Crore. Further, in terms of Note 7(b) of schedule II of the Companies Act, 2013, in respect of assets whose life is already exhausted, carrying value as at April 1, 2014 of Rs. 5.93 Crore has been adjusted against the retained earnings.

Provision for Doubtful Debts is relating to Subsidiary Company, Structo Hydraulics AB Sweden.

Notes to Financial Statement for the year ended March 31, 2015 (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, 2015				As on March 31, 2014			
	Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
i) Segment Revenue								
Total External Sales (Gross)	1,061.52	545.58		1,607.10	1,164.97	477.89		1,642.86
Add : Inter Segment Transfers (Gross)	-	674.97		674.97	-	880.27		880.27
: Inter Division Transfers (Gross)	38.08	-		38.08	39.97	-		39.97
	1,099.60	1,220.55		2,320.15	1,204.94	1,358.16		2,563.10
Less : Excise Duty	86.36	136.16		222.52	97.52	153.63		251.15
	1,013.24	1,084.39		2,097.63	1,107.42	1,204.53		2,311.95
Less : Inter Segment Transfers (Net)	-	600.66		600.66	-	780.99		780.99
Inter Division Transfers (Net)	33.91	-		33.91	35.57	-		35.57
Net Sales	979.33	483.73		1,463.06	1,071.85	423.54		1,495.39
ii) Segment Results								
Profit Before Finance Costs , Foreign Exchange Loss and Taxes	(45.76)	21.97	(1.64)	(25.43)	(10.75)	(18.47)	32.54	3.32
Less : Finance Costs				226.08				183.53
: Amortisation and Obsolescence				2.40				2.50
: Foreign Exchange Loss				16.89				67.52
: Others #				(49.81)				(45.58)
Profit / (Loss) Before Tax				(220.99)				(204.65)
Less : Tax Expenses				-				(34.36)
Profit / (Loss) After Tax				(220.99)				(170.29)
iii) Other Information								
Total Segment Assets	1,579.88	437.37	-	2,017.25	1,591.71	420.81	-	2,012.52
Total Segment Liabilities	199.86	319.05	-	518.91	200.86	368.21	-	569.07
Total cost incurred for acquiring Segment Assets (excluding revaluation of Leasehold Land)	4.00	0.37	(6.35)	(1.98)	34.16	5.64	17.16	56.96
Segment Depreciation	49.11	15.13	7.36	71.60	60.31	25.84	14.66	100.81
Non - Cash Expenses	60.98	1.08	-	62.06	3.50	2.21	-	5.71
Total Unallocable Assets								
Investments				52.79				52.75
Other Assets				631.02				679.25
				683.81				732.00
Total Unallocable Liabilities								
Long Term Borrowings				967.17				738.64
Short Term Borrowings				458.37				464.13
Other Liabilities				477.91				668.19
				-				-
				1,903.45				1,870.96

Refer Note No. 3.3

3.5 Expenditure incurred during Construction Period, which have been Capitalized during the year.

Rs. in Crore

Particulars	2014-15	2013-14
a) Employee Benefits Expense	-	0.82
b) Finance Costs	-	2.47
	-	3.29

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)

3.6

Rs in Crore

Particulars	2014-15	2013-14
i) CIF Value of Imports		
a) Capital Goods	-	0.24
b) Stores Spares & Consumables	40.93	60.17
c) Raw Materials	330.36	410.27

Particulars	2014-15		2013-14	
	Rs. In Crore	%	Rs. In Crore	%
ii) Particulars in respect of Consumption of Raw Materials				
a) Indigenous	338.99	46.24	266.17	34.95
b) Imported	394.11	53.76	495.29	65.05
	733.10	100.00	761.46	100.00
Particulars	Rs. In Crore	%	Rs. In Crore	%
iii) Particulars in respect of Consumption of Stores and Spares, Consumables				
a) Indigenous	62.77	56.43	80.43	53.36
b) Imported	48.46	43.57	70.86	46.64
	111.23	100.00	151.29	100.00

Rs. in Crore

Particulars	2014-15	2013-14
iv) Earning in Foreign Currency		
a) FOB Value of Exports	263.13	276.58
b) Freight on Exports	18.56	14.24
c) Receipt against Arbitration case	-	134.05
Particulars	2014-15	2013-14
v) Expenditure in Foreign Currency		
a) Interest	27.01	42.47
b) Commission on Export Sales	5.83	3.91
c) Travelling	0.52	0.62
d) Professional Consultation Fees	6.77	33.20
e) Quality Claims	13.43	8.79
f) Others	1.43	1.85

3.7 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.

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)

3.8 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	2014-15		2013-14	
	Foreign Currency in Million	Rs. in Crore	Foreign Currency in Million	Rs. in Crore
i) Secured Loans				
a) US Dollars	68.50	428.72	98.03	589.53
b) Euros	6.72	45.35	9.80	80.94
ii) Receivables				
a) US Dollars	17.00	105.79	12.02	76.69
b) Euros	10.57	71.53	10.73	88.65
c) Australian Dollar	0.09	0.43	0.03	0.15
d) GBP	0.01	0.04	0.01	0.12
iii) Payables				
a) US Dollar	47.61	298.02	46.32	278.41
b) Euros	0.38	2.56	0.32	2.61
c) GBP	0.00	0.04	-	-
iv) Interest Payable				
a) US Dollar	0.13	0.83	0.25	1.48
b) Euros	-	0.00	-	0.00

3.9 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.

Rs. in Crore

Particulars	2014-15	2013-14
i) Principle amount remaining unpaid as on March 31,	0.10	0.21
ii) Interest due thereon as on March 31,	0.19	0.15
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,	0.19	0.15
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.	0.21	0.15

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)

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

Particulars	2014-15	2013-14
Not later than one year	0.62	3.10
Later than one year and not later than five years	0.19	5.61
Later than five years	-	-

ii) Assets taken on finance lease : - The period of lease is 10 years. The agreements provide for renewal of the lease at the end of the lease period. The details of Minimum Lease Payments (MLP) and their Present Values (PV) arrived by discounting the MLPs at the appropriate discounting rate are as under : -

Asset Classification	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Plant & Machinery				
MLP	0.03	-	-	0.03
(Previous Year)	0.02	0.03	-	0.05
PV	0.01	-	-	0.01
(Previous Year)	0.01	0.01	-	0.02

3.11 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 and the other long term monetary items (other than those covered under “ Cash Flow Hedge “) to “Foreign Currency Monetary Item Translation Difference Account”. Accordingly the Company has accounted exchange differences as under :

- Exchange difference related to acquisition of Capital Assets has been adjusted to respective Fixed Asset cost Rs 1.92 Crore Loss (Previous Year Rs.53.04 Crore Loss).
- Exchange difference loss amortised during the year Rs. 1.90 Crore (Previous Year Rs. 1.63 Crore) from “Foreign Currency Monetary Item Translation Difference Account” and charged to the Statement of Profit and Loss and balance in the “Foreign Currency Monetary Item Translation Difference Account” as on March 31, 2015 is Rs. 9.52 Crore (Previous Year Rs. 9.78 Crore).

ii) The Company has recognised exchange difference arising on translation of foreign currency borrowing by following an appropriate hedge accounting policy and applying principles set out in Accounting Standard (AS) 30- “Financial Instrument Recognition and Measurement”. The objective of adopting hedge accounting is to ensure that the gain or losses of the hedging instrument is recognised in the Statement of Profit and Loss in same period when the gain or loss of hedged items is recognised in the Statement of Profit and Loss. The Company w.e.f. April 1, 2011 has designated borrowing in foreign currency, other than those utilised for capital expenditures and identified Long Term Loans, as hedge instrument to hedge its foreign currency risk of its firm commitments and highly probable forecast transactions (of revenue streams) to be accounted as cash flow hedge. During the year ,the net unrealised exchange difference in foreign currency borrowing, foreign currency receivables and payables aggregating to Rs. 30.32 Crore(Previous Year Rs. 20.73 Crore) has been recognised in Hedge Reserve Account.

iii) Had the Company not exercised the option under AS-11 as stated in para 3.11 (i) and not followed the accounting policy as stated in para 3.11 (ii) the Loss (net of tax) for the year would have been higher by Rs.3.43 Crore (Previous Year Rs.35.25 Crore), Gross Fixed Assets would have been lower by Rs.155.33 Crore (Previous Year Rs. 153.41 Crore) and consequently the Reserves and Surplus would have been lower by Rs.112.11 Crore (Previous Year Rs.109.70 Crore).

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)

3.12 Related party Disclosure as required by Accounting Standard 18 is as under :-

- a) Key Management Personnel
- i) Mr. Salil Taneja -Chief Executive Officer (upto November 30, 2014)
 - ii) Mr. B.R. Taneja -Managing Director (w.e.f December 01, 2014)
 - iii) Mr. Rajiv Goel-Chief Financial Officer
 - iv) Mr. O.P. Kakkar- Non-Executive Director
- b) Subsidiary Companies
- i) ISMT Enterprises SA, Luxembourg
 - ii) Structo Hydraulics AB, Sweden
 - iii) ISMT Europe AB, Sweden
 - iv) Structo (UK) Limited, United Kingdom
 - v) Tridem Port and Power Company Private Limited.
 - vi) Nagapattinam Energy Private Limited.
 - vii) Best Exim Private Limited.
 - viii) Success Power and Infraprojects Private Limited
 - ix) Marshal Microware Infrastructure Development Company Private Limited.
 - x) PT ISMT Resources, Indonesia
 - xi) Indian Seamless Inc, USA.
- c) Associate Companies
- i) Indian Seamless Enterprises Limited
 - ii) Taneja Aerospace and Aviation Limited
 - iii) Structo Hydraulics India Private Limited
 - iv) Lighto Technologies Private Limited .
- d) Details of Transaction
- i) Key Management Personnel
Remuneration for the year Rs. 2.38 Crore
(Previous Year Rs.2.09 Crore)
 - ii) Subsidiary and Associate Companies

Rs. in Crore

Details of Transactions	Subsidiary Companies		Associate Companies	
	2014-15	2013-14	2014-15	2013-14
Sale of Finished Goods	174.32	135.13	6.02	9.45
Purchases	0.61	0.32	0.42	0.43
Commission on Sales	2.58	2.17	-	-
Lease Rent Paid	-	-	0.30	2.70
Quality claims / Reimbursement of Expenses	14.34	11.87	(0.25)	(0.24)
Rent Paid	0.01	0.01	-	-
Inter Corporate Deposits (Net)	-	-	(8.05)	(3.95)
Interest Received	-	-	0.46	1.14
Interest Paid	-	-	0.13	-
Provision for Doubtful Debts	47.24	-	-	-
Investments	0.04	-	-	-
Loans and Advances Given	3.08	4.64	-	-
Advance Received against sales	-	25.27	-	-
Unsecured Loan Received	-	-	6.75	-
Outstanding as at Balance Sheet date				
Receivables (net of provisions)	55.56	115.63	-	8.73
Payables	-	3.04	1.66	-
Advance Receivable	104.21	101.14	-	1.28
Advance Payable	-	25.09	1.50	-
Unsecured Loan Payable	-	-	6.75	-
Inter Corporate Deposit Receivable	-	-	-	6.55

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)

- a) Sale of finished goods to Subsidiary Companies include sales to Indian Seamless Inc, USA Rs. 108.10 Crore (Previous Year Rs. 59.31 Crore), Structo Hydraulics AB Rs. 24.39 Crore (Previous Year Rs. 33.57 Crore) ,ISMT Europe AB Rs. 41.83 Crore (Previous Year Rs. 42.24 Crore) . Sales of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs. 6.02 Crore (Previous Year Rs. 9.45 Crore).
- b) Purchases from Subsidiary Companies include scrap purchased from Structo Hydraulics AB Rs. 0.61 Crore (Previous Year Rs. 0.32 Crore). Purchases from Associate Companies include spares purchased from Taneja Aerospace and Aviation Limited Rs. 0.42 Crore (Previous Year Rs.0.42 Crore).
- c) Commission on sales paid to Subsidiary Companies include paid to ISMT Europe AB, Rs. 1.56 Crore (Previous Year Rs. 0.96 Crore) and Indian Seamless Inc, USA Rs. 1.02 Crore (Previous Year Rs. 1.21 Crore).
- d) Lease rent paid to Associate Companies include paid to Taneja Aerospace and Aviation Limited Rs. Nil (Previous Year Rs. 2.40 Crore) and 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. 2.38 Crore (Previous Year Rs. 6.72 Crore),ISMT Europe AB Rs. 1.12 Crore (Previous Year Rs.0.95 Crore), Indian Seamless Inc, USA Rs. 7.20 Crore (Previous year Rs.0.52 Crore) and reimbursement of expenses paid to Indian Seamless Inc, USA Rs. 3.64.Crore on account of overseas freight and other clearing charges (Previous Year Rs.3.68 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 (net) to Associate Company Taneja Aerospace and Aviation Limited Rs. (8.05) Crore (Previous Year Rs. (3.95) Crore).
- h) Interest received from Associate Company Taneja Aerospace and Aviation Limited Rs. 0.46 Crore (Previous Year Rs. 1.14 Crore).
- i) Interest paid to Associate Company Taneja Aerospace and Aviation Limited Rs. 0.13 Crore (Previous Year Rs. Nil).
- j) Investment in Subsidiary Company include in Tridem Port and Power Company Private Limited Rs. 0.04 Crore (Previous Year Rs. 2.50 Crore) and Indian Seamless Inc, USA Rs. Nil (Previous Year Rs. 1.78 Crore).
- k) Advances given to Subsidiary Company Tridem Port and Power Company Private Limited Rs. 3.08 Crore for its Port and Power Project (Previous Year Rs. 4.64 Crore).
- l) Advance received from Subsidiary Company include from Structo Hydraulics AB towards sale of finished goods amounting to Rs. Nil (Previous Year Rs. 10.88 Crore), Indian Seamless Inc, USA Rs. Nil (Previous year Rs. 14.38 Crore).
- m) Unsecured Loan received from Associate Company Indian Seamless Enterprises Limited Rs. 6.75 Crore (Previous Year Rs. Nil).
- n) Provision for doubtful debts of Rs. 47.24 Crore (Previous Year Rs. Nil) is relating to Subsidiary Company Structo Hydraulics AB.

