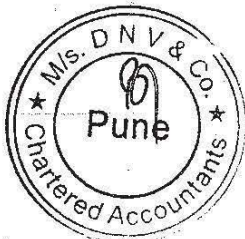


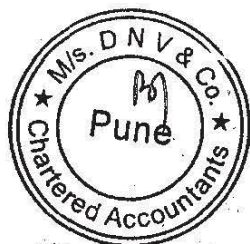
## STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019

		Standalone				Consolidated		Rs. in Crore
Sr. No	Particulars	Quarter ended	Quarter ended	Quarter ended	Year ended	Year ended	Year ended	Year ended
		March 31, 2019	December 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Refer Note No12	Unaudited	Refer Note No12	Audited	Audited	Audited	Audited
1	<b>Income</b>							
	Revenue from Operations							
	Sales of Products	574.48	633.51	583.61	2,423.39	1,915.31	2,577.79	2,077.45
	Less: Inter Segment Transfers	83.22	142.03	113.24	541.28	345.94	541.28	345.94
	Inter Division Transfers	21.08	22.24	21.25	86.67	104.42	86.67	104.42
	Sale to Subsidiary Company	-	-	-	-	-	126.92	94.87
	(a) Gross Sales	470.18	469.24	449.12	1,795.44	1,464.95	1,822.92	1,532.22
	(b) Other Operating Revenue	7.45	7.30	10.35	29.66	25.30	30.71	25.69
	(c) Revenue from Operations - Net (a+b)	477.63	476.54	459.47	1,825.10	1,490.25	1,853.63	1,557.91
	(d) Other Income	2.26	1.40	2.01	6.94	10.13	7.39	10.53
	<b>Total Revenue - (c+d)</b>	<b>479.89</b>	<b>477.94</b>	<b>461.48</b>	<b>1,832.04</b>	<b>1,500.38</b>	<b>1,861.02</b>	<b>1,568.44</b>
2	<b>Expenses</b>							
	(a) Cost of Materials Consumed	254.07	253.82	220.71	971.63	796.52	977.65	844.77
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	35.12	(0.72)	36.57	7.54	(13.01)	10.37	(15.75)
	(c) Employee Benefits Expense	35.40	34.74	31.12	132.84	126.09	144.58	137.69
	(d) Finance Costs	66.54	66.66	68.25	276.46	274.85	277.86	276.55
	(e) Depreciation	12.31	13.81	15.34	54.05	58.55	56.89	61.43
	(f) Other Expenses	123.43	158.18	144.73	600.16	504.69	605.38	511.57
	<b>Total Expenses</b>	<b>526.87</b>	<b>526.49</b>	<b>516.72</b>	<b>2,042.68</b>	<b>1,747.69</b>	<b>2,072.73</b>	<b>1,816.26</b>
3	<b>Profit / (Loss) before exceptional item and Tax ( 1-2 )</b>	<b>(46.98)</b>	<b>(48.55)</b>	<b>(55.24)</b>	<b>(210.64)</b>	<b>(247.31)</b>	<b>(211.71)</b>	<b>(247.82)</b>
4	Exceptional items – a) Foreign Exchange (Gain) / Loss	2.37	(3.44)	(0.07)	(2.24)	(6.38)	4.92	(4.03)
	b) Depreciation on reclassification of assets held for sale (Refer Note No.3)	20.38	-	-	20.38	-	20.38	-
5	<b>Profit / (Loss) before tax ( 3-4 )</b>	<b>(69.73)</b>	<b>(45.11)</b>	<b>(55.17)</b>	<b>(228.78)</b>	<b>(240.93)</b>	<b>(237.01)</b>	<b>(243.79)</b>
6	<b>Tax Expenses :</b>							
	(a) Current Tax	-	-	-	-	-	-	0.01
	(b) Earlier Years Tax	-	-	(0.17)	-	(0.98)	-	(1.00)
	(c) Deferred Tax ( Refer Note No. 6 )	-	-	-	-	-	-	-
7	<b>Profit / (Loss) after tax (5-6)</b>	<b>(69.73)</b>	<b>(45.11)</b>	<b>(55.00)</b>	<b>(228.78)</b>	<b>(239.95)</b>	<b>(237.01)</b>	<b>(242.80)</b>
8	<b>Other Comprehensive Income (net of tax)</b>							
	(a) Items that will not be reclassified to Profit or Loss							
	Gain on Remeasurement of Defined Benefit Plan	(0.25)	(0.25)	(0.02)	(0.84)	0.60	(0.84)	0.60
	(b) Items that will be reclassified to Profit or Loss							
	Foreign Currency Translation Reserve	-	-	-	-	-	14.30	0.83
9	<b>Other Comprehensive Income (Net of tax)</b>	<b>(0.25)</b>	<b>(0.25)</b>	<b>(0.02)</b>	<b>(0.84)</b>	<b>0.60</b>	<b>13.46</b>	<b>1.43</b>
10	<b>Total Comprehensive Income for the period ( 7+9 )</b>	<b>(69.98)</b>	<b>(45.36)</b>	<b>(55.02)</b>	<b>(229.62)</b>	<b>(239.35)</b>	<b>(223.55)</b>	<b>(241.37)</b>
	<b>Profit / (Loss) attributable to :</b>							
	Equity Shareholders of Parent	-	-	-	-	-	(237.00)	(242.78)
	Non Controlling Interest	-	-	-	-	-	(0.01)	(0.02)
	<b>Other Comprehensive Income attributable to :</b>							
	Equity Shareholders of Parent	-	-	-	-	-	13.41	1.43
	Non Controlling Interest	-	-	-	-	-	0.05	-
	<b>Total Comprehensive Income attributable to :</b>							
	Equity Shareholders of Parent	-	-	-	-	-	(223.59)	(241.35)
	Non Controlling Interest	-	-	-	-	-	0.04	(0.02)
11	<b>Paid-up Equity Share Capital (Face Value of Rs. 5/- per share)</b>	<b>73.25</b>	<b>73.25</b>	<b>73.25</b>	<b>73.25</b>	<b>73.25</b>	<b>73.25</b>	<b>73.25</b>
12	<b>Reserves Excluding Revaluation Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,089.45)</b>	<b>(862.97)</b>	<b>(1,144.38)</b>	<b>(924.58)</b>
13	<b>Earnings per share</b>							
	Basic & Diluted Earnings per share of Rs.5/- each (Rs) ( not annualised)	(4.76)	(3.08)	(3.75)	(15.62)	(16.38)	(16.18)	(16.57)



