

ISMT Limited

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PART I

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

Sr. No	Particulars	Rs. in Crore					
		Quarter ended			Nine Months ended		Year ended
		Dec. 31, 2016	Sept. 30, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	March 31, 2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	
1	Gross Sales/ Income from Operations	346.43	371.34	318.54	1,067.34	1,013.47	1,331.28
	Less : Inter Segment Transfers	55.85	52.56	51.83	163.85	182.97	232.55
	Inter Division Transfers	11.41	10.91	6.44	33.62	18.67	24.57
	Excise Duty	27.27	31.28	24.75	86.89	78.69	105.72
	(a) Net Sales/ Income from Operations	251.90	276.59	235.52	782.98	733.14	968.44
	(b) Other Operating Income	5.22	5.37	4.72	17.04	15.54	23.24
	Total Income from Operations (a+b)	257.12	281.96	240.24	800.02	748.68	991.68
	Expenses						
	(a) Consumption of Raw Materials	132.59	117.87	113.37	385.51	362.47	477.62
	(b) Purchases of stock-in-trade	0.04	-	0.01	0.04	0.04	0.04
	(c) Changes in inventories of finished goods, work-in-progress and stock -in-trade	(10.41)	31.60	11.07	19.23	27.79	51.52
	(d) Employee Benefits Expense	28.04	26.70	25.56	82.12	78.39	106.30
	(e) Depreciation & Amortisation Expense	17.14	16.97	17.97	51.14	53.82	71.83
	(f) Other Expenses :						
	(i) Energy	52.05	46.62	47.52	148.53	147.41	189.49
	(ii) Other Direct Expenditure	31.18	33.22	27.92	94.96	85.29	113.77
	(iii) Other Expenditure	10.36	13.03	10.05	33.99	27.75	40.80
	Total Expenses	260.99	286.01	253.47	815.52	782.96	1,051.37
3	Profit / (Loss) from Operations before other income, finance costs and exceptional items (1-2)	(3.87)	(4.05)	(13.23)	(15.50)	(34.28)	(59.69)
4	Other Income	0.56	1.01	1.51	3.45	5.74	12.08
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	(3.31)	(3.04)	(11.72)	(12.05)	(28.54)	(47.61)
6	Finance Costs	69.54	69.27	70.14	210.35	202.28	280.13
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(72.85)	(72.31)	(81.86)	(222.40)	(230.82)	(327.74)
8	Exceptional item : Foreign Exchange (Gain) / Loss	0.69	(0.30)	14.10	0.25	49.88	45.08
9	Profit / (Loss) from ordinary activities before tax (7- 8)	(73.54)	(72.01)	(95.96)	(222.65)	(280.70)	(372.82)
10	Tax Expenses	-	-	-	-	-	9.39
11	Net Profit / (Loss) from ordinary activities after tax (9-10)	(73.54)	(72.01)	(95.96)	(222.65)	(280.70)	(382.21)
12	Extraordinary items	-	-	-	-	-	-
13	Net Profit / (Loss) for the period after tax (11-12)	(73.54)	(72.01)	(95.96)	(222.65)	(280.70)	(382.21)
14	Paid-up Equity Share Capital (Face Value of Rs.5/- per share)	73.25	73.25	73.25	73.25	73.25	73.25
15	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year.	-	-	-	-	-	(343.46)
16	Earnings per share before extraordinary items	(5.02)	(4.92)	(6.55)	(15.20)	(19.16)	(26.09)
	Basic & Diluted Earnings per share of Rs.5/- each (Rs) (not annualised)						
17	Earnings per share after extraordinary items	(5.02)	(4.92)	(6.55)	(15.20)	(19.16)	(26.09)
	Basic & Diluted Earnings per share of Rs.5/- each (Rs) (not annualised)						