3.13 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 :

Rs. in Crore

Particulars	2014-15	2013-14
a) Employer's Contribution to Provident Fund and Employee Pension Scheme	5.33	5.28
b) Employer's Contribution to Superannuation Fund	2.96	3.16

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, 2015 (Contd.)

Gratuity (Funded)

Rs. in Crore

ii) Defined Benefit Plan:		2014-15	2013-14	
a) Changes in present value of Defined Benefit Obligations:				
Present value of obligation as at beginning of the Year		24.82	22.71	
Current Service Cost		1.61	1.62	
Interest Cost		2.06	1.81	
Actuarial (gain)/loss		0.55	(0.17)	
Benefits paid		(1.80)	(1.16)	
Present Value of Obligation as at end of the Year		27.24	24.81	
b) Changes in fair value of Plan Assets:				
Fair value of Plan Assets as at beginning of the Year		24.69	22.08	
Expected return on Plan Assets		2.16	1.99	
Actuarial gain/(loss)		0.26	(0.77)	
Employer Contribution		0.13	1.41	
Benefits paid		(0.04)	(0.02)	
Fair value of plan Assets as at end of the Year		27.20	24.69	
c) Actual Return on Plan Assets:				
Expected return on Plan Assets		2.16	1.99	
Actuarial gain/(loss) on Plan Assets		0.26	(0.77)	
Actual return on Plan Assets		2.42	1.22	
Particulars	2014-15		2013-14	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
d) Amounts recognized in the Balance Sheet in respect of:				
Fair Value of Plan Assets as at end of the Year	27.20	-	24.69	-
Present Value of Obligation as at end of the Year	27.24	6.44	24.81	6.57
Net Liability	0.04	6.44	0.13	6.57
e) Expenses recognised in the Statement of Profit and Loss				
(under the head "Employee Benefits Expense")				
Refer Note No. 1.24				
Current Service Cost	1.61	0.60	1.62	0.70
Interest Cost	2.06	0.49	1.81	0.45
Expected return on Plan Assets	(2.16)	-	(2.00)	-
Actuarial (Gain)/ Loss	0.30	0.60	0.60	0.67
Expense Recognised in the Statement of Profit and Loss	1.81	1.69	2.03	1.82

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)

Particulars	2014-15	2013-14		
f) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the Year				
Government of India Securities	3.04%	4.04%		
Corporate Bonds	2.13%	3.64%		
Special Deposit Scheme	0.29%	0.35%		
Insurer Managed Funds	89.70%	88.61%		
Others	4.84%	3.36%		
Total	100.00%	100.00%		
Particulars	2014-15		2013-14	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
g) Principal Actuarial Assumptions used as at the Balance Sheet date :				
Discount Rate	7.80%	7.80%	8.60%	8.20%
Expected Rate of Return on Plan Assets	8.75%	-	8.75%	-
Salary Escalation Rate	6.00%	6.00%	7.00%	7.00%

3.14 During the year ,based on valuation reports obtained, the Company has revalued its Leasehold Land located at Ahmednagar and Baramati. Additions so made, due to revaluation, in the leasehold lands amounting to Rs. 210.46 Crore has been credited to Revaluation Reserve. Depreciation provided on the revalued amount of Rs.0.78 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. 4.49 Crore has been transferred from Amalgamation Reserve to General Reserve.

3.15 The Company has Minimum Alternate Tax (MAT) credit entitlement as at March 31, 2015 of Rs. 91.44 Crore, which is allowed to be carried forward for a period of ten years from the year in which MAT was paid and will lapse thereafter. Accordingly, the unabsorbed MAT credit shall be provided in the Statement of Profit and Loss to the extent of lapse of MAT credit in respective years.

3.16 Particulars in respect of Loans and Advances in the nature of loans.

Rs. in Crore

Name of the Company	Outstanding Balance as at		Maximum outstanding during the year	
	March 31, 2015	March 31 2014	2014- 2015	2013-14
Associate				
Taneja Aerospace and Aviation Limited	-	6.55	6.55	8.70

3.17 Miscellaneous Income includes

Rs. in Crore

Particulars	2014-15	2013-14
i) Profit on Sale of Assets	-	0.001
ii) Income on Assignment of Liability	-	4.35

Notes to Financial Statement for the year ended March 31, 2015 (Contd.)

3.18 Earnings per Share

Rs. in Crore

Particulars	2014-15	2013-14
i) Profit / (Loss) After Tax	(220.99)	(170.29)
ii) Net Profit / (Loss) for the year attributable to Equity Share Holders	(220.99)	(170.29)
iii) Weighted Average Number of Equity Shares	14,65,01,383	14,65,01,383
iv) Earnings Per Share (Rs.) (Basic and Diluted)	(15.08)	(11.62)

3.19 Miscellaneous Expenses include

Rs. in Crore

	2014-15	2013-14
i) Repairs & Maintenance – Other Buildings	0.001	0.03
ii) Directors Sitting Fees	0.14	0.13
iii) Auditors Remuneration		
a) Statutory Audit Fees	0.24	0.24
b) Taxation Matters	0.001	0.01
c) Out of Pocket Expenses	0.02	0.02
	0.26	0.27
iv) Provision for Doubtful Debts	-	5.71
v) Bad Debts	14.81	-

3.20 The Company has invested Rs. 48.43 Crore in its subsidiary ISMT Enterprises, S. A. Luxembourg which in turns holds 100% investment in Structo Hydraulics AB, Sweden (SHAB). The Company has given a corporate guarantee of Rs. 31.30 Crore (USD 5 Million) for loan availed by SHAB. The net recoverable on account of supplies made by the Company to SHAB is Rs. 55.62 Crore, of which Company has provided for the entire overdue receivables of Rs. 47.24 Crore as doubtful debts and the balance of Rs. 8.38 Crore is collectible. No provision, however, has been made in respect of temporary diminution in the value of investment made in ISMT Enterprises which is in the nature of forward integration and considered Strategic and Long Term.

3.21 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's Registration No. 101118W
Chartered Accountants

For **J. K. Shah & Co.**
Firm's 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

Nilesh Jain
Company Secretary
Pune, May 30, 2015

Pune, May 30, 2015

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

We have audited the accompanying consolidated financial statements of ISMT Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its Associate Company, comprising of the Consolidated Balance Sheet as at March 31, 2015, 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, based on the standalone financial statements of the entities comprised in the group, 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 including its associate 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 to the extent applicable to Group and its associate. The respective Board of Directors or the managing body of the entities 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.

Auditors' 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 auditors' 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 controls and checks 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 but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating

effectiveness of such controls. An audit also includes evaluating the appropriateness of the principles and procedures followed, 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) and (b) 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

- 1] The Holding Company has outstanding Minimum Alternate Tax (MAT) entitlement of Rs.91.44 Crore as on March 31, 2015. Taking into consideration the loss during the current financial year and carried forward losses under the Income Tax, 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.91.44 Crore and its consequential effect on the Earnings per Share of the Group.
- 2] The Holding Company has recognized claim in earlier year, of which outstanding balance as on March 31, 2015 is Rs. 40.83 Crore, against Maharashtra State Electricity Distribution Company Limited (MSEDCL) for non-implementation of Energy Banking Agreement. The realization of this claim is contingent and dependent upon the outcome of the decision of the petition filed with Appellate Tribunal (APTEL) Delhi. 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. 40.83 Crore. Refer Note Number 3.2(ii) 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 and based on the consideration of the reports of the other Auditors on the financial statements of the subsidiaries and associate as noted below and the other financial statements of the components, 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 and its associate as at March 31, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of matter

We draw attention to the following matters referred to in the Notes forming part of the consolidated financial statements:

Note No. 3.3 explaining the accounting treatment given for write back of depreciation in the standalone financial statements of the Holding Company amounting to Rs. 103.71 Crore consequent to change in the method of depreciation as well as adoption of useful lives of the Fixed Assets from the date of acquisition.

Note No. 1.24 regarding remuneration to Managing Director and Executive Director of the Holding Company amounting to Rs. 0.91 Crore, provided for in the consolidated financial statements, is subject to approval of Central Government.

Our opinion is not qualified in respect of these matters.

Other Matter

- a. We did not audit the financial statements / financial information of subsidiaries, whose financial statements / financial information reflect total assets of Rs.392.98 Crore as at March 31, 2015, total revenues of Rs. 201.49 Crore and net cash outflow amounting to Rs.16.96 Crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of Net Loss of Rs.0.003 Crore for the year ended March 31, 2015, as considered in the consolidated financial statements, in respect of associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information 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 associate, and our report in terms of sub-sections (3) and(11) of Section 143 of the Act, to the extent applicable or considered as applicable, insofar as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of the other auditors.
- b. We did not audit the financial statements / financial information of a subsidiary, whose financial statements / financial information reflect total assets of Rs.3.13 Crore as at March 31, 2015, total revenues of Rs. NIL and net cash outflow amounting to Rs.0.02 Crore 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 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 the subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements / financial information. In our opinion and according to the 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 the Companies (Auditors' Report) Order 2015 (the Order), issued by the central government of India in terms of section 143(11) of the Act, based on the comments in the Auditors' Report of the Holding Company, Subsidiary Companies and Associate Company incorporated in India, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. 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 accounts of the group entities, as required by law relating to preparation of the

aforesaid consolidated financial statements have been made so far as it appears from our examination of those financial statements and the reports of the other auditors thereon.

- c. The Group has no branch offices whose accounts are audited by branch auditors.
- d. 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 accounts maintained for the purpose of preparation of the consolidated financial statements.
- e. In our opinion, except for the effect of matters described in the Basis for Qualified Opinion paragraph above, 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 to the extent applicable to Group and its associate.
- 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 Group.
- g. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its Subsidiary Companies and Associate Company incorporated in India, none of the other directors of the Group Companies and its Associate Company incorporated in India is disqualified as on March 31, 2015 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 other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, Refer Note 3.1(i) to the consolidated financial statements.
 - ii. The Group and its Associate Company did not have any material foreseeable losses on long-term contracts including derivative contracts for which provisions was required.
 - iii. There are minor delays in amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company as follows:
 - a) Rs. 0.28 Crore, 3 days delay
 - b) Rs.0.28 Crore, 9 days delay

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, 2015

J.K. Shah

Partner
Membership No. 3662
Mumbai: May 30, 2015

Annexure to the Independent Auditors' Report

Annexure referred to in our Independent Auditors' Report to the members of the Group on the consolidated financial statements for the year ended March 31, 2015. For the Purpose of CARO, the "Group" comprises of the Holding Company, its Subsidiary Companies and its Associate Company incorporated in India.

- i) a) The Group 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 of the respective entities at regular interval considering the size of the respective entities and nature of asset. According to information and explanation given to us and other auditors, no material discrepancies have been noticed on such verification.
- ii) a) As explained to us and other auditors, the inventories including majority of the goods lying with third parties have been physically verified by the management of the respective entities at reasonable intervals during the year.
- b) In our opinion and the opinion of the other auditors and according to the information and explanation given to us and other auditors, the procedures of physical verification of inventories followed by the management of the respective entities are reasonable and adequate in relation to the size of the respective entities and the nature of its business.
- c) In our opinion and the opinion of the other auditors and according to the information and explanation given to us and other auditors, the respective entities have maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and the book records were not material and have been properly dealt with in the books of account.
- (iii) According to information and explanation given to us and other auditors, during the year, entities involved in the Group has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.
- (iv) In our opinion and the opinion of the other auditors and according to the information and explanation given to us and other auditors, there are adequate internal control systems in the Group commensurate with the size of the respective entities and nature of their business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of audit, we and other auditors have not observed any continuing failure to correct major weakness in internal control systems.
- (v) The Group has not accepted / nor there are any outstanding Fixed Deposit from the public.
- (vi) We have broadly reviewed the books of account maintained by the Holding 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 Companies Act, 2013 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. On the basis of report of the other auditors of the Group, maintenance of Cost records is not applicable to any other entities of the Group.
- vii) a) According to the records of the Holding Company and based on the report of other auditors, except the Holding Company, the Group is regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanation given to us and the other auditors, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at March 31, 2015 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.
- c) According to the information and explanation given to us and the other auditors, the amounts required to be transferred to Investor Education and Protection Fund by the Holding Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made there under have been so transferred. However there is minor delay of 3 days in transferring Rs. 0.28 Crore and 9 days in transferring Rs. 0.28 Crore.
- viii) The accumulated losses of the Group on consolidated basis exceed 50% of its Net Worth. The Group has incurred cash loss on consolidated basis during the year as well as in the immediately preceding financial year.
- ix) According to the information and explanation given to us and the other auditors, except the Holding Company, Group has not defaulted in repayment of dues to banks. Details of defaults are mentioned in Annexure- II.
- x) In our opinion and the opinion of the other auditors and according to the information and explanation given to us and the other auditors, the terms and condition of guarantees given by the respective entities of the group for loan taken by others from the Banks or Financial Institution are, prima facie, not prejudicial to the interests of the respective entities.
- xi) According to the information and explanation given to us and the other Auditors, the term loans taken by the respective entities during the year have been utilised for the purpose for which the said loans were obtained.
- xii) Based upon the audit procedures performed by us and the other auditors and according to the information and explanations given to us and the other auditors, no fraud on or by the respective entities has been noticed or reported during the year

For M/s P. G. Bhagwat
Firm's Registration No. 101118W
109606W
Chartered Accountants

Sandeep Rao
Partner
Membership No. 47235
Pune: May 30, 2015

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

J. K. Shah
Partner
Membership No. 3662
Mumbai: May 30, 2015

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
		6.41	Dy. Commissioner (Appeals)
		0.01	High Court, Bombay
Maharashtra Sales Tax Act, 1959	Sales Tax	0.02	Tribunal
		0.47	High Court, Bombay
		5.76	Dy. Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	12.28	CESTAT
		6.80	High Court, Bombay
		1.11	Commissioner
		0.06	Joint Commissioner
		0.87	Asst. Commissioner
		0.73	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
		3.75	CIT, Pune

Annexure – II**a. Delay in repayment of installments including interest during the year :****Rs. in Crore**

No. of Days	Amount
00 – 30 Days	72.86
31 – 60 Days	37.57
61 – Less than 90 Days	185.09

b. Installments including interest outstanding as at March 31, 2015 of Rs. 59.39 Crore :**Rs. in Crore**

No. of Days	Amount
00 – 30 Days	34.02
31 – 60 Days	18.75
61 – Less than 90 Days	6.62

Out of the above Rs. 16.80 Crore has been paid subsequent to Balance Sheet date.