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Sr No	Particulars	Standalone					Consolidated	
		Quarter ended		Year ended			Year ended	
		March 31, 2019	Dec. 31, 2018	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		Ref Note No 12	Unaudited	Ref Note No 12	Audited	Audited	Audited	Audited
<b>1</b>	<b>Segment Revenue</b>							
	a) Gross Sales – Tube	404.52	339.38	327.56	1,403.88	1,108.68	1,558.28	1,270.82
	Less : Inter Division	21.08	22.24	21.25	86.67	104.42	86.67	104.42
	: Sale to Subsidiary Companies	-	-	-	-	-	126.92	94.87
	<b>Sub total</b>	<b>383.44</b>	<b>317.14</b>	<b>306.31</b>	<b>1,317.21</b>	<b>1,004.26</b>	<b>1,344.69</b>	<b>1,071.53</b>
	b) Gross Sales – Steel	169.96	294.13	256.05	1,019.51	806.63	1,019.51	806.63
	Less : Inter Segment	83.22	142.03	113.24	541.28	345.94	541.28	345.94
	<b>Sub total</b>	<b>86.74</b>	<b>152.10</b>	<b>142.81</b>	<b>478.23</b>	<b>460.69</b>	<b>478.23</b>	<b>460.69</b>
<b>2</b>	<b>Total Segment Revenue</b>	<b>470.18</b>	<b>469.24</b>	<b>449.12</b>	<b>1,795.44</b>	<b>1,464.95</b>	<b>1,822.92</b>	<b>1,532.22</b>
	<b>Segment Results</b>							
	Profit / ( Loss) after Depreciation and Before Finance Costs & Exceptional items, Unallocable income (net) and Tax.							
	a) Tube	20.53	15.93	1.55	48.53	(10.18)	49.25	(9.08)
	b) Steel *	(2.48)	1.61	10.36	13.57	29.62	13.57	29.62
	<b>Total</b>	<b>18.05</b>	<b>17.54</b>	<b>11.91</b>	<b>62.10</b>	<b>19.44</b>	<b>62.82</b>	<b>20.54</b>
	Less : Finance Costs	66.54	66.66	68.25	276.46	274.85	277.86	276.55
	: Exceptional items - Foreign Exchange ( Gain) / Loss	2.37	(3.44)	(0.07)	(2.24)	(6.38)	4.92	(4.03)
	: Depreciation on reclassification of assets held for sale	20.38	-	-	20.38	-	20.38	-
	Add : Unallocable Income ( Net of Unallocable Expenses)	1.51	0.57	1.10	3.72	8.10	3.33	8.19
	<b>Total Profit / ( Loss) Before Tax</b>	<b>(69.73)</b>	<b>(45.11)</b>	<b>(55.17)</b>	<b>(228.78)</b>	<b>(240.93)</b>	<b>(237.01)</b>	<b>(243.79)</b>
	Less : Tax Expenses							
	Current Tax	-	-	-	-	-	-	0.01
	Earlier years Tax	-	-	(0.17)	-	(0.96)	-	(1.00)
	Deferred Tax (Refer Note No.6)	-	-	-	-	-	-	-
<b>3</b>	<b>Total Profit / ( Loss) After Tax</b>	<b>(69.73)</b>	<b>(45.11)</b>	<b>(55.00)</b>	<b>(228.78)</b>	<b>(239.95)</b>	<b>(237.01)</b>	<b>(242.80)</b>
	<b>Capital Employed</b>							
	<b>Segment Assets</b>							
	a) Tube	1,463.96	1,434.68	1,404.89	1,463.96	1,404.89	1,493.90	1,444.22
	b) Steel	393.00	412.84	403.22	393.00	403.22	393.00	403.22
	c) Unallocable	613.31	658.18	635.72	613.31	635.72	556.00	585.71
	<b>Total Assets</b>	<b>2,470.27</b>	<b>2,505.70</b>	<b>2,443.83</b>	<b>2,470.27</b>	<b>2,443.83</b>	<b>2,442.90</b>	<b>2,433.15</b>
	<b>Segment Liabilities</b>							
	a) Tube	120.69	111.14	116.70	120.69	116.70	131.38	132.75
	b) Steel	59.72	84.50	57.22	59.72	57.22	59.72	57.22
	c) Unallocable	3,108.94	3,059.15	2,859.37	3,108.94	2,859.37	3,121.52	2,889.36
	<b>Total Liabilities</b>	<b>3,289.35</b>	<b>3,254.79</b>	<b>3,033.29</b>	<b>3,289.35</b>	<b>3,033.29</b>	<b>3,312.62</b>	<b>3,079.33</b>



by

## STATEMENT OF ASSETS AND LIABILITIES

Rs. In Crore

Particulars	Standalone		Consolidated	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
	Audited	Audited	Audited	Audited
<b>A ASSETS</b>				
<b>1 Non - Current Assets</b>				
a) Property, Plant and Equipment	1,359.58	1,164.61	1,404.83	1,186.56
b) Capital Work-in-Progress	2.74	2.28	91.01	2.28
c) Goodwill on Consolidation	-	-	37.67	37.67
d) Financial Assets				
i) Investments	199.62	192.53	-	0.02
ii) Loans	24.27	20.52	24.27	20.52
iii) Other Financial Assets	-	-	-	-
e) Deferred Tax Asset ( Net)	82.05	82.05	82.05	82.05
f) Other Non Current Assets	49.18	46.75	49.51	47.13
<b>Sub Total</b>	<b>1,717.44</b>	<b>1,508.74</b>	<b>1,689.34</b>	<b>1,376.23</b>
<b>2 Current Assets</b>				
a) Inventories	340.98	333.64	349.98	345.63
b) Financial Assets				
i) Trade Receivables	295.04	225.31	249.53	225.99
ii) Cash and Cash Equivalents	30.02	33.08	65.81	35.84
iii) Bank Balance Other than (ii) above	13.48	18.57	13.48	18.57
iv) Loans	1.14	0.86	1.14	0.86
v) Other Financial Assets	0.91	0.91	0.97	0.96
c) Current Tax Assets ( Net)	4.16	3.83	4.73	4.55
d) Other Current Assets	67.10	64.89	67.91	65.89
<b>Sub Total</b>	<b>752.83</b>	<b>681.09</b>	<b>753.55</b>	<b>698.29</b>
<b>3 Non Current Assets classified as held for sale</b>	-	254.00	-	358.63
<b>Total Assets</b>	<b>2,470.27</b>	<b>2,443.83</b>	<b>2,442.89</b>	<b>2,433.15</b>
<b>B EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a) Equity Share Capital	73.25	73.25	73.25	73.25
b) Other Equity	(892.33)	(662.71)	(942.86)	(719.27)
c) Non Controlling Interest	-	-	(0.11)	(0.16)
<b>Total Equity</b>	<b>(819.08)</b>	<b>(589.46)</b>	<b>(869.72)</b>	<b>(646.18)</b>
<b>LIABILITIES</b>				
<b>1 NON-CURRENT LIABILITIES</b>				
a) Financial Liabilities				
i) Borrowings	275.09	401.71	277.48	402.86
ii) Other Financial Liabilities	-	-	-	6.88
b) Provisions	6.66	5.06	7.76	5.56
c) Other Non Current Liabilities	0.51	2.07	0.51	2.07
<b>Sub Total</b>	<b>282.26</b>	<b>408.84</b>	<b>285.75</b>	<b>417.37</b>
<b>2 CURRENT LIABILITIES</b>				
a) Financial Liabilities				
i) Borrowings	1,047.69	1,066.01	1,056.31	1,086.39
ii) Trade Payables				
A) Dues of Micro & Small Enterprises	12.05	0.01	12.05	0.01
B) Others	87.55	101.80	89.45	107.93
iii) Other Financial Liabilities	1,842.71	1,434.72	1,849.79	1,443.40
A) Other Current Liabilities	14.93	19.67	17.08	21.49
B) Provisions	2.16	2.24	2.18	2.74
<b>Sub Total</b>	<b>3,007.09</b>	<b>2,624.45</b>	<b>3,026.86</b>	<b>2,661.96</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,470.27</b>	<b>2,443.83</b>	<b>2,442.89</b>	<b>2,433.15</b>

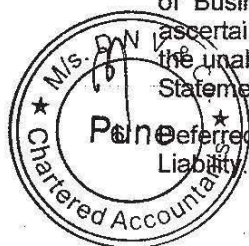


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NOTES ON AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019.

