

TRANSCRIPT OF THE 22ND ANNUAL GENERAL MEETING

Day : Wednesday
Date/ Time : September 30, 2020/ 11.30 a.m.
Venue : Through Video Conferencing

Mr. Chetan Nathani, Company Secretary

Good Morning to all. Since the requisite quorum for the meeting is present, I request Mr. O P Kakkar, Chairman of the Board, to Chair and start the AGM proceedings.

Mr. O P Kakkar, Chairman

Dear Shareholders,

A Very Good Afternoon to you all!!

I, O P Kakkar, on behalf of the Board, welcome you all to the 22nd Annual General Meeting of ISMT.

Since the requisite quorum for meeting is present. I therefore call this meeting to order.

I would like to introduce my colleagues on VC. I would request each member to acknowledge when I introduce them.

Mr. B R Taneja - Managing Director of the Company.

Mr. B R Taneja

A very good Morning to you all

Mr. O P Kakkar, Chairman

Mr. Rajiv Goel - Chief Financial Officer.

Mr. Rajiv Goel

Hello and a very good Morning to you all.

Mr. O P Kakkar, Chairman

Mr. Kanakraj Madhavan - Independent Director of the Company

Mr. Kanakraj Madhavan

Hello and a very good Morning

Mr. O P Kakkar, Chairman

Ms. Deepa Mathur - Non-Executive Director of the Company, she could not connect due to technical issue.

Mr. O P Kakkar, Chairman

Mr. R Poornalingam & Mr. Shyam Powar, Independent Directors, have expressed their inability to attend the meeting.

I now request Company Secretary to brief the members on AGM proceedings including e-voting.



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Viman Nagar, Pune - 411 014, India.
Phone : +91 20 41434100 / 66024901 - 04 | Fax : +91 20 26630779
www.ismt.com

CIN : L27109PN1999PLC016417

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



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Mr. Chetan Nathani, Company Secretary

Thank you Sir.

Due to COVID-19 pandemic, Ministry of Corporate affairs & SEBI have allowed companies to hold AGM through video conferencing during the calendar year 2020.

Further as per the said circulars, the companies are also dispensed with the requirement of sending physical copies to the shareholders of annual report for FY2019-20.

Accordingly, the Annual Reports for FY2019-20 have been sent thru electronic means to all shareholders whose e-mail id's were registered with Company/ Depositories.

Few instructions about the e-meeting:

- Members who have not voted during remote e-voting, may cast vote electronically during the Meeting. The e-voting will end 15 minutes from conclusion of this meeting.
- All members have been kept on mute.
- Shareholders who have registered as Speakers will be un-muted once their name is called.
- We will respond to queries received in due course of the meeting.
- Speed & working of audio-video mode for joining the meeting by members depends on internet capacity.

For any queries relating to VC or e-voting, members can call on helpline toll free no. 022-23058542/ 43. I repeat 022-23058542/ 43.

Thank you.

Mr. O P Kakkar, Chairman

As the meeting is through Electronic means, no proxies are allowed to attend the meeting.

The Company has received representations from Bodies Corporate to attend the meeting. The details of which are available with the scrutinizer.

Statutory registers as required under the Companies Act are made available for electronic inspection to the members.

Dear Shareholders,

A very good morning to all of you!!

On behalf of the Board, it gives me immense pleasure in extending a warm welcome to all of you to the 22nd Annual General Meeting of ISMT. Thank you for being present and I solicit your trust and support in the years ahead.

I will now take the opportunity to apprise Members & Investor family of ISMT on performance & prospects of the Company.

During the year 2019-20, Net Sales of the Company was Rs. 1280 Crore as against Rs. 1795 Crore in 2018-19. EBIDTA stood at Rs. 89 Crore while Net Loss was Rs. 240 Crore which mainly consists of interest cost. Once debt restructuring is implemented, this component is likely to reduce substantially.

Tube sales came down by 25% while Steel Sales slumped by 35% mainly on account of contraction in Automobile industry, slowdown in capex cycle & COVID-19 outbreak in last quarter of March, 2020.