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2015

Rs. in Crore

Particulars	Note No.	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	1.1	73.25	73.25
Reserves and Surplus	1.2	<u>170.51</u>	<u>143.93</u>
		243.76	217.18
MINORITY INTEREST			
		-	-
NON-CURRENT LIABILITIES			
Long Term Borrowings	1.3	1,008.94	759.74
Deferred Tax Liabilities (Net)	1.4	-	3.10
Long Term Provisions	1.5	<u>7.84</u>	<u>8.34</u>
		1,016.78	771.18
CURRENT LIABILITIES			
Short Term Borrowings	1.6	483.07	540.22
Trade Payables	1.7	479.70	591.91
Other Current Liabilities	1.8	532.85	624.57
Short Term Provisions	1.9	<u>3.23</u>	<u>1.48</u>
		1,498.85	1,758.18
		<u>2,759.39</u>	<u>2,746.54</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	1.10	1,617.53	1,368.34
Intangible Assets		0.01	0.47
Capital Work-in-Progress		<u>96.94</u>	<u>90.69</u>
		1,714.48	1,459.50
Goodwill on Consolidation			
		37.68	37.65
Non-Current Investment	1.11	0.04	0.05
Long Term Loans and Advances	1.12	10.29	36.53
Other Non Current Assets	1.13	<u>92.64</u>	<u>92.65</u>
		102.97	129.23
CURRENT ASSETS			
Inventories	1.14	427.39	494.25
Trade Receivables	1.15	191.49	299.45
Cash and Bank Balances	1.16	120.98	147.81
Short Term Loans and Advances	1.17	22.88	30.17
Other Current Assets	1.18	<u>141.52</u>	<u>148.48</u>
		904.26	1,120.16
		<u>2,759.39</u>	<u>2,746.54</u>
Significant Accounting Policies	2		
Notes to Accounts	3		

As per our report of even date

 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
 M. No. 47235

J. K. Shah
 Partner
 M. No. 3662

B. R. Taneja
 Managing Director

Rajiv Goel
 Chief Financial Officer

Nilesh Jain
 Company Secretary
 Pune: May 30, 2015

Pune: May 30, 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Rs. in Crore

Particulars	Note No.	2014-15	2013-14
INCOME			
REVENUE FROM OPERATIONS			
Sale of Products	1.19	2,512.91	2,733.55
Less : Inter Segment Transfers		674.97	880.27
Inter Division Transfers		38.08	39.97
Sales to Subsidiary / Parent Company		174.32	136.28
		1,625.54	1,677.03
Less: Excise Duty		144.04	147.47
Net Sales		1,481.50	1,529.56
Other Operating Revenue	1.20	43.28	69.14
Less: Excise Duty		1.83	2.99
		41.45	66.15
REVENUE FROM OPERATIONS (NET)		1,522.95	1,595.71
Other Income	1.21	16.40	16.07
TOTAL REVENUE		1,539.35	1,611.78
EXPENSES:			
Cost of Materials Consumed	1.22	735.50	770.56
Purchases of Traded Goods		16.24	1.78
Changes in Inventories of Finished Goods and Work-in-Progress	1.23	59.76	(7.62)
Employee Benefits Expense	1.24	135.92	144.22
Finance Costs	1.25	230.10	187.27
Depreciation, Amortisation and Obsolescence	1.26	79.26	108.73
Other Expenses	1.27	547.17	611.42
Exceptional Item			
i) Foreign Exchange Loss		23.63	66.82
ii) Others		(97.05)	(45.58)
(Refer Note No 3.3 of Notes to Accounts)			
TOTAL EXPENSES		1,730.53	1,837.60
PROFIT / (LOSS) BEFORE TAX		(191.18)	(225.82)
TAX EXPENSES			
Current Tax		0.02	0.02
Previous Year Tax		-	(0.25)
MAT Credit - Previous Year		-	0.25
Deferred Tax - Current Year		(3.10)	(31.63)
Less : Share of Minority Interest		(0.04)	(0.04)
Less : Share of Associate (Rs. 0.32 lacs, Previous Year Rs.0.13 lacs)		-	-
PROFIT / (LOSS) FOR THE YEAR		(188.06)	(194.17)
Earning per Equity Share (Face Value of Rs. 5/- each)		(12.84)	(13.25)
(Refer Note No 3.15 of Notes on Accounts)			
Significant Accounting Policies	2		
Notes to Accounts	3		

As per our report of even date

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
M. No. 47235

J. K. Shah
Partner
M. No. 3662

B. R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune: May 30, 2015

Pune: May 30, 2015

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Rs. in Crore

Particulars	2014-15	2013-14
i) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) Before Taxation	(191.18)	(225.82)
Adjustments for :		
Depreciation, Amortisation and Obsolescence	79.26	108.73
Depreciation written back	(103.71)	-
Finance Costs	230.10	187.27
Interest Income	(10.07)	(10.93)
Income on Assignment of Liability	-	(4.35)
Loss/(Profit) on Sale of Fixed Assets (Net)	0.05	0.06
Provision for Doubtful Debts	-	5.71
Bad Debts written off	14.81	-
Provision for Wealth Tax	0.05	0.10
Foreign Currency Translation Reserve	19.58	(7.79)
	230.07	278.80
Operating Cash Profit before Working Capital Changes	38.89	52.98
Adjustments for :		
Trade and Other Receivables	111.94	51.26
Inventories (Increase) / Decrease	66.86	44.16
Trade Payables and Other Liabilities	(148.05)	(60.24)
	30.75	35.18
Taxes Paid	(0.78)	(2.49)
Net Cash Flow from Operating Activities	68.86	85.67
ii) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(7.68)	(34.46)
Sale of Fixed Assets	1.04	0.23
Interest Received	7.75	11.38
Net Cash used in Investing Activities	1.11	(22.85)
iii) CASH FLOW FROM FINANCING ACTIVITIES :		
Acquisition of Subsidiary	-	(0.21)
Dividend Payments (including Tax thereon)	(0.62)	(0.01)
Proceeds from /(Repayment of) Borrowings	137.73	170.22
Interest Paid	(219.41)	(177.83)
Net Cash from Financing Activities	(82.30)	(7.83)
Net Increase / (Decrease) in Cash and Cash Equivalents	(12.33)	54.99
Cash and Cash Equivalents at the beginning of the year (Refer Note No.1.16)	64.20	9.21
Cash and Cash Equivalents at the end of the year (Refer Note No.1.16)	51.87	64.20
Net Increase / (Decrease) in Cash & Cash Equivalents	(12.33)	54.99

As per our report of even date

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

 For **J. K. Shah & Co.**
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 Chartered Accountants

Sandeep Rao
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 M. No. 47235

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B. R. Taneja
 Managing Director

Rajiv Goel
 Chief Financial Officer

Nilesh Jain
 Company Secretary
 Pune: May 30, 2015

Pune: May 30, 2015

Notes to Consolidated Financial Statement for the year ended March 31, 2015

NOTE NO. 1.1 SHARE CAPITAL

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Authorised		
i) 17,50,00,000 (Previous Year 17,50,00,000) Equity Shares of Rs.5/- each	87.50	87.50
ii) Unclassified Shares	71.00	71.00
	158.50	158.50
Issued, Subscribed and Paid up:		
14,65,01,383 (Previous Year 14,65,01,383) Equity Shares of Rs 5/- each fully paid	73.25	73.25
	73.25	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, 2015		As at March 31, 2014	
	Equity Shares Number	Rs. in Crore	Equity Shares Number	Rs. in Crore
Shares outstanding at the beginning of the year	14,65,01,383	73.25	14,65,01,383	73.25
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	14,65,01,383	73.25	14,65,01,383	73.25

The details of shareholders holding more than 5% shares.

Name of Shareholders	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Seamless Enterprises Limited	55,533,788	37.90%	55,533,788	37.90%
Vishkul Leather Garments Private Limited	13,562,453	9.26%	14,282,179	9.75%
Jiten Kirtanlal Shah	7,418,640	5.06%	7,555,305	5.16%

During the period of five years immediately preceding the date as at 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, 2015 (Contd.)
NOTE NO. 1.2 RESERVES AND SURPLUS

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
i) Capital Reserve	6.94	6.94
ii) Revaluation Reserve		
Opening Balance	9.30	6.00
Addition during the year	210.46	3.30
Less : Transfer to General Reserve	<u>2.53</u>	-
(Refer Note No. 3.12 of Notes to Accounts)	217.23	9.30
iii) Capital Redemption Reserve	80.60	80.60
iv) Amalgamation Reserve		
Opening Balance	20.24	26.96
Less : Transfer to General Reserve	<u>4.49</u>	<u>6.72</u>
(Refer Note No. 3.12 of Notes to Accounts)	15.75	20.24
v) Reserve for Contingencies	1.91	1.91
vi) General Reserve		
Opening Balance	397.33	397.33
Add : Transfer from Revaluation Reserve	2.53	-
Add : Transfer from Amalgamation Reserve	<u>4.49</u>	-
	404.35	397.33
vii) Foreign Currency Translation Reserve	(16.70)	(36.28)
viii) Hedge Reserve Account		
Opening Balance	(20.73)	(15.44)
Addition during the year	(30.32)	(20.73)
Less : Transferred to Statement of Profit and Loss	<u>20.73</u>	<u>15.44</u>
(Refer Note No. 3.9 of Notes to Accounts)	(30.32)	(20.73)
ix) Foreign Currency Monetary Item Translation Difference Account		
Opening Balance	(9.78)	(6.75)
Addition during the year	(1.64)	(4.66)
Less : Transferred to Statement of Profit and Loss	<u>1.90</u>	<u>1.63</u>
(Refer Note No. 3.9 of Notes to Accounts)	(9.52)	(9.78)
x) Surplus		
Opening Balance	(305.60)	(111.39)
Add : Profit /(Loss) for the year	(188.06)	(194.17)
Add : Share of Loss of Minority Interest absorbed	(0.04)	(0.04)
Less : Adjustment to Carrying Value of Assets	<u>6.03</u>	-
Closing Balance	(499.73)	(305.60)
	<u>170.51</u>	<u>143.93</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)**NOTE NO. 1.3 LONG TERM BORROWINGS****Rs. in Crore**

Particulars	As at March 31, 2015	As at March 31, 2014
SECURED LOANS :		
i) Term Loans from Banks		
a) Rupee Loans	630.66	285.17
b) Foreign Currency Loans	338.71	447.65
	969.37	732.82
ii) Long Term Maturities of Finance Lease Obligations	-	0.02
UNSECURED LOANS :		
i) Interest Free Incentive and Sales Tax Loan	24.12	26.90
ii) Others - From Associate Company	6.75	-
iii) Others	8.70	-
	1,008.94	759.74

SECURITY**Parent Company**

- i) Term Loans of Rs. 720.19 Crore (including current maturities of Rs. 74.06 Crore)(Previous Year Rs 347.48 Crore including current maturities of Rs. 38.20 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. 177.99 Crore (including current maturities of Rs.68.18 Crore) (Previous Year Rs. 270.91 Crore including current maturities of Rs. 105.50 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. 114.20 Crore (including current maturities of Rs. 45.38 Crore) (Previous Year Rs. 206.13 Crore including current maturities of Rs.114.71 Crore) are stipulated to be secured by exclusive charge on the equipment finance. Out of above, term loan of Rs.76.95 Crore is further stipulated to be secured with the land appurtenant thereto
- iv) Term Loans of Rs. 106.98 Crore (including current maturities of Rs. 34.92 Crore) (Previous Year Rs. 136.92 Crore including current maturities of Rs. 29.79 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) Term Loan of Rs. 39.49 Crore (including current maturities of Rs. Nil) (Previous Year Rs. 38.48 Crore including current maturities of Rs. Nil) 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.(i) above.
- vi) Further the above term loans from banks amounted to Rs. 385.50 Crore, are guaranteed by the Managing Director of the Company.

Subsidiary Companies**Structo Hydraulics AB:**

Term Loans of Rs. 33.98 Crore (including current maturities of Rs. 0.92 Crore) (Previous Year Rs. 7.02 Crore including current maturities of Rs. 0.93 Crore) are secured by Company's Fixed Assets and Receivables.

Indian Seamless Inc, USA:

Term Loans of Rs. 15.58 Crore (including current maturities of Rs. 15.58 Crore) (Previous Year Rs. 15.01 Crore including current maturities of Rs. NIL) is secured by stand-by letter of credit given by the Parent Company of USD 2.5 million from its consortium bank.

- vii) Finance Lease Obligation is secured by Hypothecation of Assets taken under Finance Lease.
- viii) 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)	185.30	177.80	200.94	405.33
b) Sales Tax Loan	4.75	5.07	5.06	9.24

- ix) Unsecured interest free Loan from Associate Company is towards promoter's contribution and as such there are no specific terms of repayment.
- x) Unsecured Loans from others : In respect of these interest bearing loans, there are no specific terms of repayment.