1. The Company had exercised the option as per Para 46A inserted in the AS-11 for treatment of exchange difference on long term monetary liabilities and opted to avail exemption as per para D13AA of Ind AS 101 "First-time Adoption of Indian Accounting Standards". Accordingly, Exchange Gain of Rs. 2.66 Crore for the quarter ended March 31, 2019 and Exchange Loss of Rs. 10.44 Crore for the year ended March 31, 2019 has been adjusted to the respective Property, Plant & Equipment.
2. The Company through its Subsidiary Company, ISMT Enterprises S.A., Luxembourg has invested Rs. 48.43 Crore in Structo Hydraulics AB, Sweden (SHAB). The Company has received the approval from regulatory authorities for conversion into equity of an amount of Rs. 33.33 Crore (USD 5 Million) due from SHAB on account of payment towards invocation of guarantee by lender of SHAB, which is considered as investment on adoption of Ind AS and the Company is taking steps for implementation of the same. The net receivables on account of sales made to SHAB as on March 31, 2019 are Rs.15.41 Crore and the same is considered as collectible. No provision, however, has been made in respect of diminution in the value of investment, which is in the nature of forward integration and considered Strategic, Long Term and also in view of improvement in the operating performance of SHAB.
3.
  - i) Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal For Electricity (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. The Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore upto March 31, 2014, of which amount outstanding as on March 31, 2019 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.
  - ii) In spite of efforts made, the Company is unable to sell the Captive Power Plant (CPP) which has been classified as 'Asset held for Sale', in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" in earlier years. The Company does not see any exit possibility in near term due to structural weaknesses in this sector. The management has therefore considered it appropriate, in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" to reclassify CPP as non-current asset under the head Property Plant and Equipment on Balance Sheet date.  
  
Pursuant to said re-classification of CPP, the Company has provided depreciation of Rs.20.38 Crore on the CPP from the date of classification as held for sale till 31st March 2019 and the required adjustment to carrying amount of CPP is disclosed under Exceptional item in the Statement of Profit and Loss.  
  
It is not possible to reasonably or reliably determine the recoverable amount of the CPP on Balance Sheet date given the prevailing uncertainties of running the CPP or disposing it as going concern or otherwise. The outcome of the Supreme Court case will also have material bearing on the determination of the recoverable amount.  
  
In view of the above and being a sub-judice matter it is not possible to reasonably or reliably determine the recoverable amount, hence the asset (on reclassification from held for sale) is measured on the Balance Sheet date at the adjusted carrying amount of Rs.236.08 Crore. The financial effect, if any, of the same on loss for the quarter and year ended March 31, 2019, carrying value of the CPP and other equity is not ascertainable.
4. Employee Benefits Expense includes remuneration payable to the Managing Director and Executive Director for the quarter ended March 31, 2019 of Rs. 0.84 Crore ( Rs. 6.02 Crore cumulative up to March 31, 2019) is subject to approval of lenders.
5. As per Ind AS- 12 "Income Tax", Minimum Alternate Tax (MAT) credit (unused tax credit) is regarded as Deferred Tax Assets and the same shall be recognised to the extent that it has become probable that future taxable profit will be available against which the unused tax credit can be utilised. In view of Business uncertainties and pending debt Resolution, it is difficult for the Company to fairly ascertain the probable future taxable profit against which MAT Credit can be utilized. Accordingly, the unabsorbed MAT credit of Rs. 82.05 Crore as at March 31, 2019, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years.  
  
Deferred Tax Asset in respect of carried forward losses is recognized to the extent of Deferred Tax Liability



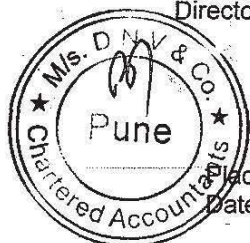


7. Consequent to RBI Circular dated 12th February, 2018 the lenders have decided to explore assignment of debt as a Resolution Plan. Accordingly, Banks holding about 71 % of the principal debt have assigned their debt to Asset Reconstructing Companies (ARCs) while Banks holding most of the remaining debt are also pursuing the process for assignment of debt to ARCs. ARCs in turn are expected to restructure the debt on a sustainable basis which inter alia could necessitate downsizing of debt including interest. There has been a substantial progress on the Resolution Plan agreed to by the Banks and restructuring process is also initiated by the Company for the assigned debt in the current quarter. Notwithstanding the pending restructuring of debt and balance confirmations from lenders, interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis (excluding overdue / penal and compounding of interest). In view of restructuring exercise, occurrence of such interest though unascertained, however the same has been provided out of abundant precaution. The financial effect of non provision of overdue / penal and compounding of interest, if any, on loss for the quarter and year ended March 31, 2019, carrying value of the borrowings (current financial liabilities) and other equity is not ascertainable.
8. As a result of various measures taken by the Company, Revenue and EBIDT of the Company has been continuously improving on year to year basis which is evident from the fact that EBIDT for the financial year 2018-19 has improved to Rs. 119.87 Crore as against EBIDT of Rs.86.09 Crore of financial year 2017-18, Rs 51.96 Crore in financial year 2016-17 and Rs. 33.65 Crore in financial year 2015-16. The levy of anti-dumping duty by the Government of India on import of tubes from China and a gradual pick-up in demand are some of other factors resulting in increase in Revenue and EBIDT. There has also been a substantial progress on the Resolution Plan agreed to by the Banks. Accordingly the Company has continued to prepare its financial statements on 'Going Concern Basis'.
9. Tridem Port and Power Company Private Limited (TPPCL), the wholly owned subsidiary of the Company, along with its subsidiaries had proposed to set up a thermal power project and captive port in Tamil Nadu. TPPCL had obtained the approvals for the projects including acquisition of land but no construction activity had commenced.

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

Considering premature status of the project, prevailing power sector scenario, ongoing litigations, the various alternative usage of land of the project and inability to successfully pursue the sale of the project or its freehold land, it is not possible to reasonably or reliably determine the recoverable amount and consequently to ascertain whether there is any impairment of the amount invested in TPPCL as required by Ind AS 36 "Impairment of Assets" and hence the aforesaid asset is measured on the Balance sheet date at the carrying amount of Rs 116.08 Crore (including advances given to TPPCL of Rs. 113.50 Crores). The financial effect, if any, of the same on loss for the quarter and year ended March 31, 2019, carrying value of the investment and other equity is not ascertainable.