SEGMENT WISE REVENUE, RESULTS, ASSETS AND LIABILITIES

Rs. in Crore

Sr No	Particulars	Quarter ended			Nine Month ended		Year ended
		Dec. 31, 2016	Sept. 30, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	March 31, 2016
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Segment Revenue						
	a) Gross Sales – Tube	175.63	185.69	155.62	538.63	472.52	644.85
	Less : Inter Division	11.41	10.91	6.44	33.62	18.67	24.57
	: Excise Duty	14.45	16.15	12.23	45.93	38.11	53.84
	Sub total	149.77	158.63	136.95	459.08	415.74	566.44
	b) Gross Sales – Steel	170.80	185.65	162.92	528.71	540.95	686.43
	Less : Inter Segment	55.85	52.56	51.83	163.85	182.97	232.55
	: Excise Duty	12.82	15.13	12.52	40.96	40.58	51.88
	Sub total	102.13	117.96	98.57	323.90	317.40	402.00
	Total Net Sales/ Income from Operations	251.90	276.59	235.52	782.98	733.14	968.44
2	Segment Results						
	Profit / (Loss) after Depreciation & before interest & Finance Costs						
	Exceptional items, Unallocable income (net) and Tax						
	a) Tube	(12.21)	(11.66)	(13.16)	(39.69)	(50.86)	(75.55)
	b) Steel *	11.05	10.24	2.89	32.28	25.67	29.61
	Total	(1.16)	(1.42)	(10.27)	(7.41)	(25.19)	(45.94)
	Less : Finance Costs	69.54	69.27	70.14	210.35	202.28	280.13
	Less : Exceptional item : Foreign Exchange (Gain) / Loss	0.69	(0.30)	14.10	0.25	49.88	45.08
	Add : Unallocable Income (Net of Unallocable Expenses)	(2.15)	(1.62)	(1.45)	(4.64)	(3.35)	(1.67)
	Total Profit / (Loss) Before Tax	(73.54)	(72.01)	(95.96)	(222.65)	(280.70)	(372.82)
	Less : Tax Expenses	-	-	-	-	-	9.39
	Total Profit / (Loss) After Tax	(73.54)	(72.01)	(95.96)	(222.65)	(280.70)	(382.21)
3	Segment Assets and Liabilities						
	Segment Assets						
	a) Tube	1,437.63	1,434.61	1,454.30	1,437.63	1,454.30	1,464.89
	b) Steel	419.09	414.19	427.92	419.09	427.92	413.03
	c) Unallocable	606.70	612.10	624.27	606.70	624.27	601.24
	Total Assets	2,463.42	2,460.90	2,506.49	2,463.42	2,506.49	2,479.16
	Segment Liabilities						
	a) Tube	104.95	100.07	128.33	104.95	128.33	143.21
	b) Steel	106.66	111.23	145.54	106.66	145.54	125.85
	c) Unallocable	2,538.12	2,462.37	2,194.78	2,538.12	2,194.78	2,273.77
	Total Liabilities	2,749.73	2,673.67	2,468.65	2,749.73	2,468.65	2,542.83

* Includes profit on steel captively consumed by Tube Segment

**NOTES ON UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED
DECEMBER 31, 2016**

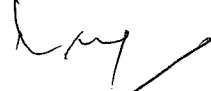
1. The Company had exercised the option as per Para 46A inserted in the AS-11 for treatment of exchange difference on long term monetary liabilities. Accordingly Exchange Loss of Rs. 2.30 Crore capitalized during the quarter ended December 31, 2016 and Exchange Loss of Rs. 3.08 Crore capitalized for the nine months ended December 31, 2016.
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 had given a corporate guarantee / Stand by Letter of Credit of Rs 33.98 Crore (USD 5 million) in respect of loans availed by SHAB and the same has been invoked by the lender of SHAB and the Company is seeking requisite approvals from the regulatory authorities for treating the said payment as equity investment in SHAB. The receivable on account of sales made to SHAB is Rs. 63.29 Crore against which a provision for doubtful debts was made of Rs. 47.24 Crore in financial year 2014-15 and the net balance as on December 31, 2016 of Rs.16.05 Crore is collectible. No provision, however, has been made in respect of temporary diminution in the value of investment made in ISMT Enterprises S.A., which is in the nature of forward integration and considered Strategic and Long Term.
3. Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. Thereafter, the Company filed an appeal, challenging the APTEL order, before the Hon'ble Supreme Court and the same has been admitted by the Supreme Court on August 1, 2016. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore up to March 31, 2014, of which amount outstanding as on December 31, 2016 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking facility. There was no further accrual since April 1, 2014 on account of temporary suspension of operation of power plant.
4. Employee Benefits Expense includes remuneration payable to the Managing Director and Executive Director for the quarter ended December 31, 2016 of Rs. 0.51 Crore and Rs. 1.15 Crore for the nine months ended December 31, 2016, which is subject to approval of the Central Government.
5. The Company has unabsorbed Minimum Alternate Tax (MAT) credit entitlement as at December 31, 2016 of Rs. 82.05 Crore which is allowed to be carried forward for a period of ten years under the Income Tax Act, 1961 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 it lapses in the respective years. Out of the total MAT credit entitlement, Rs. 15.39 Crore would lapse as on March 31, 2017, if not utilised.
6. The Company had already reported erosion of more than 50% of Peak Net Worth as at March 31, 2015 to Board of Industrial and Financial Restructuring and consequent upon full erosion of Net Worth as at March 31, 2016, the Company has initiated further requisite compliances. The Company has continued to incur losses on account of adverse market conditions in both domestic and export markets. A provisional anti-dumping duty levied by the Government on import of tubes from China was valid up to November 16, 2016 and now the Company is pursuing with the Government for imposition of final anti-dumping duty. The Company is taking various corrective steps – All round reduction in fixed and variable costs; Realignment of its debts in line with the available cash flows and sale of non-core assets. The Company has, therefore, continued to prepare its financial statements on Going Concern basis.
7. The Company's debt restructuring scheme is under consideration by its lenders. Pending approvals, interest on the loans has been provided as per the terms of sanction letters of the respective banks. However no overdue / penal interest, if any, has been provided.