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)
NOTE NO. 1.4 DEFERRED TAX LIABILITIES (Net)
Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
i) Deferred Tax Liabilities		
a) Depreciation	217.03	193.71
b) Expenditure Deferred	-	-
	<u>217.03</u>	<u>193.71</u>
ii) Deferred Tax Assets		
a) Accumulated Tax Losses*	26.61	55.69
b) Unabsorbed Tax Depreciation	170.60	127.86
c) Deduction eligible in future period in respect of expenses already debited to Statement of Profit and Loss	19.82	7.06
	<u>217.03</u>	<u>190.61</u>
Deferred Tax Liabilities (Net)	<u>-</u>	<u>3.10</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

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee Benefits		
Leave Encashment	7.84	8.34
	<u>7.84</u>	<u>8.34</u>

NOTE NO. 1.6 SHORT TERM BORROWINGS

Particulars	As at March 31, 2015	As at March 31, 2014
SECURED		
Loans Repayable on Demand		
Working Capital Borrowings From Banks		
i) Rupee Loans	411.19	414.13
ii) Foreign Currency Loans	26.88	66.03
UNSECURED		
Working Capital Borrowings From Bank		
i) Rupee Loan	45.00	50.00
ii) Others	-	10.06
	<u>483.07</u>	<u>540.22</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 and a stand-by letter of credit of USD 5 million given by Parent Company from its consortium bank.

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)**NOTE NO. 1.7 TRADE PAYABLES**

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Acceptances	329.17	391.29
Other Trade Payables		
i) Micro, Small and Medium Enterprises	0.10	0.21
ii) Others	150.43	200.41
	479.70	591.91

NOTE NO. 1.8 OTHER CURRENT LIABILITIES

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
CURRENT MATURITIES OF LONG TERM DEBT		
Secured		
i) Rupee Loans	60.56	50.16
ii) Foreign Currency Loans	178.49	238.96
	@ 239.05	289.12
Current Maturities of Finance Lease Obligations (Refer Note No. 1.3 (vii))	0.02	0.02
Unsecured		
I) Interest Free Sales Tax Loan	2.79	0.53
ii) Term Loan From Bank	-	20.00
	2.79	20.53
Interest accrued but not due on borrowings	0.83	1.49
Interest accrued and due on borrowings*	22.86	11.51
Unclaimed dividends #	2.63	3.25
Other Payables		
i) Acceptances- Capital	0.09	0.92
ii) Other Payables – Capital	5.61	8.75
iii) Advances From Customers	9.54	9.04
iv) Provision for Expenses	28.02	23.82
v) Other Liabilities # #	221.41	256.12
	532.85	624.57

Delay in No. of Days	2014-15		2013-14	
	Principal @	Interest *	Principal @	Interest *
00 - 30 Days	23.29	12.24	17.17	8.20
31 -60 Days	8.30	10.46	19.42	3.31
61 - Less than 90 Days	6.46	0.16	-	-
Total	38.05	22.86	36.59	11.51

@ * Includes overdue interest and installments of Rs. 60.91 Crore, since paid Rs. 16.80 Crore (Previous Year interest and installments of Rs. 48.10 Crore, since paid Rs. 29.25 Crore).

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

Other Liabilities includes Buyer's Credit - Others Rs. 195.79 Crore and Buyers Credit-Capital Rs. Nil (Previous Year Buyers Credit- Others Rs 212.09 Crore and Buyers Credit- Capital Rs. 22.97 Crore).

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)
NOTE NO. 1.9 SHORT TERM PROVISIONS

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for Employee Benefits		
i) Gratuity	0.06	0.14
ii) Leave Encashment	0.10	0.24
iii) Superannuation	3.07	1.10
	<u>3.23</u>	<u>1.48</u>

NOTE NO. 1.10 FIXED ASSETS

Rs. in Crore

Particulars	Original Cost				Depreciation and Amortisation				Net Book Value	
	As at April 1, 2014	Additions	Disposals	As at March 31, 2015	As at April 1, 2014	Charge for the year	On disposals / adjust- ments	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible Assets										
Land-Freehold @	25.91	-	-	25.91	-	-	-	-	25.91	25.91
Land-Leasehold #	7.03	210.46	-	217.49	0.82	0.87	-	1.69	215.80	6.21
Buildings @	155.23	1.51	2.20	154.54	40.41	11.59	0.40	51.60	102.94	114.82
Plant and Machinery@	1,939.17	19.24	18.07	1,940.34	723.73	66.07	117.06	672.74	1,267.60	1,215.44
Furniture and Fixtures@	5.16	-	-	5.16	3.17	0.69	-	3.86	1.30	1.99
Office Equipment @	12.74	0.14	-	12.88	10.62	1.70	0.05	12.27	0.61	2.12
Vehicles	1.72	-	0.20	1.52	1.50	0.08	0.13	1.45	0.07	0.22
Assets Under Lease										
Plant and Machinery	6.96	-	-	6.96	5.33	0.23	1.90	3.66	3.30	1.63
Total A	2,153.92	231.35	20.47	2,364.80	785.58	81.23	119.54	747.27	1,617.53	1,368.34
Intangible Assets										
Goodwill	33.79	-	-	33.79	33.34	1.24	0.79	33.79	-	0.45
Technical Know-How	4.13	-	-	4.13	4.13	-	-	4.13	-	-
Computer Software	3.89	-	-	3.89	3.87	0.01	-	3.88	0.01	0.02
Total B	41.81	-	-	41.81	41.34	1.25	0.79	41.80	0.01	0.47
Total A + B	2,195.73	231.35	20.47	2,406.61	826.92	82.48	120.33	789.07	1,617.54	1,368.81
Previous Year	2,121.29	80.91	6.47	2,195.73	716.54	113.30	2.92	826.92	1,368.81	1,404.75

Refer Note No. 3.12 of Notes to Accounts

i) Additions to Plant and Machinery include Exchange Difference of Rs. 5.67 Crore (Previous Year Rs. 50.36 Crore) and Interest of Rs. Nil (Previous Year Rs. 0.41 Crore).

ii) Depreciation for the year includes Rs.6.03 Crore charged to Retained Earnings (Previous Year Rs. Nil) and depreciation on disposals and adjustments include excess provision for depreciation written back of Rs. 103.71 Crore. (Refer Note No. 3.3 of Notes to Accounts)

@ Includes assets of Captive Power Plant held for sale as below

Particulars	Original Cost	Accumulated Depreciation	Net Book Value
Land-Freehold	7.11	-	7.11
Buildings	6.98	1.74	5.24
Plant and Machinery	264.44	31.67	232.77
Furniture and Fixtures	0.19	0.10	0.09
Office Equipment	0.14	0.12	0.02
Total	278.86	33.63	245.23

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)**NOTE NO. 1.11 NON CURRENT INVESTMENT**

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Long Term Investments – At Cost		
Trade (unquoted)		
Investment in Equity Instruments of Associates		
Structo Hydraulics India Private Limited	0.04	0.05
49,994 (Previous Year 49,994)		
Equity Shares of Rs. 10 each fully paid		
	<u>0.04</u>	<u>0.05</u>
Aggregate amount of unquoted investments	0.04	0.05

NOTE NO. 1.12 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2015	As at March 31, 2014
i) Capital Advances	7.39	30.41
ii) Security Deposits	2.90	4.16
iii) Employee Welfare Fund	-	1.96
	<u>10.29</u>	<u>36.53</u>

Employee Welfare Fund represents interest free advance given by the Company in earlier years for the benefit of designated employees pursuant to the proviso (b) to Section 77 (2) of the Companies Act, 1956.

NOTE NO. 1.13 OTHER NON CURRENT ASSETS

Particulars	As at March 31, 2015	As at March 31, 2014
i) MAT Credit Receivable	91.44	91.44
ii) Refunds Due From Government Authorities	1.13	1.13
iii) Trade Receivables		
Outstanding for a period exceeding six months		
Considered Doubtful	-	13.63
Less: Provision for Doubtful Debts	-	13.63
	-	-
iv) Expenses to the extent not written off or adjusted		
a) Preliminary Expenses	0.07	0.08
	<u>92.64</u>	<u>92.65</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)
NOTE NO. 1.14 INVENTORIES

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

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
i) Raw Materials	83.34	83.37
ii) Work-in-Progress	141.55	174.76
iii) Finished Goods	85.12	111.67
iv) Stores, Spares and Consumables	117.38	124.45
	<u>427.39</u>	<u>494.25</u>

NOTE NO. 1.15 TRADE RECEIVABLES

(Net of bills discounted with Banks)

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured		
i) Outstanding for a period exceeding six months Considered Good	9.52	43.27
ii) Others Considered Good	181.97	256.18
	<u>191.49</u>	<u>299.45</u>

NOTE NO. 1.16 CASH AND BANK BALANCES

Particulars	As at March 31, 2015	As at March 31, 2014
Cash and Cash Equivalents		
i) Balances with Banks	51.81	63.63
ii) Money in Transit	-	0.49
iii) Cash on Hand	0.06	0.08
	<u>51.87</u>	<u>64.20</u>
Other Bank Balances		
Deposits with Banks	69.11	83.61
	<u>120.98</u>	<u>147.81</u>
Balances with Banks include:		
i) Unclaimed Dividend	2.63	3.25
ii) Unclaimed Interest on Debentures	0.19	0.24
Deposits with Banks include:		
i) Margin Money Deposits against Guarantees / Letter of Credit / with less than 12 months maturity	66.50	35.40
ii) Margin Money Deposits against Guarantees / Letter of Credit / with more than 12 months maturity	1.15	1.59

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)**NOTE NO. 1.17 SHORT TERM LOANS AND ADVANCES
(UNSECURED, CONSIDERED GOOD)**

Rs. in Crore

Particulars	As at March 31, 2015	As at March 31, 2014
Loans and Advances to Related Parties		
Associate Company (Refer Note No. 3.10 of Notes to Accounts)	-	6.55
Others		
i) Security Deposits	6.71	6.78
ii) Advances recoverable in Cash or in Kind	16.17	16.84
	<u>22.88</u>	<u>30.17</u>

NOTE NO. 1.18 OTHER CURRENT ASSETS

Particulars	As at March 31, 2015	As at March 31, 2014
Balances with Government Authorities :		
i) Balance with Custom, Excise and Sales Tax	26.03	21.75
ii) Export Incentives and Other Statutory Refunds	92.97	103.69
iii) Taxes paid (net of provisions)	9.02	8.32
Others	13.48	14.65
Expenses to the extent not written off or adjusted		
i) Preliminary Expenses	0.02	0.04
ii) Loan Processing Fee	-	0.03
	<u>141.52</u>	<u>148.48</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)**NOTE NO. 1.19 REVENUE FROM OPERATIONS (GROSS)****SALE OF PRODUCTS****Rs. in Crore**

Particulars	2014-15	2013-14
i) Tube #	1,292.36	1,375.39
ii) Steel	1,220.55	1,358.16
Gross Sales	<u>2,512.91</u>	<u>2,733.55</u>

includes traded goods sold of Rs. 15.73 Crore (Previous Year Rs. 1.97).

NOTE NO. 1.20 OTHER OPERATING REVENUE (GROSS)

Particulars	2014-15	2013-14
Other Operating Revenues		
i) Sale of Scrap (Gross)	73.39	93.95
Less : Inter Segment Transfers	<u>53.81</u>	<u>59.31</u>
	19.58	34.64
ii) Sale of Power	-	156.50
Less : Inter Segment Transfers	<u>-</u>	<u>146.84</u>
	-	9.66
iii) Export Incentives	10.01	10.45
iv) Electricity Refund	-	0.12
(Refer Note No. 3.2 (ii) of Notes to Accounts)		
v) Mega Project Incentives	13.49	14.02
vi) Commission Received	<u>0.20</u>	<u>0.25</u>
	<u>43.28</u>	<u>69.14</u>

NOTE NO. 1.21 OTHER INCOME

Particulars	2014-15	2013-14
i) Interest Income #	10.07	10.93
ii) Miscellaneous Income	6.33	5.14
(Refer Note No. 3.14 of Notes to Accounts)		
	<u>16.40</u>	<u>16.07</u>

includes interest from Banks Rs. 6.17 Crore (Previous Year Rs.8.09 Crore) .

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)**NOTE NO. 1.22 COST OF RAW MATERIAL CONSUMED**

Rs. in Crore

Particulars	2014-15	2013-14
Opening Stock	83.37	115.44
Add : Purchases made during the year	735.47	738.49
	<u>818.84</u>	<u>853.93</u>
Less : Closing Stock	83.34	83.37
Total Raw Material Consumed	<u><u>735.50</u></u>	<u><u>770.56</u></u>

DETAILS OF RAW MATERIAL CONSUMED

Particulars	2014-15	2013-14
Tube Segment		
Steel	836.02	806.37
Less : Inter Segment Transfers included in above	764.93	780.42
Net Consumption	<u>71.09</u>	<u>25.95</u>
Steel Segment		
a) Pig Iron, DRI and Scrap	629.91	714.46
b) Ferro Alloys	81.52	82.94
	<u>711.43</u>	<u>797.40</u>
Less : Inter Segment Transfer	47.02	52.79
Net Consumption	<u>664.41</u>	<u>744.61</u>
Total Raw Material Consumed	<u><u>735.50</u></u>	<u><u>770.56</u></u>

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

Particulars	2014-15	2013-14
Closing Stock		
i) Finished Goods	85.12	111.67
ii) Work-in-Progress	141.55	174.76
	<u>226.67</u>	<u>286.43</u>
Opening Stock		
i) Finished Goods	111.67	107.89
ii) Work-in-Progress	174.76	180.23
	<u>286.43</u>	<u>288.12</u>
(Increase)/Decrease in Inventories		
i) Finished Goods	26.55	(3.78)
ii) Work-in-Progress	33.21	5.47
	<u>59.76</u>	<u>1.69</u>
	-	(9.31)
	<u><u>59.76</u></u>	<u><u>(7.62)</u></u>

PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

Particulars	2014-15	2013-14
i) Tube	115.87	135.55
ii) Steel	25.68	39.21
	<u>141.55</u>	<u>174.76</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)**NOTE NO. 1.24 EMPLOYEE BENEFITS EXPENSE****Rs. in Crore**

Particulars	2014-15	2013-14
i) Salaries, Wages, Bonus and Allowances #	115.95	123.49
ii) Contributions to Provident Fund and Other Funds	12.34	12.71
iii) Staff Welfare Expenses	<u>7.63</u>	<u>8.02</u>
	<u>135.92</u>	<u>144.22</u>

Salaries, Wages, Bonus and Allowances includes remuneration payable to Managing Director and Executive Director amounting to Rs. 0.91 Crore (Previous Year of Rs. 1.40 Crore) is subject to approval of Central Government.