10. Effective April 1, 2018, the Company has adopted Ind AS 115 'Revenue from Contracts with Customers'. Based on the assessment done by the management, there is no material impact on the revenue recognized during the quarter and year ended March 31, 2019.
11. Post implementation of Goods and Service Tax (GST) with effective from July 1, 2017, Revenue from operations is required to be presented net of GST. Accordingly, Revenue from operations for the year ended March 31, 2019 is not comparable with the figures of year ended March 31, 2018.
12. The figures of the quarter ended March 31, 2019 and March 31, 2018 are balancing figures between audited figures in respect of full financial year and published year to date figures up to quarter ended December 31, 2018 and December 31, 2017 respectively.
13. The comparative figures have been regrouped and reclassified to meet the current quarter's / years classification.
14. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on June 14, 2019.



Place: Pune  
Date: June 14, 2019

For ISMT Limited

Rajiv Goel  
Chief Financial Officer



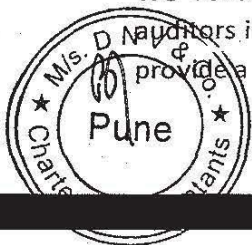
Independent Auditors' Report on the Consolidated Annual Financial Results of ISMT Limited  
Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,  
The Board of Directors  
ISMT Limited  
Pune, India

1. We have audited the accompanying Statement of Consolidated Financial Results of ISMT Limited ("the Parent Company") and its Subsidiaries (the Parent Company and its subsidiaries together referred to as "the Group"), for the year ended March 31, 2019 read with notes thereon ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, which has been initialled by us for the purpose of identification.
2. This Statement, which is the responsibility of the Parent Company's Management and approved by the Board of Directors, at its meeting held on June 14, 2019, has been compiled from the related annual consolidated financial statements prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards ("Ind AS"), prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated financial statements.
3. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. An audit also includes examining, on a test basis, evidence supporting the amounts disclosed in the consolidated financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the management.

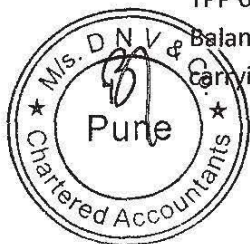
We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Statement.





#### 4. Basis for Qualified Opinion:

- a) The Parent Company has outstanding Minimum Alternate Tax (MAT) entitlement, classified as Deferred Tax Asset as per Ind AS- 12, Income Taxes, of Rs. 82.05 Crores as on March 31, 2019. Taking into consideration the loss during the period ended March 31, 2019 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of consolidated net loss for the year ended March 31, 2019 and overstatement of other equity by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the Group.
- b) The Parent Company had recognized claim in earlier years, of which outstanding balance as on March 31, 2019 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Parent Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Parent Company has preferred appeal before the Hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, "Provisions, Contingent liabilities and Contingent assets". Recognition of the above claim has resulted in overstatement of carrying value of non-current assets and other equity by Rs.39.53 Crores as at March 31, 2019. Refer Note No. 3 (i) of the Statement.
- c) The Parent Company has reclassified 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra, which was asset held for sale to Property Plant and Equipment on Balance Sheet date for the reasons stated in Note No. 3 (ii) of the Statement. The Parent Company has expressed its inability to determine the recoverable value of the CPP on re-classification for the reasons stated in said note; hence, the CPP is measured on the Balance sheet date at the adjusted carrying amount of Rs. 236.08 Crores and not at lower of the adjusted carrying amount and the recoverable amount as required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations. In view of the aforesaid, we are unable to determine the impact of the same, if any, on consolidated net loss for the year ended March 31 2019, carrying value of the CPP and other equity as at March 31,2019.
- d) The wholly owned subsidiary company, Tridem Port and Power Company Private Limited (TPPCL) along with its subsidiaries, has reclassified thermal power project and captive port (TPP) at Tamilnadu, which was asset held for sale, to Property Plant and Equipment and Capital Work-in progress on Balance Sheet date for the reasons stated in Note No. 9 of the Statement. The Group has expressed its inability to determine the recoverable value of the TPP on re-classification for the reasons stated in said note; hence, the TPP is measured on the Balance sheet date at the carrying amount of Rs. 104.56 Crores and not at lower of the carrying amount and the recoverable amount as required by Ind AS 105 "Non-current Assets



Held for Sale and Discontinued Operations". In view of the aforesaid, we are unable to determine the impact of the same, if any, on consolidated net loss for year ended March 31 2019, carrying value of the TPP and other equity as at March 31, 2019.

- e) Pending approval/ sanction of debt restructuring scheme by lenders and balance confirmation from majority of lenders, the Parent Company has not provided for the overdue /penal interest, if any. The quantum and its impact, if any, on the consolidated net loss for the year ended March 31 2019, carrying value of the Borrowings (i.e Current Financial Liabilities) and other equity as at March 31,2019 is unascertainable. Refer Note No 7 of the Statement.

#### 5. Qualified opinion:

Based on our audit conducted as stated above, In our opinion and to the best of our information and according to the explanations given to us and after consideration of the reports of the other auditors on separate financial statements and the other financial information of subsidiaries referred to in paragraph below except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the Statement:

- i. Include the year to date financial results of the following entities:

##### List of Subsidiaries:

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

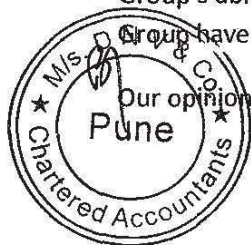
- i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by SEBI circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ; and
- ii. give a true and fair view in conformity with the aforesaid Ind AS and Other Accounting principles generally accepted in India of the consolidated net loss (including consolidated other comprehensive income)and other financial information of the Group for the year ended March 31, 2019.

#### 6. Emphasis of Matters:

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

- a) Note No. 4 regarding remuneration to Managing Director and Executive Director of the Parent Company amounting to Rs 3.16 Crores for the financial year 2018-19 (Rs. 6.02 Crores cumulative up to March 31, 2019) is subject to approval of Lenders.
- b) The Statement which indicates that the Group has accumulated losses and its net worth has been fully eroded due to continuous losses and the Group's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty about the Group's ability to continue as a going concern. However, the consolidated financial statements of the Group have been prepared on a going concern basis for the reasons stated in the Note No8.

Our opinion is not modified in respect of these matters.





**7. Other Matters:**


- a) We did not audit the financial statements / financial information of the eight subsidiaries included in the consolidated financial results, whose standalone financial statements and financial information reflect total assets of Rs 373.00 Crore as at March 31, 2019, total revenue of Rs 156.19 Crore and net cash inflow of Rs 33.19 Crore for the year ended on that date. These financial statements and other information have been audited by other auditors whose reports have been furnished to us by the management, and our opinion on the consolidated financial results in so far as relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of such other auditors.
- b) We did not audit the financial statements/financial information of two subsidiaries whose financial statements/financial information reflect total assets of Rs.1.14 Crores as at March 31, 2019 as well as the total revenues of Rs1.13 Crores for the year ended on that date. These financial statements/financial information are unaudited and have been furnished to us by the Management and our opinion on the year to date financial results, in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statements / financial information. In our opinion and according to explanations given by management, these financial statements/ financial information are not material to the Group.

Our opinion is not modified in respect of these other matters.