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

The above results have been reviewed by the Audit committee and approved by the Board of Directors at their respective meetings held on February 9, 2017.

For ISMT Limited



Rajiv Goel
Whole-time Director &
Chief Financial Officer

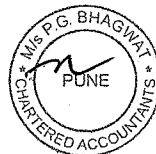
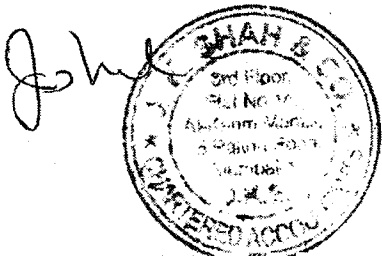
Place: Pune
Date: February 9, 2017

LIMITED REVIEW REPORT

We have reviewed the accompanying statement of un-audited financial results of ISMT LIMITED for the period ended December 31, 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of interim financial information performed by the independent Auditor of the entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion. Based on our review conducted as above and subject to:

- 1] The company has outstanding Minimum Alternate Tax (MAT) entitlement of Rs.82.05 Crores as on December 31, 2016. Taking into consideration the loss during the period ended December 31, 2016 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 quarter ended December 31, 2016 and overstatement of the reserves by Rs.82.05 Crores.
- 2] The company, through its subsidiary, has invested Rs. 48.43 Crores in Structo Hydraulics AB Sweden (SHAB). Net receivable, after taking into consideration the provision made against the same, to the company from SHAB against the supplies made is Rs 16.05 Crores and guarantee/Stand by Letter of Credit given by the company in respect of loans availed by SHAB was Rs. 33.98 Crores. The said guarantee/ Stand by Letter of Credit has been invoked by the lenders of SHAB and the same is disclosed as receivable from SHAB. SHAB has been incurring cash losses and its net worth is also eroded. No provision for diminution in value of investment, net receivable against supplies and receivable against invoked guarantee is made by the company as explained in Note No.2. We are unable to comment on the same and ascertain its impact, if any, on the unaudited financial results in respect of the above matters.
- 3] The company had recognized claim in earlier years, of which outstanding balance as on December 31, 2016 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 AS-29, Provisions, Contingent liabilities and Contingent assets. Recognition of the above claim has resulted in overstatement of Reserves by Rs.39.53 Crores. Refer Note No. 3.



4] Pending approval / sanction of the debt restructuring scheme by the lenders, the Company has not provided for the overdue /penal interest .The quantum and its impact, if any, on the unaudited financial results is unascertainable. Refer Note No. 7.

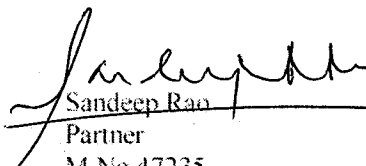
Further, without qualifying our Review Report, we draw attention to:

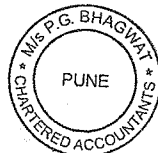
The company has accumulated losses and its net worth has been fully eroded, the company has incurred net cash loss during the period ended December 31, 2016 and previous years and the company's current liabilities exceeded its current assets as at December 31, 2016. These conditions indicate the existence of a material uncertainty about the company's ability to continue as a going concern. However, the financial results of the company have been prepared on a going concern basis for the reasons stated in the Note No. 6.


nothing has come to our attention that causes us to believe that the accompanying statement of un-audited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

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
Pune
February 9, 2017




J.K. Shah
Partner
M.No.3662
Mumbai
February 9, 2017