NOTE NO. 1.25 FINANCE COSTS

Particulars	2014-15	2013-14
i) Interest Expenses		
a) Term Loans	88.80	72.23
b) Working Capital and Others	<u>116.48</u>	<u>93.21</u>
	205.28	165.44
ii) Cash Discount	1.42	1.14
iii) Other Finance Costs	<u>23.40</u>	<u>20.69</u>
	<u>230.10</u>	<u>187.27</u>

NOTE NO. 1.26 DEPRECIATION, AMORTISATION AND OBSOLESCENCE

Particulars	2014-15	2013-14
i) Depreciation for the year	76.45	112.09
Less: Withdrawal from Amalgamation Reserve	<u>-</u>	<u>6.72</u>
	76.45	105.37
ii) Amortisation of Miscellaneous Expenditure	0.05	0.10
iii) Loss on Obsolescence of Assets	<u>2.76</u>	<u>3.26</u>
	<u>79.26</u>	<u>108.73</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)**NOTE NO. 1.27 OTHER EXPENSES**

Rs. in Crore

Particulars	2014-15	2013-14
i) Materials		
a) Stores and Spares	41.09	64.49
b) Consumables	71.36	88.68
	112.45	153.17
ii) Energy		
a) Power Charges	211.07	82.88
b) Fuel	77.91	97.86
c) Gases	15.15	15.95
d) Coal- Indigenous	0.12	123.79
	304.25	320.48
iii) Direct Manufacturing		
a) Processing Charges	10.22	14.63
b) Other Direct Expenses	32.89	32.90
c) Repairs Maintenance to Plant and Machinery	4.82	7.21
d) Repairs to Factory Building	0.26	0.58
e) Machine Rentals	0.49	0.68
	48.68	56.00
iv) Selling and Distribution		
a) Freight Charges	35.60	39.49
b) Commission on Sales	4.17	3.59
c) Selling and Other Expenses	2.23	2.46
	42.00	45.54
v) Excise Duty on Stock of Finished Goods	(0.98)	(0.02)
vi) Administrative Expenses		
a) Rent	1.75	1.66
b) Rates and Taxes	0.89	0.81
c) Travelling	3.95	7.64
d) Communication	1.55	1.80
e) Repairs and Maintenance - Others	0.71	0.95
f) Insurance	1.42	2.63
g) Equipment Lease Rentals	0.70	0.76
h) Loss on Sale of Assets	0.05	0.06
i) Miscellaneous Expenses	29.75	19.94
(Refer Note No. 3.16 of Notes to Accounts)	40.77	36.25
	547.17	611.42

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (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, 2015
- 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, 2015.

* 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%.

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

- b) Reporting dates of all Subsidiary Companies and Associate Company is March 31, 2015 except for PT ISMT Resources; it is December 31, 2014.

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 Fixed Assets

- i) Fixed Assets are stated at their original cost of acquisition including taxes, duties, freight, other incidental expenses related to acquisition and installation of the concerned assets and excludes refundable taxes and duties.
- ii) 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 and 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 Company

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

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

component is amortised over the useful life of the Asset and the finance component is recognised 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.

2.6 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 Company

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 and Power Company Private 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, 2015 (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, 2015 (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)
Rs. in Crore

Particulars	As on March 31, 2015	As on March 31, 2014
i) Contingent Liabilities		
Parent Company		
a) Claims against the Company not acknowledged as debt		
Sales Tax	12.16	12.16
Income Tax disputed by the Company	4.45	2.88
Excise Duty	28.64	32.08
Others	58.23	10.54
b) Corporate Guarantees*	46.95	33.06
c) Bills discounted on behalf of third party	119.13	64.62
Subsidiary Companies		
a) Claims against the Company not acknowledged as debt		
Others	9.38	9.38
b) Corporate Guarantees	7.41	4.59
ii) Commitments		
a) Capital Commitments		
Parent Company		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	18.49	6.44
b) Other Commitments		
Subsidiary Company		
Commitments in respect of shipping of minimum 25000 M.T. per month of coal and co-operations fee payable for the same. However, the commitment is applicable from allotment of the coal mine.		

* Given on behalf of Structo Hydraulics AB, Sweden of Rs. 31.30 Crore (USD 5 Million) and Indian Seamless Inc., USA of Rs. 15.65 Crore (USD 2.5 Million) in respect of loans availed by them.

- 3.2**
- i) 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).
 - ii) Upon petition filed by the Company regarding inter alia non implementation of Energy Banking Agreement (EBA) dated May 7, 2010 Maharashtra Electricity Regulatory Commission (MERC) had disallowed the petition and passed an order dated June 20, 2014 and subsequently confirmed the same by its order dated January 12, 2015. The Company has since appealed to Appellate Tribunal (APTEL) against this order. Based on legal advice, the Company, pending final disposal of the matter had accrued EBA benefit aggregating to Rs. 49.97 Crore up to March 31, 2014, of which amount outstanding as on March 31, 2015, is Rs. 40.83 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 during the current financial year on account of temporary suspension of operation of power plant.

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

3.3 Exceptional Item - Others includes

Particulars	Rs. in Crore	
	2014-15	2013-14
i) Excess Power Cost	-	14.60
ii) Legal and other related expenses incurred on International Arbitration	6.66	3.27
iii) Insurance Claim written off	-	2.45
iv) Payment received from equipment supplier (net) *	-	(65.90)
v) Excess provision for depreciation written back *	(103.71)	-
	(97.05)	(45.58)

* The Company, hitherto, provided depreciation in accordance with the Schedule XIV of the Companies Act, 1956 based on the Straight Line Method. Part C of Schedule II of the Companies Act, 2013 permits to use estimated useful life for providing depreciation and accordingly the Company for the first time has adopted useful life, which is based on external experts report, for providing depreciation on Plant & Machinery located at Ahmednagar, Baramati and Jejuri from the date of acquisition of assets. The Company has also changed its depreciation policy effective from April 1, 2014 for providing depreciation from Straight Line Method to Written Down Value Method. Consequent to the change in method of depreciation and the revision in depreciation calculation as per useful life of assets from the date of acquisition of assets and based on the experts opinion obtained on its treatment in the financial statements by the Company, excess depreciation provided till March 31, 2014 amounting to Rs. 103.71 Crore has been credited to Statement of Profit and Loss.

Pursuant to Companies Act, 2013, becoming effective April 1, 2014, the Company has reworked depreciation with reference to the estimated useful life of the aforesaid Plant & Machinery based on technical evaluation and for other fixed assets based on the life prescribed under Part C of Schedule II of the Companies Act, 2013. As a result, the charge of depreciation for the year is lower by Rs. 32.36 Crore. Further, in terms of Note 7(b) schedule II of the Companies Act, 2013. In respect of assets whose life is already exhausted, carrying value as at April 1, 2014 of Rs. 6.03 Crore has been adjusted against the retained earnings.

3.4 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, 2015 (Contd.)
SEGMENT INFORMATION
Rs in Crore

Particulars	As on March 31, 2015				As on March 31, 2014			
	Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
i) Segment Revenue								
Total External Sales (Gross)	1,079.96	545.58		1,625.54	1,199.14	477.89		1,677.03
Add : Inter Segment Transfers (Gross)	-	674.97		674.97	-	880.27		880.27
: Inter Division Transfers (Gross)	38.08	-		38.08	39.97	-		39.97
: Subsidiary / Parent Company	174.32	-		174.32	136.28	-		136.28
	1,292.36	1,220.55		2,512.91	1,375.39	1,358.16		2,733.55
Less : Excise Duty	86.36	136.16		222.52	97.52	153.63		251.15
	1,206.00	1,084.39		2,290.39	1,277.87	1,204.53		2,482.40
Less : Inter Segment Transfers(net)	-	600.66		600.66	-	780.99		780.99
Inter Division Transfers (net)	33.91	-		33.91	35.57	-		35.57
Subsidiary / Parent Company	174.32	-		174.32	136.28	-		136.28
Net Sales	997.77	483.73		1,481.50	1,106.02	423.54		1,529.56
ii) Segment Results								
Profit/(Loss) Before Finance Costs , Foreign Exchange Loss and Taxes	(52.01)	21.97	(1.64)	(31.68)	(28.02)	(18.47)	32.54	(13.95)
Less : Finance Costs				230.10				187.27
Amortisation and Obsolescence				2.82				3.36
Foreign Exchange Loss				23.63				66.82
: Others #				(97.05)				(45.58)
Profit / (Loss) Before Tax				(191.18)				(225.82)
Less : Tax Expenses				(3.08)				(31.61)
Profit / (Loss) After Tax				(188.10)				(194.21)
Less : Share of Minority Interest				(0.04)				(0.04)
Profit / (Loss) After Minority Interest				(188.06)				(194.17)
iii) Other Information								
Total Segment Assets	1,653.24	437.37	-	2,090.61	1,608.77	420.81	-	2,029.58
Total Segment Liabilities	226.63	319.05	-	545.68	189.89	368.21	-	558.10
Total cost incurred for acquiring Segment Assets	12.65	0.37	(6.35)	6.67	45.59	5.64	17.16	68.39
(Excluding revaluation of Leasehold Land)								
Segment Depreciation	53.96	15.13	7.36	76.45	66.94	25.84	14.66	107.44
Non - Cash Expenses	13.74	1.08	-	14.82	3.50	2.21	-	5.71
Total Unallocable Assets								
Goodwill on Consolidation				37.68				37.65
Other Assets				631.03				679.25
Investments				0.04				0.05
				668.75				716.95
Total Unallocable Liabilities								
Long Term Borrowings				1,008.94				759.74
Short Term Borrowings				483.07				540.22
Other Liabilities				477.91				668.19
Deferred Tax Liabilities (Net)				-				3.10
				1,969.92				1,971.25

Refer Note No. 3.3

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

3.5 Expenditure incurred during Trial Runs and Construction Period, which have been Capitalized during the year.

Rs. in Crore

Particulars	2014-15	2013-14
Expenditure incurred during Construction period :		
a) Employee Benefits Expense	0.16	0.82
b) Borrowing cost capitalised as per AS-16 "Borrowing Costs "	<u>0.72</u>	<u>2.72</u>
	<u>0.88</u>	<u>3.54</u>

3.6 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.

3.7 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	2014-15		2013-14	
	Foreign Currency in Million	Rs. in Crore	Foreign Currency in Million	Rs. in Crore
Parent Company				
i) Secured Loans				
a) US Dollars	68.50	428.72	98.03	589.53
b) Euros	6.72	45.35	9.80	80.94
ii) Receivables				
a) US Dollars	17.00	105.79	12.02	76.69
b) Euros	10.57	71.53	10.73	88.65
c) Australian Dollar	0.09	0.43	0.03	0.15
d) GBP	0.01	0.04	0.01	0.12
iii) Payables				
a) US Dollar	47.61	298.02	46.32	278.41
b) Euros	0.38	2.56	0.32	2.61
c) SEK	0.00	0.04	-	-
iv) Interest Payable				
a) US Dollars	0.13	0.83	0.25	1.48
b) Euros	-	-	-	0.00
Subsidiary Company				
i) Secured Loans				
a) US Dollars	5.00	31.17	6.74	40.48
ii) Receivables				
a) Euros	3.06	20.53	1.89	15.63
iii) Payables				
a) US Dollar	0.01	0.04	-	-
b) Euros	12.17	64.33	14.44	98.28
iv) Interest Payable				
a) US Dollars	0.01	0.09	0.03	0.19

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

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

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

Rs. in Crore

Particulars	2014-15	2013-14
Parent Company		
a) Not later than one year	0.62	3.10
b) Later than one year and not later than five years	0.19	5.61
c) Later than five years	-	-
Subsidiary Company		
a) Not later than one year	0.97	1.44
b) Later than one year and not later than five years	2.51	3.81
c) Later than five years	-	0.02

ii) Assets taken on finance lease : - The period of lease is 10 years. The agreements provide for renewal of the lease at the end of the lease period. The details of Minimum Lease Payments (MLP) and their Present Values (PV) arrived by discounting the MLPs at the appropriate discounting rate are as under : -

Rs. in Crore

Asset Classification	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Plant & Machinery				
MLP	0.03	-	-	0.03
(Previous Year)	0.02	0.03	-	0.05
PV	0.01	-	-	0.01
(Previous Year)	0.01	0.01	-	0.02

3.9 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 and the other long term monetary items (other than those covered under “ Cash Flow Hedge “) to “Foreign Currency Monetary Item Translation Difference Account”. Accordingly the Company has accounted exchange differences as under
 - a) Exchange difference related to acquisition of Capital Assets has been adjusted to respective Fixed Asset cost Rs 1.92 Crore Loss (Previous Year Rs.53.04 Crore Loss).
 - b) Exchange difference loss amortised during the year Rs. 1.90 Crore (Previous Year Rs. 1.63 Crore) from “Foreign Currency Monetary Item Translation Difference Account” and charged to the Statement of Profit and Loss and balance in the “Foreign Currency Monetary Item Translation Difference Account” as on March 31, 2015 is Rs. 9.52 Crore (Previous Year Rs. 9.78 Crore).
- ii) The Company has recognised exchange difference arising on translation of foreign currency borrowing by following an appropriate hedge accounting policy and applying principles set out in Accounting Standard (AS) 30- “Financial Instrument Recognition and Measurement”. The objective of adopting hedge accounting is to ensure that the gain or losses of the hedging instrument is recognised in the Statement of Profit and Loss in same period when the gain or loss of hedged items is recognised in the Statement of Profit and Loss. The Company w.e.f. April 1, 2011 has designated borrowing in foreign currency, other than those utilised for capital expenditures and identified Long Term Loans, as hedge instrument to hedge its foreign currency risk of its firm commitments and highly probable forecast transactions (of revenue streams) to be accounted as cash flow hedge. During the year, the net unrealised exchange difference in foreign currency borrowing, foreign currency receivables and payables aggregating to Rs. 30.32 Crore (Previous Year Rs. 20.73 Crore) has been recognised in Hedge Reserve Account.
- iii) Had the Company not exercised the option under AS-11 as stated in para 3.9 (i) and not followed the accounting policy as stated in para 3.9 (ii) the Loss (net of tax) for the year would have been higher by Rs.3.43 Crore (Previous Year Rs.35.25 Crore), Gross Fixed Assets would have been lower by Rs.155.33 Crore (Previous Year Rs. 153.41 Crore) and consequently the Reserves and Surplus would have been Lower by Rs.112.11 Crore (Previous Year Rs.109.70 Crore).