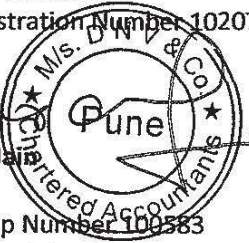
**For D N V &CO**

Chartered Accountants

Firm's Registration Number 102079W

  
CA Bharat Jain  
Partner  
Membership Number 100583

Pune : June 14, 2019



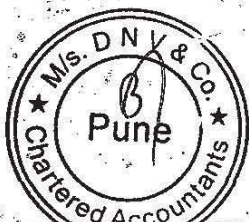
Independent Auditors' Report on Quarter and Annual Standalone Financial Results of ISMT Limited pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,  
The Board of Directors  
ISMT Limited  
Pune, India.

1. We have audited the accompanying Statement of Standalone Financial Results of ISMT Limited ("the Company") for the quarter and year ended March 31, 2019 together with the notes thereon ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, which has been initiated by us for the purpose of identification.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors at its meetings held on June 14, 2019, has been compiled from the related standalone financial statements which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards ("Ind AS"), prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone financial statements.
3. We conducted our audit in accordance with the auditing Standards generally accepted in India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. An audit includes on a test basis, evidence supporting the amounts disclosed as standalone financial results. An Audit also includes assessing the accounting principles used and significant estimates made by the management.

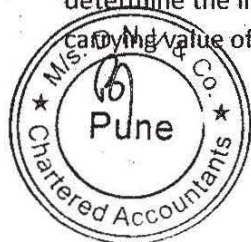
We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Statement.





#### 4. Basis for Qualified Opinion:

- a) The Company has outstanding Minimum Alternate Tax (MAT) entitlement, classified as Deferred Tax Asset as per Ind AS- 12, Income Taxes, of Rs. 82.05 Crores as on March 31, 2019. Taking into consideration the loss during the period ended March 31, 2019 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of net loss for the quarter and year ended March 31, 2019 and overstatement of other equity by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the company.
- b) The Company, through its subsidiary, has invested Rs. 48.43 Crores in Structo Hydraulics AB Sweden (SHAB). Net receivables (net of write offs) to the company from SHAB against the supplies made is Rs. 15.41 Crores and payment made towards invocation of guarantee given by the company in respect of loans availed by SHAB is Rs. 33.33 Crores (USD 5 Million). The Company has received the approval from regulatory authorities for treating the said payment against invocation as equity investment in SHAB (considered as investment on adoption of Ind AS) and the Company is taking steps for implementation of the same. SHAB has been incurring losses and its net worth is also eroded due to continuing losses. No provision for diminution in value of investment and net receivable against supplies is made by the company as explained in Note No.2 of the Statement. We are unable to comment on the same and ascertain its impact, if any, on net loss for the quarter and year ended March 31 2019, carrying value of the investment and other equity as at March 31, 2019 in respect of the above matters.
- c) The Company had recognized claim in earlier years, of which outstanding balance as on March 31, 2019 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Company has preferred appeal before the Hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, "Provisions, Contingent liabilities and Contingent assets". Recognition of the above claim has resulted into overstatement of carrying value of non-current assets and other equity by Rs.39.53 Crores as at March 31, 2019. Refer Note No. 3(i) of the Statement.
- d) The Company has reclassified 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra, which was asset held for sale to Property Plant and Equipment on Balance Sheet date for the reasons stated in Note No. 3(ii) of the Statement. The Company has expressed its inability to determine the recoverable value of the CPP on re-classification for the reasons stated in said note; hence, the CPP is measured on the Balance sheet date at the adjusted carrying amount of Rs. 236.08 Crores and not at lower of the adjusted carrying amount and the recoverable amount as required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". In view of the aforesaid, we are unable to determine the impact of the same, if any, on net loss for the quarter and year ended March 31 2019, carrying value of the CPP and other equity as at March 31, 2019.



- e) The Company is unable to determine the recoverable value of investment (including advances) in Tridem Port and Power Company Private Limited (TPPCL), wholly owned subsidiary company, of Rs 116.08 Crores on Balance Sheet date for the reasons stated in Note No.9 of the Statement. Hence impairment loss, if any, is not recognised as required by Ind AS 36 "Impairment of the Assets". In view of the aforesaid, we are unable to determine the impact of the same, if any, on the net loss for the quarter and year ended March 31 2019, carrying value of the investment and other equity as at March 31, 2019.
- f) Pending approval/ sanction of debt restructuring scheme by lenders and balance confirmation from lenders, the Company has not provided for the overdue /penal interest, if any. The quantum and its impact, if any, on the net loss for the quarter and year ended March 31 2019, carrying value of the Borrowings (i.e Current Financial Liabilities) and other equity as at March 31,2019 is unascertainable. Refer Note No. 7 of the Statement.

**5. Qualified opinion:**

Based on our audit conducted as stated above, 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 Statement:

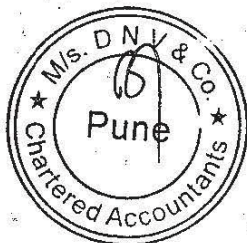
- i. are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by SEBI circular No CIR/CFD/FAC/62/2016 dated July 5, 2016; and
- ii. give a true and fair view in conformity with the aforesaid Ind AS and Other Accounting principles generally accepted in India, of the net loss (including other comprehensive income) and other financial information of the Company for the quarter and year ended March 31, 2019.

**6. Emphasis of Matter:**

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

- a) Note No 4 of the Statement, regarding remuneration payable to Managing Director and Executive Director amounting to Rs 0.84 Crores for the quarter ended March 31, 2019 and Rs 3.16 Crores for the year ended March 31, 2019 (Rs. 6.02 Crores cumulative up to March 31, 2019) is subject to approval of lenders.
- b) The Company has accumulated losses and its net worth has been fully eroded due to continuous losses and the Company's current liabilities exceeded its current assets as at March 31, 2019. These conditions indicate the existence of a material uncertainty about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the Note No. 8 of the Statement.

Our opinion is not modified in respect of these matters.





**7. Other Matters:**

The Statement includes the results for the Quarter ended March 31, 2019, being the balancing figure between audited figures in respect of full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

Our opinion is not modified in respect of these other matters.

**For D N V & CO**

Chartered Accountants

Firm's Registration Number 102079W

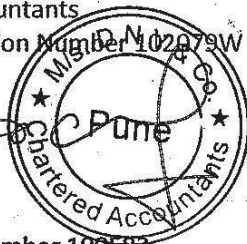
*Bharat Jain*  
Pune

**CA Bharat Jain**

Partner

Membership Number 100583

Pune: June 14, 2019.



Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results – Standalone

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019</b>				
[See Regulation 33/52 of the SEBI (LODR) (amendment Regulations, 2016)]				
Rs. in Crore				
I.	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	1,832.04	1,832.04
	2.	Total Expenditure	2,060.82	2,182.40
	3.	Net Profit/(Loss)	(228.78)	(350.36)
	4.	Earnings Per Share	(15.62)	(23.92)
	5.	Total Assets	2,470.27	2,348.69
	6.	Total Liabilities	3,289.35	3,289.35
	7.	Net Worth	(819.08)	(940.66)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-

**Note :-** Impact of Audit qualification mentioned in 2(a) , 4 (a), 5 (a) and 6 (a) below has not been included above as the exact quantum of the same cannot be ascertained.