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Exports also reduced substantially on account of slowdown in USA & Tariff policies of various countries as well as due to spread of COVID-19 in various parts of the world in last quarter of FY19-20.

The current year is witnessing a slowdown on account of COVID-19 outbreak. The slowdown has substantially impacted the 1st quarter of 2020 as our plants remained idle for more than a month, supply chain disturbed and production and sales got impacted. As a result, Sales were at Rs. 98 Crore in quarter ended 30 June, 2020 as against Rs. 408 Crore in same quarter previous year.

We are hopeful that performance will improve in 2nd half of FY20-21.

Over the last few years, your Company and its bankers have worked on various options for resolution of its debt. At present 74% of the total Indian Lenders Debt of the Company has been assigned, out of which 69% is assigned to Asset Reconstruction Company (India) Ltd.

Restructuring proposal was under final stage however the same could not get concluded before the COVID-19 outbreak. The Company has now submitted its revised restructuring proposal with the Lenders.

On behalf of the Board, I express my gratitude to our shareholders for their continued support and co-operation.

I also take this opportunity to express my sincere thanks to all the investors, customers, suppliers, bankers, Lenders and all employees of the Company for their continued support through these challenging times.

Thank You.

With permission of members, I take the AGM Notice as read.

I request Company Secretary to read observations in Audit Reports.

Mr. Chetan Nathani, Company Secretary

Thank you Sir.

Dear Members,

I now hereby read the observations in the Audit Reports for FY2019-20.

Statutory Auditors' Report:

➤ **Qualified Opinion:**

A. Company has o/s MAT entitlement, classified as Deferred Tax Asset as per Ind AS-12 of Rs. 82.05 Crore as on March 31, 2020. Taking into consideration the loss during the year ended March 31, 2020 & carried forward losses under Income Tax, in our opinion, it is not probable that MAT entitlement can be adjusted within specified period against future taxable profits under the Income Tax Act.

In our opinion, MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12. Non-writing off has resulted in understatement of loss & overstatement of other equity & its consequential effect on the EPS of the company.

B. Company, thru subsidiary, invested Rs. 48.43 Crores in Structo Hydraulics AB. Net receivables to the company from SHAB against supplies made is Rs. 15.41 Crores. The company received approval from regulatory authorities for conversion into equity of Rs. 33.33 Crores due from SHAB out of which Rs. 16.75 Crores has been converted into equity & balance Rs. 16.58 Crores is pending for allotment.



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SHAB has been incurring losses & its net worth also eroded due to continuing losses. No provision for diminution in value of investment (including pending allotment) & net receivable against supplies is made by the company as explained in Note No.3.16 of standalone financials.

We are unable to comment on the same & ascertain its impact, if any, on net loss for year ended March 31, 2020, carrying value of investment & other equity as at March 31, 2020 in respect of the above matters.

C. Company recognized claim in earlier years, of which O/s balance as on March 31, 2020 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. for non-implementation of Energy Banking Agreement. The company had appealed to Appellate Tribunal against the order passed by Maharashtra Electricity Regulatory Commission (MERC) & the same has been dismissed by APTEL. The company has preferred appeal before Hon'ble Supreme Court against order of APTEL. Realization of this claim is contingent & dependent upon outcome of decision of Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, "Provisions, Contingent liabilities & Contingent assets". Recognition of above claim has resulted into overstatement of carrying value of non-current assets & other equity by Rs.39.53 Crores as at March 31, 2020. Refer Note No. 3.20 (i) of standalone financial statements.

D. The company is unable to determine the recoverable value of 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra for the reasons stated in Note No. 3.20(ii) of standalone financial statements; hence, the CPP is measured on March 31, 2020 at the carrying amount of Rs. 237.29 Crores and impairment loss, if any, is not recognised as required by Ind AS 36 "Impairment of the Assets".

In view of aforesaid, we are unable to determine impact of the same, if any, on net loss for year ended March 31 2020, carrying value of CPP & other equity as at March 31, 2020.