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

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

- | | |
|-----------------------------|--|
| a) Key Management Personnel | i) Mr. Salil Taneja - Chief Executive Officer (up to November 30, 2014)
ii) Mr. B.R. Taneja - Managing Director (w.e.f December 01, 2014)
iii) Mr. Rajiv Goel - Chief Financial Officer (ISMT Limited)
iv) Mr. O. P. Kakkar - Non-Executive Director (ISMT Limited)
v) Mr. Goran Larsson - Executive Director (Structo Hydraulics AB) |
| b) Associate Companies | i) Indian Seamless Enterprises limited
ii) Taneja Aerospace and Aviation limited
iii) Structo Hydraulics India Private Limited
iv) Lighto Technologies Private Limited . |
| c) Details of Transaction | i) Key Management Personnel
Remuneration paid for the year Rs.3.37 Crore(Previous Year Rs.2.43 Crore)
ii) Associate Companies |

Rs. in Crore

Details of Transactions	Subsidiary Companies		Associate Companies	
	2014-15	2013-14	2014-15	2013-14
Sale of Finished Goods	-	-	6.02	9.45
Purchases	-	-	0.42	0.43
Quality claims / Reimbursement of Expenses	8.32	1.14	(0.25)	(0.24)
Lease Rent Paid	-	-	0.30	2.70
Inter Corporate Deposits (Net)	-	-	(8.05)	3.95
Interest Received	-	-	0.46	1.14
Interest Paid	-	-	0.13	-
Unsecured Loan Received	-	-	6.75	-
Outstanding as at Balance Sheet date	-	-		
Receivables	-	-	-	8.73
Payables	-	-	1.66	-
Advance Receivable	-	-	-	1.28
Advance Payable	-	-	1.50	-
Unsecured Loan Payable	-	-	6.75	-
Inter-Corporate Deposit Receivable	-	-	-	6.55

- a) Sale of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs 6.02 Crore (Previous Year Rs. 9.45 Crore).
- b) Quality claims of subsidiary companies include of Indian Seamless Inc. USA Rs. 7.02 Crore (Previous year Rs. 0.52 Crore) and ISMT Europe AB. Rs. 1.12 Crore (Previous year Rs. 0.95 Crore)
- c) Purchases from Associate Companies include spares purchased from Taneja Aerospace and Aviation Limited Rs. 0.42 Crore (Previous Year Rs.0.42 Crore)
- d) Lease rent paid to Associate Companies include paid to Taneja Aerospace and Aviation Limited Rs. Nil (Previous Year Rs. 2.40 Crore) and Indian Seamless Enterprises Limited Rs. 0.30 Crore (Previous Year Rs. 0.30 Crore).
- e) Inter corporate deposits (net) to Associate Company Taneja Aerospace and Aviation Limited Rs. (8.05) Crore (Previous Year Rs. (3.95) Crore)
- f) Interest received from Associate Company Taneja Aerospace and Aviation Limited Rs. 0.46 Crore (Previous Year Rs. 1.14 Crore).
- g) Interest paid to Associate Company Taneja Aerospace and Aviation Limited Rs. 0.13 Crore (Previous Year Rs. Nil).
- h) Unsecured Loan received from Associate Company Indian Seamless Enterprises Limited Rs. 6.75 Crore (Previous Year Rs, Nil).

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)
3.11 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 :

Rs. in Crore

Particulars	2014-15	2013-14
Employer's Contribution to Provident Fund and Employee Pension Scheme	5.33	5.28
Employer's Contribution to Superannuation Fund	2.96	3.16

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.

Gratuity (Funded)
ii) Defined Benefit Plan:
Rs. in Crore

Particulars	2014-15	2013-14		
a) Changes in present value of Defined Benefit Obligations:				
Present value of obligation as at beginning of the Year	24.82	22.71		
Current Service Cost	1.61	1.62		
Interest Cost	2.06	1.81		
Actuarial (gain)/loss	0.55	(0.17)		
Benefits paid	(1.80)	(1.16)		
Present Value of Obligation as at end of the Year	27.24	24.81		
b) Changes in fair value of Plan Assets:				
Fair value of Plan Assets as at beginning of the Year	24.69	22.08		
Expected return on Plan Assets	2.16	1.99		
Actuarial gain/(loss)	0.26	(0.77)		
Employer Contribution	0.13	1.41		
Benefits paid	(0.04)	(0.02)		
Fair value of Plan Assets as at end of the Year	27.20	24.69		
c) Actual Return on Plan Asset:				
Expected return on Plan Assets	2.16	1.99		
Actuarial gain/(loss) on Plan Assets	0.26	(0.77)		
Actual return on Plan Assets	2.42	1.22		
d) Amounts recognized in the Balance Sheet in respect of:				
	2014-15		2013-14	
Particulars	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
Fair Value of Plan Asset as at end of the Year	27.20	-	24.69	-
Present Value of Obligation as at end of the Year	27.24	6.44	24.81	6.57
Net Liability	0.04	6.44	0.13	6.57

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)

Particulars	2014-15		2013-14	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
e) Expenses recognised in the Statement of Profit and Loss under the head "Employee Benefits Expense" - (Refer Note No. 1.24).				
Current Service Cost	1.61	0.60	1.62	0.70
Interest Cost	2.06	0.49	1.82	0.45
Expected return on Plan Assets	(2.16)	-	(2.00)	-
Actuarial (gain)/loss	0.30	0.60	0.60	0.67
Expense Recognised in the Statement of Profit and Loss	1.81	1.69	2.03	1.82

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

Particulars	2014-15	2013-14
Government of India Securities	3.04%	4.04%
Corporate Bonds	2.13%	3.64%
Special Deposit Scheme	0.29%	0.35%
Insurer Managed Funds	89.70%	88.61%
Others	4.84%	3.36%
Total	100.00%	100.00%

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

Particulars	2014-15		2013-14	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
Discount Rate	7.80%	7.80%	8.60%	8.20%
Expected Rate of Return on Plan Assets	8.75%	-	8.75%	-
Salary Escalation Rate	6.00%	6.00%	7.00%	7.00%

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	2014-15	2013-14
Social Security Contribution	4.60	5.28
Gratuity	0.001	0.001

3.12 Parent Company

During the year, based on valuation reports obtained, the Company has revalued its Leasehold Land located at Ahmednagar and Baramati. Additions so made, due to revaluation, in the leasehold lands amounting to Rs. 210.46 Crore has been credited to Revaluation Reserve. Depreciation provided on the revalued amount of Rs.0.78 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. 4.49 Crore has been transferred from Amalgamation Reserve to General Reserve.

Notes to Consolidated Financial Statement for the year ended March 31, 2015 (Contd.)
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. 1.75 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

3.13 The Company has Minimum Alternate Tax (MAT) credit entitlement as at March 31, 2015 of Rs. 91.44 Crore, which is allowed to be carried forward for a period of ten years from the year in which MAT was paid and will lapse thereafter. Accordingly, the unabsorbed MAT credit shall be provided in the Statement of Profit and Loss to the extent of lapse of MAT credit in respective years.

3.14 Miscellaneous Income includes
Rs. in Crore

Particulars	2014-15	2013-14
i) Profit on Sale of Assets	1.24	0.001
ii) Income on Assignment of Liability	-	4.35

3.15 Earnings per Share
Rs. in Crore

	2014-15	2013-14
i) Profit / (Loss) After Tax	(188.06)	(194.17)
ii) Net Profit / (Loss) for the year attributable to Equity Share Holders	(188.06)	(194.17)
iii) Weighted Average Number of Equity Shares	14,65,01,383	14,65,01,383
iv) Earnings Per Share (Rs.) (Basic and Diluted)	(12.84)	(13.25)

3.16 Miscellaneous Expenses include
Rs. in Crore

Particulars	2014-15	2013-14
i) Repairs and Maintenance – Building	0.001	0.03
ii) Directors Sitting Fees	0.14	0.13
iii) Auditors Remuneration		
a) Statutory Audit Fees	0.43	0.42
b) Taxation Matters	0.001	0.01
c) Out of Pocket Expenses	0.02	0.02
	0.45	0.45
iv) Provision for Doubtful Debts	-	5.71
v) Bad Debts	14.82	-

3.17 Net negative balance of Minority Interest amounting to Rs. 0.08 Crore (Previous Year Rs. 0.07 Crore) has been adjusted against Group's surplus account and respective reserves.

3.18 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, 2015 (Contd.)

3.19 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
	Parent				
	ISMT Limited	114.33	278.70	(117.51)	(220.99)
	Indian Subsidiaries				
1	Tridem Port and Power Company Private Limited	0.73	1.79	(0.05)	(0.10)
2	Nagapattinam Energy Private Limited	0.04	0.09	(0.05)	(0.10)
3	Best Exim Private Limited	(0.82)	(1.99)	(0.04)	(0.08)
4	Success Power & Infraprojects Private Limited	(0.41)	(0.99)	(0.01)	(0.01)
5	Marshal Microware Infrastructure Development Company Private Limited	(1.25)	(3.04)	(0.22)	(0.41)
	Foreign Subsidiaries				
1	ISMT Enterprises SA, Luxembourg	21.60	52.66	(0.13)	(0.24)
2	Structo Hydraulics AB, Sweden	(25.39)	(61.89)	(6.67)	(12.55)
3	Stucto (UK) Limited, UK	(0.01)	(0.02)	-	(0.00)
4	ISMT Europe AB, Sweden	(2.16)	(5.27)	0.13	0.24
5	Indian Seamless Inc., USA	0.32	0.78	0.01	0.01
6	PT ISMT Resources, Indonesia	1.27	3.10	(0.23)	(0.43)
	Minority Interest in all Subsidiaries	(0.03)	(0.08)	(0.02)	(0.04)
	Associate (Investment as per Equity Method)				
	Indian Associate				
	Structo Hydraulics India Private Limited	0.01	0.03	(0.00)	(0.003)

As per our report of even date

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
M. No. 47235

J. K. Shah
Partner
M. No. 3662

B. R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune: May 30, 2015

Pune: May 30, 2015

FORM AOC - I
Salient Features of Financial Statements of Subsidiary / Associates as per Section 129(3) of Companies Act, 2013
PART 'A' SUBSIDIARIES
Rs. in Crore

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Share Capital	Reserves and 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	54.23	(1.57)	52.73	0.07	-	-	(0.21)	(0.02)	(0.24)	-	99.62%
2	Structo Hydraulics AB, Sweden	SEK	0.76	(62.65)	77.64	139.53	0.06	49.97	(15.37)	2.82	(12.55)	-	100.00%
3	Stucto (UK) Limited, UK	GBP	0.00	(0.02)	0.00	0.02	-	-	(0.00)	-	(0.00)	-	100.00%
4	ISMT Europe AB, Sweden	SEK	0.07	(5.34)	15.54	20.81	-	41.73	0.24	-	0.24	-	100.00%
5	Indian Seamless Inc., USA	USD	1.98	(1.20)	71.46	70.68	-	109.79	0.01	-	0.01	-	100.00%
6	Tridem Port and Power Company Private Limited	INR	2.58	(0.79)	112.82	111.03	-	-	(0.10)	-	(0.10)	-	100.00%
7	Nagapattinam Energy Private Limited	INR	0.25	(0.16)	55.22	55.13	-	-	(0.10)	-	(0.10)	-	100.00%
8	PT ISMT Resources, Indonesia	Rupiah	4.25	(1.15)	3.13	0.03	-	-	(0.43)	-	(0.43)	-	100.00%
9	Best Exim Private Limited	INR	0.01	(2.00)	0.46	2.45	-	-	(0.08)	-	(0.08)	-	100.00%
10	Success Power and Infraprojects Private Limited	INR	0.19	(1.18)	4.95	5.94	-	-	(0.01)	-	(0.01)	-	100.00%
11	Marshal Microwave Infrastructure Development Company Private Limited	INR	0.01	(3.05)	2.18	5.22	-	-	(0.41)	-	(0.41)	-	100.00%

Excluding Share Capital and Reserves and Surplus

Exchange Rates	Closing Exchange Rate for Assets and Liabilities	Average Rate for Profit and Loss items
Euro to INR	66.9663	74.8473
SEK to INR	7.2255	8.2458
GBP to INR	92.54622	96.3409
Rupiah to INR	0.004760	0.005050
USD to INR	62.3355	61.1974

Note : Reporting dates of all Subsidiary is March 31, 2015 except for PT ISMT Resources, is December 31, 2014.

PART 'B' : ASSOCIATE COMPANY

Sr. No.	Name of the Enterprise	Structo Hydraulics India Private Limited
1	Latest audited Balance Sheet Date	31/03/2015
2	Shares of Associate held by the Company on the year end	
	a) Number	49,994
	b) Amounts of Investment (Rs. In Crore)	0.04
	c) % of holding	45.45
3	Net worth attributable to shareholding as per Latest audited Balance Sheet (Rs. In Crore)	0.03
4	Profit / (Loss) for the year considered in Consolidation (Rs. In Crore)	(0.003)
5	Not Considered in Consolidation	-
6	Description of how there is significant influence	Note -1
7	Reason why the Associate is not consolidated	-

Note-1 – Structo Hydraulics AB, Subsidiary Company, holding 45.45% in Structo Hydraulics India Private Limited.