**II. Audit qualification (each qualification separately):**

**(1)(a) Details of Audit Qualification:**

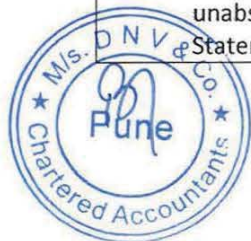
The Company has outstanding Minimum Alternate Tax (MAT) entitlement, classified as Deferred Tax Asset as per Ind AS- 12, Income Taxes, of Rs. 82.05 Crores as on March 31, 2019. Taking into consideration the loss during the period ended March 31, 2019 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of net loss for the quarter and year ended March 31, 2019 and overstatement of other equity by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the company.

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

**(c) Frequency of qualification** : appearing since financial year 2013-14.

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

As per Ind AS- 12 "Income Tax", Minimum Alternate Tax (MAT) credit (unused tax credit) is regarded as Deferred Tax Assets and the same shall be recognised to the extent that it has become probable that future taxable profit will be available against which the unused tax credit can be utilised. In view of Business uncertainties and pending debt Resolution, it is difficult for the Company to fairly ascertain the probable future taxable profit against which MAT Credit can be utilized. Accordingly, the unabsorbed MAT credit of Rs. 82.05 Crore as at March 31, 2019, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years.





(e) For Audit Qualification(s) where the impact is not quantified by the auditor : Not Applicable

- (i) Management's estimation on the impact of audit qualification :
- (ii) If management is unable to estimate the impact, reason for the same:
- (iii) Auditor's Comments on (i) or (ii) above:

**(2)(a) Details of Audit Qualification:**

The Company, through its subsidiary, has invested Rs. 48.43 Crores in Structo Hydraulics AB Sweden (SHAB). Net receivables (net of write offs) to the company from SHAB against the supplies made is Rs. 15.41 Crores and payment made towards invocation of guarantee given by the company in respect of loans availed by SHAB is Rs. 33.33 Crores (USD 5 Million). The Company has received the approval from regulatory authorities for treating the said payment against invocation as equity investment in SHAB (considered as investment on adoption of Ind AS) and the Company is taking steps for implementation of the same. SHAB has been incurring losses and its net worth is also eroded due to continuing losses. No provision for diminution in value of investment and net receivable against supplies is made by the company . We are unable to comment on the same and ascertain its impact, if any, on net loss for the quarter and year ended March 31 2019, carrying value of the investment and other equity as at March 31, 2019 in respect of the above matters.

(b) Type of Audit Qualification : Qualified Opinion

(c) Frequency of qualification : appearing since financial year 2013-14.

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

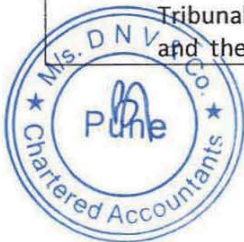
The Company through its Subsidiary Company, ISMT Enterprises S.A., Luxembourg has invested Rs. 48.43 Crore in Structo Hydraulics AB, Sweden (SHAB). The Company has received the approval from regulatory authorities for conversion into equity of an amount of Rs. 33.33 Crore ( USD 5 Million) due from SHAB on account of payment towards invocation of guarantee by lender of SHAB, which is considered as investment on adoption of Ind AS and the Company is taking steps for implementation of the same. The net receivables on account of sales made to SHAB as on March 31, 2019 are Rs.15.41 Crore and the same is considered as collectible. No provision, however, has been made in respect of diminution in the value of investment, which is in the nature of forward integration and considered Strategic, Long Term and also in view of improvement in the operating performance of SHAB.

**(e) For Audit Qualification(s) where the impact is not quantified by the auditor :**

- (i) Management's estimation on the impact of audit qualification: Nil
- (ii) If management is unable to estimate the impact, reason for the same: Not ascertainable.
- (ii) Auditor's Comments on (i) or (ii) above: Not ascertainable as explained in the qualification stated above.

**(3)(a) Details of Audit Qualification:**

The Company had recognized claim in earlier years, of which outstanding balance as on March 31, 2019 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Company has preferred appeal before the



Hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, "Provisions, Contingent liabilities and Contingent assets". Recognition of the above claim has resulted into overstatement of carrying value of non-current assets and other equity by Rs.39.53 Crores as at March 31, 2019.

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

**(c) Frequency of qualification : appearing since financial year 2013-14**

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

Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal for Electricity (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. The Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore upto March 31, 2014, of which amount outstanding as on March 31, 2019 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.

**(e) For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable**

**(i) Management's estimation on the impact of audit qualification:**

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

**(iii) Auditor's Comments on (i) or (ii) above:**

**(4)(a) Details of Audit Qualification:**

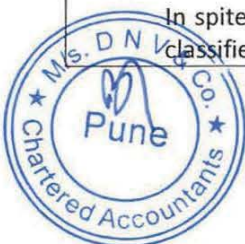
The Company has reclassified 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra, which was asset held for sale to Property Plant and Equipment on Balance Sheet date for the reasons stated below. The Company has expressed its inability to determine the recoverable value of the CPP on reclassification for the reasons stated below; hence, the CPP is measured on the Balance sheet date at the adjusted carrying amount of Rs. 236.08 Crores and not at lower of the adjusted carrying amount and the recoverable amount as required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". In view of the aforesaid, we are unable to determine the impact of the same, if any, on net loss for the quarter and year ended March 31 2019, carrying value of the CPP and other equity as at March 31, 2019.

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

**(c) Frequency of qualification : appearing for the first time in financial year 2018-19**

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

In spite of efforts made, the Company is unable to sell the Captive Power Plant (CPP) which has been classified as 'Asset held for Sale', in terms of Ind AS 105, "Non-current Assets Held for Sale and





Discontinued Operations" in earlier years. The Company does not see any exit possibility in near term due to structural weaknesses in this sector. The management has therefore considered it appropriate, in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" to reclassify CPP as non-current asset under the head Property Plant and Equipment on Balance Sheet date.

Pursuant to said re-classification of CPP, the Company has provided depreciation of Rs.20.38 Crore on the CPP from the date of classification as held for sale till 31st March 2019 and the required adjustment to carrying amount of CPP is disclosed under Exceptional item in the Statement of Profit and Loss.

It is not possible to reasonably or reliably determine the recoverable amount of the CPP on Balance Sheet date given the prevailing uncertainties of running the CPP or disposing it as going concern or otherwise. The outcome of the Supreme Court case will also have material bearing on the determination of the recoverable amount..

In view of the above and being a sub-judice matter it is not possible to reasonably or reliably determine the recoverable amount, hence the asset (on reclassification from held for sale) is measured on the Balance Sheet date at the adjusted carrying amount of Rs.236.08 Crore. The financial effect, if any, of the same on loss for the quarter and year ended March 31, 2019, carrying value of the CPP and other equity is not ascertainable.