E. The company is unable to determine the recoverable value of investment (including advances) in Tridem Port & Power Company Pvt. Ltd. (TPPCL), wholly owned subsidiary company, of Rs 116.69 Crores on March 31, 2020 for the reasons stated in Note No.3.17 of standalone financial statements. Hence impairment loss, if any, is not recognised as required by Ind AS 36 "Impairment of Assets". In view of the aforesaid, we are unable to determine impact of the same, if any, on net loss for the year ended March 31 2020, carrying value of investment & other equity as at March 31, 2020.

F. Pending approval/ sanction of debt restructuring scheme by lenders & balance confirmation from lenders, the company has not provided for overdue/ penal interest, if any for reason stated in Note No 3.19 of standalone financial statements. The quantum & its impact, if any, on net loss for year ended March 31 2020, carrying value of Borrowings (i.e. Financial Liabilities) & other equity as at March 31, 2020 is unascertainable.

➤ **Material uncertainty Related to Going Concern**

The company has accumulated losses and its net worth has been fully eroded, the company has incurred net cash loss during the year ended March 31, 2020 and previous years and the company's current liabilities exceeded its current assets as at March 31, 2020.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. However, the standalone financial statements of the company have been prepared on a going concern basis for the reasons stated in the Note No. 3.18 of standalone financial statements.



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➤ **Emphasis of Matter**

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

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

Secretarial Audit Report-

1. Board meeting approving financial statements for FY ended March 31, 2019, was held on June 14, 2019 & accordingly there was a delay in submission of results to Stock Exchanges.

2. Shareholding pattern for quarter ended June 30, 2019 was submitted late.

3. 23,527 equity shares of Promoter group viz. Misrilall Properties Pvt. Ltd., equivalent to 0.02% of total share capital are held in physical form.

Thank you.

Mr. O P Kakkar, Chairman

I now commence to transact the business contained in the Notice dated September 07, 2020 and request the Company Secretary to read out the proceedings relating to e-voting.

Mr. Chetan Nathani, Company Secretary

As per Companies Act, 2013 & SEBI LODR, the Company had provided 2 modes to shareholders for casting vote on resolution set-out in AGM Notice: Remote e-voting & electronic voting facility during the continuation of the live AGM i.e. E-voting.

The Remote e-voting facility was made available to all Members from September 27, 2020 (09.00 A.M.) to September 29, 2020 (05.00 P.M.) & the same has been closed.

The E-voting at AGM is being made available to enable members who have not cast their votes through remote e-voting to exercise their voting rights.

Since AGM is thru video conferencing & resolutions mentioned in AGM Notice already been put to vote thru remote e-voting, there will be no proposing & seconding of resolutions.

Members already voted through remote e-voting shall not be eligible to vote today. However, can participate in the AGM.

Mr. Kasodekar, Practising Company Secretary has been appointed as Scrutinizer to scrutinize votes cast.

Upon Completion of e-voting, voting results will be declared within 48 hours based on scrutinizer's report & would be published on Company's website & uploaded on BSE & NSE websites.

Now I request Chairman to continue with the proceedings.

Mr. O P Kakkar, Chairman

Now I invite the shareholders those who have registered as Speakers, to ask the questions.



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Mr. Chetan Nathani, Company Secretary

I request Moderator to connect Mrs. Pushpadevi Khandelwal

Moderator :

Mrs. Pushpadevi Khandelwal has not joined the meeting

Mr. Chetan Nathani, Company Secretary

As the speaker has not joined the meeting, I request Chairman to please continue with the proceedings.

Mr. O P Kakkar, Chairman

I request scrutinizer to submit report to the Company in order to declare voting results within 48 hours of conclusion of the AGM.

This concludes business of the meeting & I thank all Members present, for participating in the Meeting.

Mr. B R Taneja

Thank you.

Mr. Rajiv Goel

Thank you.

Mr. Kanakraj Madhavan

Thank you.

Ms. Deepa Mathur

Thank you.

Mr. Shyam Powar

Thank you.

Mr. Chetan Nathani, Company Secretary

Thank you.



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