For and on behalf of the Board of Directors

B. R. Taneja
 Managing Director
 Pune: May 30, 2015

Rajiv Goel
 Chief Financial Officer

Nilesh Jain
 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

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of ISMT Limited will be held on Saturday, September 26, 2015 at 11.00 A.M. at Hyatt Regency, Weikfield IT Park, Pune Nagar Road, Pune – 411014 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, 2015 including the Audited Balance Sheet as at March 31, 2015 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, 2015 including the Audited Consolidated Balance Sheet as at March 31, 2015 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. O. P. Kakkar (DIN: 00329426) who retires by rotation and being eligible offers himself for re-appointment.
3. 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 139 and other applicable provisions, if any of the Companies Act, 2013 (‘the Act’) and Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for time being in force), and pursuant to resolution passed by the members at the 16th Annual General Meeting held on September 26, 2014, the Company hereby ratifies and confirms the appointment of J. K. Shah & Co., Chartered Accountants (Firm Registration No.109606W) and M/s. P. G. Bhagwat, Chartered Accountants (Firm Registration No.101118W) as Joint Statutory Auditors of the Company, to hold office until the conclusion of 18th Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors.”

Special Business:

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

“**RESOLVED THAT** pursuant to Sections 196, 197, 198, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for time being in force) and pursuant to the Articles of Association of the Company and such other approvals, permissions and sanctions as may be required, consent of the Company be and is hereby accorded to the re-appointment of Mr. Rajiv Goel (DIN: 00328723) as Whole-time Director of the Company for a period of 1 (one) year with effect from December 01, 2014 upto November 30, 2015 on such terms, conditions including remuneration and perquisites as set out in the explanatory statement annexed to the Notice convening this meeting with the liberty to the Board of Directors (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Section 197 read with Schedule V of the Companies Act, 2013(including any statutory modifications or re-enactment thereof, for time being in force).

RESOLVED FURTHER THAT when re-elected as Director on account of retirement by rotation, such re-election of Mr. Rajiv Goel as Director shall not be deemed to constitute a break in his appointment as a Whole-time Director and that upon such re-election he shall continue to hold office of Whole-time Director as hitherto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

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

“**RESOLVED THAT** pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013 (‘the Act’) and the rules made thereunder read with Schedule IV of the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Deepa Mathur (DIN: 00449912) who was appointed as an Additional Director of the Company by the Board of Directors with effect from August 10, 2015 and who holds office upto the date of this Annual General Meeting in terms of Section 161(1) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing her candidature for the Office of Director, be

and is hereby appointed as an Independent Director of the Company, to hold office until the conclusion of 18th Annual General Meeting of the Company.”

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

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

(i) Rs. 2,25,000/- (Rupees Two Lac and Twenty Five Thousand Only) plus out of pocket expenses as incurred, payable to M/s. D.V. Doshi & Associates, Cost Accountants (Firm Registration No.000030), as Cost Auditors for “Steel Tubes and Pipes” products at Ahmednagar and Baramati Plants

and

(ii) Rs. 2,25,000/- (Rupees Two Lac and Twenty Five Thousand Only) plus out of pocket expenses, 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, 2015, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized 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.”

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

“**RESOLVED THAT** pursuant to Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 (‘SICA’), the applicable provisions of the Companies Act, 1956, the Companies Act, 2013 and such other Laws, Rules, Regulations, Guidelines or Notifications as may be applicable, if any, and subject to approval of Audited Financial Statements for the financial year 2014-15 by the

shareholders of the Company in this Annual General Meeting, the Report of the Board of Directors of the Company to the shareholders on erosion of more than 50% of the Peak Net Worth of the Company during immediately preceding four financial years by its accumulated losses as on March 31, 2015 and the causes for such erosion be and is hereby considered and approved.

RESOLVED FURTHER THAT the Company do report to the Board for Industrial and Financial Reconstruction (‘BIFR’) of the fact that the accumulated losses of the Company as on March 31, 2015 have resulted in an erosion of more than 50% of its Peak Net Worth during immediately preceding four financial years and also inform the said facts to such other State and Central Government Authorities as may be required under the Laws, Rules, Regulations, Guidelines and Directives, for the time being in force, in the prescribed form and to such other Authorities, Entities, Financial Institutions, Stock Exchange(s), Body Corporates, Associations and Persons as may be necessary in terms of the Agreements, Security documents, Undertakings, Declarations and Memorandum of Understanding, if any, entered into by the Company.

RESOLVED FURTHER THAT Mr. B.R. Taneja, Managing Director, Mr. Rajiv Goel, Whole-time Director or any other person authorized by the Board of Directors of the Company be and are hereby severally authorised to send the Report to BIFR and inform other authorities, as above, and if required, delegate all or any of the powers herein conferred by this resolution to any Officer(s) of the Company for said purpose and to do all such acts, deeds, matters and things as may deem necessary, desirable or expedient to give effect to the above resolutions.”

By Order of the Board of Directors

Registered Office:
Lunkad Towers
Viman Nagar
Pune - 411014

August 27, 2015

Nilesh Jain
Company Secretary

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 clause 49 of the Listing Agreement entered with Stock Exchanges in respect of Directors seeking appointment/ reappointment 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/ authorized representatives should bring in duly filled in attendance slip.
6. The Register of Directors and Key Managerial Persons 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. The Register of Members and Share Transfer Book of the Company will remain closed from September 21, 2015 to September 26, 2015 (both days inclusive).
9. The Members can avail facility of NECS (for receipt of dividend) and the necessary form can be downloaded from the Company's website "www.ismt.com".
10. 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 issued 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 Sharepro Services (India) Private Limited. Members holding shares in electronic form may contact their respective Depository.
11. Electronic copy of the Annual Report for FY 2014-2015 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 2014-15 is being sent in the permitted mode.
12. Electronic copy of the Notice of AGM of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip, 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.
13. 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 investor e-mail id: secretarial@ismt.co.in.

Members may also note that the Notice of the AGM and the Annual Report for FY 2014-2015 will also be available on the Company's website www.ismt.com.
14. In compliance with the provisions of Section 108 of the Act and the rules framed thereunder and Clause 35B of the Listing Agreement, Members are provided with the facility to cast their votes electronically, through the e-voting services provided by Central Depository Services India Limited(CDSL), on all the resolutions set forth in the Notice. The business may be transacted through electronic voting.
15. The Board of Directors have appointed Mr. Milind Kasodekar, a Practising Company Secretary (C. P. 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 AGM in a fair and transparent manner.
16. 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.
17. 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.

18. The voting period begins on September 23, 2015 at 9.00 AM and ends on September 25, 2015 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 19, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. A person who is not a member as on cut off date should treat this notice for information purposes only.

19. E-Voting Facility:

The process and manner for remote e-voting are, as under :

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on “Shareholders” tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Enter the Image Verification as displayed and Click on “Login”.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
Permanent Account Number	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. (As mentioned in the attendance slip) • In case the sequence number is less than 8 digits enter the applicable number of 0’s before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction(iii)

- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the Electronic Voting Sequence Number (‘EVSN’) of ISMT Limited.
- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non – Individual Shareholders and Custodians
 - a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
 - b. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - c. After receiving the login details a Compliance User should be created using admin login and password.

The Compliance User would be able to link the account(s) for which they wish to vote on.

d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an e-mail to helpdesk.evoting@cdslindia.com or contact CDSL e-voting Helpdesk on 18002005533(toll free).

20. 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.

21. 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 authorized by him in writing, who shall countersign the same.

22. 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 CDSL www.evotingindia.com immediately after the result is declared. The results shall also be immediately forwarded to the BSE Limited/ National Stock Exchange of India Limited, where the shares of the Company are listed.

23. 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.

24. 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. 27.58 lacs

lying unclaimed towards Unclaimed/Unpaid Dividend for the year 2006-07 and an amount of Rs. 27.67 lacs lying towards Unclaimed/Unpaid Interim Dividend for year 2007-08 to Investors Education and Protection Fund Account (IEPF) established by Central Government.

Members who have not encashed their dividend warrants for the financial year ended 2007-08 (Final Dividend) and thereafter are requested to write to the Company’s Registrar and Share Transfer Agents.

Members shall not be able to claim any unpaid or unclaimed dividend from IEPF or the Company thereafter.

Members are requested to note that the Final Dividend for the year ended March 31, 2008 declared at the Annual General Meeting held in September 2008 is due to be transferred to IEPF in December 2015.

25. 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/ 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 Limited.
- 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.

Registered Office:
Lunkad Towers
Viman Nagar
Pune - 411014
August 27, 2015

By Order of the Board of Directors

Nilesh Jain
Company Secretary

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

The Board of Directors at its meeting held on February 12, 2015, upon the recommendation of Nomination and Remuneration Committee approved appointment of Mr. Rajiv Goel as Whole-time Director (WTD) of the Company for a period of one year with effect from December 1, 2014 upto November 30, 2015. Subsequently, in their Board Meeting held on March 11, 2015, upon the recommendation of Nomination and Remuneration Committee, the Board approved the following remuneration payable to the WTD :

Remuneration

In terms of Schedule V to the Companies Act, 2013 ('the Act') read with Sections 196, 197, 198 and other applicable provisions of the Act and the rules made thereunder and subject to the approval of Members and such other approvals as may be required, the remuneration of Mr. Rajiv Goel, Whole-time Director shall be set as under :

I. Salary : Rs. 3,50,000/- per month

II. Perquisites :

In addition to the above, the Whole-time Director shall be entitled to following perquisites subject to a limit of 100 per cent of his Annual Salary :

A) Housing:

The expenditure by the Company on hiring accommodation (furnished or otherwise) will be subject to a ceiling of sixty per cent of the salary, over and above ten per cent payable by the Whole-time Director.

or

In case no accommodation is provided by the Company, the Whole-time Director shall be entitled to house rent allowance subject to the ceiling specified above.

- B) The expenditure incurred by the Company on gas, electricity, water and furnishings etc. shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of his salary.
- C) Reimbursement of Medical Expenses incurred for self and his family subject to a ceiling of one month's salary.
- D) Leave Travel Assistance for self and his family once in a year incurred in accordance with the rules specified by the Company.
- E) Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- F) Personal accident insurance, group health insurance, group saving linked insurance and life insurance coverage for self/family as may be fixed by the Board from time to time.
- G) Earned Leave on full pay and allowance as per the rules of the Company, but not exceeding one month's leave for every eleven months of service.

H) Provision of Company car for official use and business purposes and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole-time Director.

"Family" means the spouse, the dependent children and dependent parents of Whole-time Director.

The Whole-time Director shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:

- a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity at the rate of 30 days salary for each completed year of service within the Group.
- c) Encashment of leave at the end of the tenure as per the rules of the Company.

III. Commission

The amount of commission, based on the net profit of the Company shall be subject to the overall ceiling laid down in Sections 197 of the Companies Act, 2013 and shall be subjected to a further ceiling of 0.25 per cent of the Net Profit of the Company.

IV. Performance Linked Bonus/ Ex- gratia payment

As may be decided by the Board but not exceeding Annual Salary of the Whole-time Director.

Remuneration in the event of loss or inadequacy of profits, etc.

Notwithstanding anything contained herein, in the event of any loss, absence or inadequacy of profits (as provided in Schedule V to the Act) of the Company in any financial year, during the term of office of the Whole-time Director, the remuneration by way of salary, perquisites, commission, Performance Linked Bonus and other benefits shall not, without the approval of the Central Government (if required) exceed the limits prescribed under the Schedule V to the Act (including any statutory modifications or re-enactment thereof, for time being in force).

The aforesaid terms and conditions are subject to approval of the Members and such other approvals as may be required.

Agreement with the Whole-time Director incorporating the aforesaid terms and conditions will remain open for inspection by the members at the Registered Office of the Company during normal business hours (9:00 AM to 5:00 PM) on all working days except Saturday, upto and including the date of AGM.

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

Additional information in terms of Sub-clause (iv) of the proviso to Sub-paragraph (B) Section II of Part II of Schedule V of the Companies Act, 2013 has been provided separately.

Except Mr. Rajiv Goel, 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.

Item No. 5:

The Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, at its Meeting held on August 10, 2015 had appointed Ms. Deepa Mathur as an Additional Director of the Company in the category of Independent Director.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Ms. Deepa Mathur holds office upto the date of the ensuing Annual General Meeting.

She meets the criteria of independence as provided under Section 149(6) of the Act and the rules made thereunder and Clause 49 of the Listing Agreement executed with the Stock Exchanges ("Listing Agreement"). She is not dis-qualified from being appointed as director in terms of Section 164 of the Act. She has consented to act as such director. In the opinion of the Board, she fulfills the conditions specified in the Act for appointment as Independent Director.

The Company has received a notice in writing pursuant to provision of Section 160 of the Act and the rules made thereunder, regarding candidature of Ms. Deepa Mathur for the office of Director.

The terms and conditions of appointment of Independent Director will be open for inspection at the Registered Office of the Company by any member during normal working hours.

The Board considers that her association would be of immense benefit to the Company and it is desirable to avail her services as an Independent Director.

Brief resume of Ms. Deepa Mathur as stipulated in Clause 49 of the Listing Agreement is attached and forms part of this Notice.

The Board recommends the resolution set out at Item No. 5 for the approval of members to be passed as an Ordinary Resolution.

Except Ms. Deepa Mathur, 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.

Item No. 6

Based on the recommendation of Audit Committee, the Board had on May 28, 2014 approved the appointment and remuneration of M/s. D.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, 2015.

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. 6 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.

Item No. 7 :

In terms of Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"), if the accumulated losses of an industrial company, as at the end of any financial year have resulted in erosion of fifty percent or more of its peak net worth during the immediately preceding four financial years, that company falls under the category of potentially sick industrial company and therefore the fact is required to be reported to Board of Industrial and Financial Restructuring (BIFR) within 60 days from the date of finalization of the Audited Financial Statements which is the date of the Annual General Meeting at which the Audited Financial Statements of the company are adopted.

As per the Audited Financial Statements of the Company for the financial year ended 31.03.2015 finalized and approved by the Board of Directors subject to the approval of shareholders in this Annual General Meeting, the current year Net Worth of the Company is Rs. 47.86 crore. The Peak Net Worth during the immediately preceding four financial years is Rs. 569.45 crore. Therefore, there has been an erosion of Rs. 521.59 crore i.e. 91.59% from the Peak Net Worth of the Company during the immediately preceding four years.