**(e) For Audit Qualification(s) where the impact is not quantified by the auditor:**

- (i) **Management's estimation on the impact of audit qualification:** Not ascertainable
- (ii) **If management is unable to estimate the impact, reason for the same:** Not ascertainable
- (iii) **Auditor's Comments on (i) or (ii) above:** Not ascertainable as explained in the qualification stated above

**(5)(a) Details of Audit Qualification:**

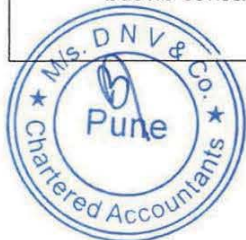
The Company is unable to determine the recoverable value of investment (including advances) in Tridem Port and Power Company Private Limited (TPPCL), wholly owned subsidiary company, of Rs 116.08 Crores on Balance Sheet date for the reason stated below. Hence impairment loss, if any, is not recognised as required by Ind AS 36 "Impairment of the Assets". In view of the aforesaid, we are unable to determine the impact of the same, if any, on the net loss for the quarter and year ended March 31 2019, carrying value of the investment and other equity as at March 31, 2019.

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

**(c) Frequency of qualification :** appearing for the first time for the financial year 2018-19

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

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



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

Considering premature status of the project, prevailing power sector scenario, ongoing litigations, the various alternative usage of land of the project and inability to successfully pursue the sale of the project or its freehold land, it is not possible to reasonably or reliably determine the recoverable amount and consequently to ascertain whether there is any impairment of the amount invested in TPPCL as required by Ind AS 36 "Impairment of Assets" and hence the aforesaid asset is measured on the Balance sheet date at the carrying amount of Rs 116.08 Crore (including advances given to TPPCL of Rs. 113.50 Crores). The financial effect, if any, of the same on loss for the quarter and year ended March 31, 2019, carrying value of the investment and other equity is not ascertainable.

**(e) For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable**

- (i) Management's estimation on the impact of audit qualification: Not ascertainable**
- (ii) If management is unable to estimate the impact, reason for the same: Not ascertainable**
- (iii) Auditor's Comments on (i) or (ii) above: Not ascertainable as explained in the qualification stated above**

**(6)(a) Details of Audit Qualification:**

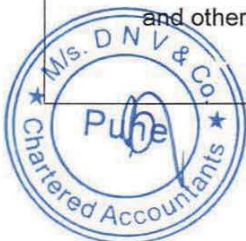
Pending approval/ sanction of debt restructuring scheme by lenders and balance confirmation from lenders, the Company has not provided for the overdue /penal interest, if any. The quantum and its impact, if any, on the net loss for the quarter and year ended March 31 2019, carrying value of the Borrowings (i.e Current Financial Liabilities) and other equity as at March 31,2019 is unascertainable.

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

**(c) Frequency of qualification : appearing since financial year 2016-17**

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

Consequent to RBI Circular dated 12th February, 2018 the lenders have decided to explore assignment of debt as a Resolution Plan. Accordingly, Banks holding about 71 % of the principal debt have assigned their debt to Asset Reconstructing Companies (ARCs) while Banks holding most of the remaining debt are also pursuing the process for assignment of debt to ARCs. ARCs in turn are expected to restructure the debt on a sustainable basis which inter alia could necessitate downsizing of debt including interest. There has been a substantial progress on the Resolution Plan agreed to by the Banks and restructuring process is also initiated by the Company for the assigned debt in the current quarter. Notwithstanding the pending restructuring of debt and balance confirmations from lenders, interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis (excluding overdue / penal and compounding of interest). In view of restructuring exercise, occurrence of such interest though unascertained, however the same has been provided out of abundant precaution. The financial effect of non provision of overdue / penal and compounding of interest, if any, on loss for the quarter and year ended March 31, 2019, carrying value of the borrowings (current financial liabilities) and other equity is not ascertainable.



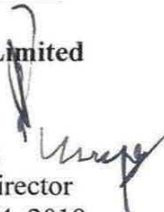


(e) For Audit Qualification(s) where the impact is not quantified by the auditor:


- (i) Management's estimation on the impact of audit qualification: Not ascertainable.
- (ii) If management is unable to estimate the impact, reason for the same: Not ascertainable.
- (ii) Auditor's Comments on (i) or (ii) above: Not ascertainable as explained in the qualification stated above.

III Signatories:

For ISMT Limited


  
B.R. Taneja  
Managing Director  
Pune: June 14, 2019

  
Rajiv Goel  
Chief Financial Officer

  
R. Poornalingam  
Audit Committee Chairman

Statutory Auditors

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

  
CA Bharat Jain  
Partner  
Membership No. 100583  
Pune : June 14, 2019



**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results – Consolidated**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019</b>				
<b>[See Regulation 33/52 of the SEBI (LODR) (amendment Regulations, 2016)]</b>				
<b>Rs. in Crore</b>				
<b>I.</b>	<b>Sr. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications)</b>	<b>Adjusted Figures (audited figures after adjusting for qualifications)</b>
	1.	Turnover / Total income	1,861.02	1,861.02
	2.	Total Expenditure	2,098.03	2,219.61
	3.	Net Profit/(Loss)	(237.01)	(358.59)
	4.	Earnings Per Share	(16.18)	(24.48)
	5.	Total Assets	2,442.89	2,321.31
	6.	Total Liabilities	3,312.61	3,312.61
	7.	Net Worth	(869.72)	(991.30)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-

**Note :-** Impact of Audit qualification mentioned in 3 (a), 4 (a) and 5 (a) below has not been included above as the exact quantum of the same cannot be ascertained.

**II. Audit qualification (each qualification separately):**

**(1)(a) Details of Audit Qualification:**

The Parent Company has outstanding Minimum Alternate Tax (MAT) entitlement, classified as Deferred Tax Asset as per Ind AS- 12, Income Taxes, of Rs. 82.05 Crores as on March 31, 2019. Taking into consideration the loss during the period ended March 31, 2019 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of consolidated net loss for the year ended March 31, 2019 and overstatement of other equity by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the Group.

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

**(c) Frequency of qualification : appearing since financial year 2013-14.**





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

As per Ind AS- 12 "Income Tax", Minimum Alternate Tax (MAT) credit (unused tax credit) is regarded as Deferred Tax Assets and the same shall be recognised to the extent that it has become probable that future taxable profit will be available against which the unused tax credit can be utilised. In view of Business uncertainties and pending debt Resolution, it is difficult for the Company to fairly ascertain the probable future taxable profit against which MAT Credit can be utilized. Accordingly, the unabsorbed MAT credit of Rs. 82.05 Crore as at March 31, 2019, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years.

**(e) For Audit Qualification(s) where the impact is not quantified by the auditor : Not Applicable**

- (i) Management's estimation on the impact of audit qualification :
- (ii) If management is unable to estimate the impact, reason for the same:
- (iii) Auditor's Comments on (i) or (ii) above:

**(2)(a) Details of Audit Qualification:**

The Parent Company had recognized claim in earlier years, of which outstanding balance as on March 31, 2019 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Parent Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Parent Company has preferred appeal before the Hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, "Provisions, Contingent liabilities and Contingent assets". Recognition of the above claim has resulted in overstatement of carrying value of non-current assets and other equity by Rs.39.53 Crores as at March 31, 2019.