In terms of the provisions of Section 23 of SICA, a report on such erosion and its causes is required to be submitted before the Shareholders for their consideration and approval. The said Report is attached and forms part of this Notice and Explanatory Statement.

The Board recommends the resolution set out at Item No. 7 for the approval of Members to be passed as a Special 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.

Registered Office: By Order of the Board of Directors
Lunkad Towers
Viman Nagar
Pune - 411014
August 27, 2015

Nilesh Jain
Company Secretary

ADDITIONAL INFORMATION IN TERMS OF SUB-CLAUSE (iv) OF THE PROVISO TO SUB-PARAGRAPH (B) OF SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013
I. GENERAL INFORMATION

1. Nature of the Industry:

The Company is in the business of manufacturing steel and seamless tubes and tubular products for the Bearing, Automotive, Mining, General Engineering, Energy and High Value OCTG Sectors.

2. Date or expected date of commercial production: Not applicable.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.

4. Financial performance based on given indicators as per published audited financial results for the year ended March 31, 2014:

Particulars	Rs. in Crore
Turnover	1576.72
Net Profit/(Loss) after Tax	(170.29)
Total Expenditure	1781.37

5. Foreign investments or collaborators, if any – NIL

II. INFORMATION ABOUT THE APPOINTEE

Particulars	Mr. Rajiv Goel		
Background details	Mr. Rajiv Goel is a Chartered Accountant and Company Secretary with more than 35 years of Industrial experience.		
Past remuneration :			
Financial Year	2011-12	2012-13	2013-14
Salary and Perquisites	67,58,656	71,38,280	74,32,809
Recognition or awards	The Company has no information about it.		
Job Profile and his suitability	As a Whole-time Director, Mr. Rajiv Goel is responsible for all financial and legal operations and affairs of the Company. Taking into consideration his qualification and expertise in relevant fields, the Board is of the opinion that he is suited for the responsibilities assigned to him.		

Particulars	Mr. Rajiv Goel
Remuneration proposed	The details of Remuneration to be paid are contained in Explanatory Statement annexed to the Notice.
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin)	Having regard to the versatile experience, performance and responsibility of the position held by him, the Board of Directors is of the opinion that the proposed remuneration is reasonable.
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any.	Mr. Rajiv Goel is holding 2000 fully paid Equity Shares of Rs. 5/- each, amounting to 0.00% of the paid up capital of the Company. Apart from this, he does not have any pecuniary transactions with the Company except by way of his contract of employment with the Company. He is not related to any Director or Key Managerial Personnel of the Company.

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits.

The general economic conditions during the past couple of years and depressed business conditions in the steel industry in particular, adverse market scenario caused by cheap import of tubes in the country, lower domestic off-take and slump in the US Market, dented the bottom line of the Company.

2. Steps taken or proposed to be taken for improvement.

The Company has initiated a number of cost reduction measures at its plants with emphasis on improving yields, reducing input cost and reducing the PQF mill process cost.

3. Expected increase in productivity and profits in measurable terms.

The aforesaid measures instituted are expected to improve the Company's performance in future years and it is not possible to accurately predict the future profitability.

DETAILED PROFILE OF DIRECTOR(S) SEEKING RE-APPOINTMENT/APPOINTMENT PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT :

Name of Director	Mr. O. P. Kakkar	Mr. Rajiv Goel	Ms. Deepa Mathur
Age	72	62	50
Qualification	Mechanical Engineer and Post Graduate Diploma holder in Business Management.	B.Com.(Hons.), FCA, FCS	CA, CS, CMA
Date of Re-appointment/ Appointment	August 12, 2013	December 1, 2014	August 10, 2015
Category	Non Executive Independent Director	Executive Director	Non Executive Independent Director
Experience and Expertise in specific functional Area	Mr. O P Kakkar has more than 48 years of industrial experience in different capacities. He has been associated with the Company for about 34 years and has held various Board level positions. He was also Managing Director of the Company upto March 31, 2009.	Mr. Rajiv Goel is a Chartered Accountant and Company Secretary having more than 35 years of Industrial Experience.	Ms. Deepa Mathur is a Chartered Accountant, Cost Accountant and Company Secretary having more than 17 years of Industrial Experience in banking, legal strategic planning, equity infusion, corporate restructuring, mergers and acquisitions including overseas funding, structuring of deals and other allied activities. She currently holds position as Vice President at Bilcare Research Limited, an Indian Pharmaceutical MNC.
Relationship with other Directors and KMP of the Company	No	No	No
Equity Shareholding of Directors as on March 2015	85204	2000	Nil
Directorships held in other Companies	1. Structo Hydraulics India Private Limited	1. Indian Seamless Enterprises Limited 2. Lighto Technologies Private Limited 3. Structo Hydraulics India Private Limited 4. Prime Surgical Centers Private Limited 5. Structo Hydraulics AB, Sweden 6. Indian Seamless Inc., USA 7. Structo (UK) Limited, UK 8. PT ISMT Resources, Indonesia 9. ISMT Europe AB, Sweden	Nil
Memberships / Chairmanship of Committees of Limited Companies	Nil	Chairman of Audit Committee and Member of Stakeholders Relationship Committee of Indian Seamless Enterprises Limited	Nil

REPORT ON EROSION OF PEAK NET WORTH, CAUSES THEREOF AND ACTION TAKEN BY THE COMPANY IN TERMS OF SECTION 23(1)(b) OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT 1985.

To

The Shareholders of ISMT Limited

In terms of requirements of Section 23 of Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"), a report of Board of Directors on erosion of more than 50% of Peak Net Worth during the immediately preceding four financial years along with causes and steps taken / proposed to be taken by the Company's Management for its revival is being submitted herewith.

Under the provisions of SICA, Net Worth of the Company for present as well as preceding four financial years is as follows:

Rs. in Crore

Financial Year / Net Worth Components	2014-15	2013-14	2012-13	2011-12	2010-11
(A) Paid up capital					
Equity Share Capital	73.25	73.25	73.25	73.25	73.25
Sub-Total (A)	73.25	73.25	73.25	73.25	73.25
(B) Reserves and Surplus					
Capital Redemption Reserve	80.60	80.60	80.60	80.60	80.60
Securities Premium Reserve	-	-	-	-	9.36
General Reserve	402.60	397.33	397.33	397.33	347.33
Hedge Reserve	(30.32)	(20.73)	(15.44)	(31.09)	-
Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	(9.52)	(9.78)	(6.75)	(5.02)	-
Surplus/ (Deficit) in Statement of Profit & Loss	(468.75)	(245.27)	(74.98)	24.73	58.91
Sub-Total (B)	(25.39)	202.15	380.76	466.55	496.20
Total (C = A+B)	47.86	275.40	454.01	539.80	569.45

Current Year Net Worth (D) = Rs. 47.86 Crore

Peak Net Worth (E) = Rs. 569.45 Crore

Erosion in Peak Net Worth (F) = Rs. 521.59 Crore (Rs. 569.45 crore – Rs.47.86 Crore)

% Erosion of Peak Net Worth (F/E) = 91.59 %

As presented above, as per the audited accounts of the Company for the financial year ended March 31, 2015, the current year Net Worth of the Company is Rs. 47.86 Crore. The Peak Net Worth during the immediately preceding four financial years is Rs. 569.45 Crore. Therefore, there has been an erosion of Rs.521.59 Crore i.e.91.59 % from the Peak Net Worth of the Company during the immediately preceding four years. Thus, under the provisions of SICA the Company is a potentially sick industrial Company.

CAUSES OF EROSION OF NET WORTH OF THE COMPANY:

The Company is manufacturing specialized Steel and Seamless Tubes which caters mainly the Infrastructure sectors such as Power, Mining, Oil, Drilling and Refineries, Construction Equipment's apart from Automotive and Bearing Sector.

The major reasons for reduction in sales, losses and Net Worth erosion are as under:

- 1) Exponential surge in imports into India over the last 5 years specially from China. Most of the countries have levied Anti Dumping Duties on import of Seamless tubes from China and hence China started dumping seamless tubes into India at very uncompetitive prices. This has not only reduced the sales volume of seamless tubes but also adversely impacted the selling margins. Moreover, overall lower utilization of capacity due to dumping of tubes in India also increased the fixed cost per ton making company's products uncompetitive.
- 2) The company has made huge investment
 - i) in expansion of its tube facility at its Baramati Plant. However, the entire capacity remained highly underutilized due to cheap imports of seamless tubes specially from China.
 - ii) in setting up of 40 MW Captive Power Plant after having entered into agreement with MSEDCL, Govt. of Maharashtra, that banking of power will allowed from the power plant. However, on commissioning of power plant, MSEDCL did not allow banking of power. Secondly, the application for coal linkage for this captive power plant is also pending. Due to above reasons, the power generation from the captive power plant became unviable.

The above investments have not yielded any return and at the same time not only increased the finance cost but also put tremendous pressure on the company cashflows.

- 3) Forex loss mainly on account of sharp depreciation of Rupee and high volatility and lower exports of Seamless Tube due to reduction in demand from the U.S. markets, huge drop in the crude oil prices internationally and recessionary international environment.
- 4) There is virtually no or negative growth in Infrastructure Sectors such as Power, Mining, Construction couple with lack of Capital investment in the economy. This has also impacted the volume growth of company's products adversely.
- 5) Working capital shortage due to considerable delay in timely sanction and disbursement of Corporate Loans.
- 6) Overall economic slowdown resulting in weak demand for steel internationally, squeezing profit margins.

STEPS TAKEN / PROPOSED TO BE TAKEN BY THE COMPANY MANAGEMENT:

- 1) In view of increasing imports of seamless tubes, the Company in support with other domestic seamless tube players had filed petition in November 2012 for levy of Safeguard Duty on the import of seamless tubes into India with expectation of substantial improvement in sales volumes and margins. Consequently, the Directorate General of Safeguards imposed Safeguard Import Duty in August 2014. The considerable delay of almost two years in notifying the Safeguard Duty and also the inadequate quantum of Safeguard duty has diluted the impact on sales volume and selling prices as was envisaged. Moreover, further reduction in the prices by Chinese suppliers on imported tubes to adjust the impact of Safeguard duty has failed to provide any significant respite for the domestic industry.
- 2) As the levy of inadequate Safeguard Duty has not achieved the desired results, the Company in support with other domestic seamless tube players has filed for levy of Anti-dumping duty on imports. Once Anti-dumping Duty is levied by the Government, the Company expects better volumes and selling margins in the domestic market.
- 3) The Company has initiated a number of cost reduction measures at its plants with emphasis on improving yields, reducing cost, both fixed and variable. Further, in order to address the issue of high volatility in prices of raw material, selling prices, domestic demand, the Company has increased purchase of raw material from domestic market and keeping the imports at minimum possible levels. This ensures not only the matching of selling prices with prevailing raw material prices but also avoid losses on sudden steep fluctuation in foreign currency rates. All the above steps are aimed to improve EBITDA levels even at reduced level of operation due to market conditions.
- 4) The Company has approached the bankers for restructuring of its debts which will not only reduce finance cost but also ensure availability of adequate funds for smooth operations of business. Apart from restructuring, in order to improve the financial health of the Company, the Company is also trying to reduce the debts by selling some of its non-core assets and also planning to infuse equity in the Company as a part of restructuring package which will not only improve the networth but also provide adequate funds in the Company's business.

All the above measures are expected to led to turnaround of the operations of the Company.

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

17th 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 the above named company, 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 _____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the ANNUAL GENERAL MEETING of the Company, to be held on Saturday, September 26, 2015 at 11:00 am at Hyatt Regency, Weikfield IT Park, Pune Nagar Road, Pune – 411014 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Vote (Optional See Note 3)	
		For	Against
Ordinary Business			
1.	To receive, consider and adopt: a) the Audited Financial Statement of the Company for the Financial year ended March 31, 2015 together with Reports b) the Audited Consolidated Financial Statement of the Company for the Financial year ended March 31, 2015 together with Report		
2.	Re-appointment of Mr. O. P. Kakkar (DIN: 00329426) who retires by rotation and being eligible, offers himself for re-appointment		
3.	Ratification of appointment of Joint Statutory Auditors		
Special Business			
4.	Re-appointment of Mr. Rajiv Goel as a Whole-time Director		
5.	Appointment of Ms. Deepa Mathur as an Independent Director		
6.	Ratification of Remuneration paid to Cost Auditor for FY 2014-15		
7.	Report on erosion of more than 50% of the Company's Peak Net Worth during immediately preceding four financial years by its accumulated losses as on March 31, 2015		

Signed this day of 2015.

Signature of shareholder:

Signature of Proxy holder(s) : _____

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. For the Resolutions, Explanatory Statement and Notes, please refer to the notice of the 17th Annual General Meeting.
3. 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.
4. Please complete all details including details of member(s) in above box before submission.

Affix Re 1/- Revenue Stamp

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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. 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 sharepro@shareproservices.com or sharepropune@vsnl.net with subject as ‘E-mail for Green Initiative’ mentioning their Folio No. / 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 THE AGM

Hyatt Regency Pune, Weikfield IT Park, Pune Nagar Road, Pune - 411014



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ISMT LIMITED

Solutions You Can Trust

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

17th 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 17th Annual General Meeting of the Company being held on Saturday, September 26, 2015 at Hyatt Regency Pune, Weikfield IT Park, Pune Nagar Road, Pune – 411014 at 11:00 A.M.

.....
Signature of Shareholder(s) / Proxy

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

ELECTRONIC VOTING PARTICULARS

Electronic Voting Sequence Number ('EVSN')	# Default PAN

Since, you have not registered/ updated your PAN with the Company/ Depository Participant, please use the number mentioned in above column under PAN field to login for e-voting.

If you have already registered/ updated your PAN with the Company/ Depository Participant use the actual PAN issued by Income Tax Department.

Note: For detailed e-voting instructions, please refer “Notice” enclosed herewith under “E-Voting facility”.