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

**(c) Frequency of qualification : appearing since financial year 2013-14**

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

Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal for Electricity (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. The Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore upto March 31, 2014, of which amount outstanding as on March 31, 2019 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.



(e) For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable

(i) Management's estimation on the impact of audit qualification:

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

(iii) Auditor's Comments on (i) or (ii) above:

**(3)(a) Details of Audit Qualification:**

The Parent Company has reclassified 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra, which was asset held for sale to Property Plant and Equipment on Balance Sheet date for the reasons stated below. The Parent Company has expressed its inability to determine the recoverable value of the CPP on re-classification for the reasons stated below; hence, the CPP is measured on the Balance sheet date at the adjusted carrying amount of Rs. 236.08 Crores and not at lower of the adjusted carrying amount and the recoverable amount as required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations. In view of the aforesaid, we are unable to determine the impact of the same, if any, on consolidated net loss for the year ended March 31 2019, carrying value of the CPP and other equity as at March 31,2019.

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

**(c) Frequency of qualification :** appearing for the first time in the financial year 2018-19

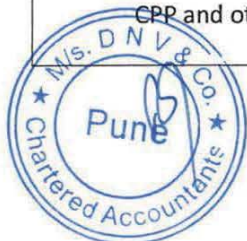
**(d) For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

In spite of efforts made, the Company is unable to sell the Captive Power Plant (CPP) which has been classified as 'Asset held for Sale', in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" in earlier years. The Company does not see any exit possibility in near term due to structural weaknesses in this sector. The management has therefore considered it appropriate, in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" to reclassify CPP as non-current asset under the head Property Plant and Equipment on Balance Sheet date.

Pursuant to said re-classification of CPP, the Company has provided depreciation of Rs.20.38 Crore on the CPP from the date of classification as held for sale till 31st March 2019 and the required adjustment to carrying amount of CPP is disclosed under Exceptional item in the Statement of Profit and Loss.

It is not possible to reasonably or reliably determine the recoverable amount of the CPP on Balance Sheet date given the prevailing uncertainties of running the CPP or disposing it as going concern or otherwise. The outcome of the Supreme Court case will also have material bearing on the determination of the recoverable amount.

In view of the above and being a sub-judice matter it is not possible to reasonably or reliably determine the recoverable amount, hence the asset (on reclassification from held for sale) is measured on the Balance Sheet date at the adjusted carrying amount of Rs.236.08 Crore. The financial effect, if any, of the same on loss for the quarter and year ended March 31, 2019, carrying value of the CPP and other equity is not ascertainable.





(e) For Audit Qualification(s) where the impact is not quantified by the auditor:

- (i) Management's estimation on the impact of audit qualification: Not ascertainable
- (ii) If management is unable to estimate the impact, reason for the same: Not ascertainable
- (iii) Auditor's Comments on (i) or (ii) above: Not ascertainable as explained in the qualification stated above

**(4)(a) Details of Audit Qualification:**

The wholly owned subsidiary company, Tridem Port and Power Company Private Limited (TPPCL) along with its subsidiaries, has reclassified thermal power project and captive port (TPP) at Tamilnadu, which was asset held for sale, to Property Plant and Equipment and Capital Work-in progress on Balance Sheet date for the reasons stated below. The Group has expressed its inability to determine the recoverable value of the TPP on re-classification for the reasons stated in said note; hence, the TPP is measured on the Balance sheet date at the carrying amount of Rs. 104.56 Crores and not at lower of the carrying amount and the recoverable amount as required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". In view of the aforesaid, we are unable to determine the impact of the same, if any, on consolidated net loss for year ended March 31 2019, carrying value of the TPP and other equity as at March 31, 2019.

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

**(c) Frequency of qualification :** appearing for the first time in the financial year 2018-19

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

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

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

Considering premature status of the project, prevailing power sector scenario, ongoing litigations, the various alternative usage of land of the project and inability to successfully pursue the sale of the project or its freehold land, it is not possible to reasonably or reliably determine the recoverable amount and consequently to ascertain whether there is any impairment of the amount invested in TPPCL as required by Ind AS 36 "Impairment of Assets" and hence the aforesaid asset is measured on the Balance sheet date at the carrying amount of Rs 116.08 Crore (including advances given to TPPCL of Rs. 113.50 Crores). The financial effect, if any, of the same on loss for the quarter and year ended March 31, 2019, carrying value of the investment and other equity is not ascertainable.



(e) For Audit Qualification(s) where the impact is not quantified by the auditor:

- (i) Management's estimation on the impact of audit qualification: Not ascertainable
- (ii) If management is unable to estimate the impact, reason for the same: Not ascertainable
- (iii) Auditor's Comments on (i) or (ii) above: Not ascertainable as explained in the qualification stated above

**(5)(a) Details of Audit Qualification:**

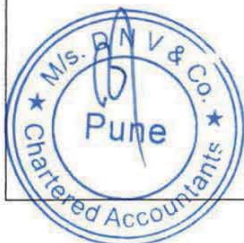
Pending approval/ sanction of debt restructuring scheme by lenders and balance confirmation from majority of lenders, the Parent Company has not provided for the overdue /penal interest, if any. The quantum and its impact, if any, on the consolidated net loss for the year ended March 31 2019, carrying value of the Borrowings (i.e Current Financial Liabilities) and other equity as at March 31,2019 is unascertainable.

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

**(c) Frequency of qualification :** appearing since financial year 2016-17

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

Consequent to RBI Circular dated 12th February, 2018 the lenders have decided to explore assignment of debt as a Resolution Plan. Accordingly, Banks holding about 71 % of the principal debt have assigned their debt to Asset Reconstructing Companies (ARCs) while Banks holding most of the remaining debt are also pursuing the process for assignment of debt to ARCs. ARCs in turn are expected to restructure the debt on a sustainable basis which inter alia could necessitate downsizing of debt including interest. There has been a substantial progress on the Resolution Plan agreed to by the Banks and restructuring process is also initiated by the Company for the assigned debt in the current quarter. Notwithstanding the pending restructuring of debt and balance confirmations from lenders, interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis (excluding overdue / penal and compounding of interest). In view of restructuring exercise, occurrence of such interest though unascertained, however the same has been provided out of abundant precaution. The financial effect of non provision of overdue / penal and compounding of interest, if any, on loss for the quarter and year ended March 31, 2019, carrying value of the borrowings (current financial liabilities) and other equity is not ascertainable.





(e) For Audit Qualification(s) where the impact is not quantified by the auditor:

- (i) Management's estimation on the impact of audit qualification: Not ascertainable.
- (ii) If management is unable to estimate the impact, reason for the same: Not ascertainable.
- (ii) Auditor's Comments on (i) or (ii) above: Not ascertainable as explained in the qualification stated above.

III Signatories:

For ISMT Limited

  
B.R. Taneja

Managing Director

Pune: June 14, 2019

  
Rajiv Goel

Chief Financial Officer

  
R. Poornalingam

Audit Committee Chairman

Statutory Auditors

For D N V & Co.

Firm Registration No. 102079W

Chartered Accountants

  
CA Bharat Jain

Partner

Membership No. 100583

Pune : June 14, 2019

