

ANNUAL REPORT 2012-13

ISMT LIMITED

Solutions You Can Trust

History

1977-1980

ISMT began life as 'The Indian Seamless Metal Tubes Limited'. Incorporated on 29th July 1977 as a public limited company, raised Rs. 45 lacs through Initial Public Offering and commenced production of Seamless Tubes in the year 1980 with an installed capacity of 15,000 MTPA.

1985

Seamless Tube manufacturing capacity increased to 30,000 MTPA.

1992

Seamless Tube manufacturing capacity further increased to 50,000 MTPA. Promoted 'Indian Seamless Steels and Alloys Ltd.' (ISSAL) to produce alloy Steel giving the company better control over product quality as well as deliveries. Successfully completed Public Issue of ISSAL which was hugely oversubscribed.

1993-1994

Rights Issue of Rs. 28 Crore in the year 1993 followed by Rights Issue of Rs. 58 Crore through Convertible and Non-convertible Debentures with Warrants in the year 1994. Amalgamated with Seamless Tubes & Technologies (India) Ltd, a group company. Group company 'Indian Seamless Steels and Alloys Ltd.' (ISSAL) commenced commercial production of Steel Rounds.

1998

Steel manufacturing capacity at ISSAL increased to 190,000 MTPA.

1999

Merged into Kalyani Seamless Tubes Ltd., (KSTL), a competing Seamless tube manufacturer with 90,000 MTPA capacity. The combined entity, which retained the name The Indian Seamless Metal Tubes Ltd., not only had a larger capacity (158,000 MTPA) but also a much wider size range (from 6 mm to 273 mm).

2004-2005

Steel manufacturing capacity at ISSAL increased from 190,000 MTPA to 250,000 MTPA in the year 2004. 'The Indian Seamless Metal Tubes Ltd.' and 'Indian Seamless Steels and Alloys Ltd.' merged to form 'ISMT Limited'. Exports crosses Rs. 100 Crore mark.

2006-2007

Raised USD 20 Million through Foreign Currency Convertible Bonds issue in the year 2006. Acquired Structo Hydraulics AB (based in Storfors, Sweden), Europe's leading supplier of Tubes and Engineering products for the hydraulic cylinder industry in the year 2007.

2010

ISMT added a PQF Mill, increasing its tube making capacity to 465,000 MTPA. Simultaneously, Steel making capacity was increased from 250,000 MTPA to 350,000 MTPA with the addition of a second Ladle Refining Furnace.

2011

Exports crosses Rs. 500 Crore mark. Redeemed Foreign Currency Convertible Bonds (FCCB's) amounting to USD 20 Million along with redemption premium.

2012

Commissioned 40 MW Captive Power Plant located at Chandrapur district (Maharashtra). The power generated is wheeled using the state electricity grid to all three manufacturing plants located at Ahmednagar, Baramati & Jejuri. It would cater to about 80% of company's power requirement, thereby helping the company to substantially reduce its variable costs.

COMPANY INFORMATION

Board of Directors

S C Gupta	- <i>Chairman</i>
Salil Taneja	- <i>Chief Executive Officer</i>
Rajiv Goel	- <i>Chief Financial Officer</i>
Nirmal Chandra	- <i>President (Project & Product Development) up to November 30, 2012</i>
B R Taneja	- <i>Director</i>
A K Jain	- <i>Director (up to April 12, 2013)</i>
O P Kakkar	- <i>Director (w. e. f. November 08, 2012)</i>
J P Sureka	- <i>Director</i>
K K Rai	- <i>Director</i>
Vinod Sethi	- <i>Director</i>
V Gourishankar	- <i>Nominee Director of IDBI Bank Limited (upto June 05, 2012)</i>
Suresh Khatanhar	- <i>Nominee Director of IDBI Bank Limited (w. e. f. June 06, 2012)</i>

Company Secretary

Nilesh Jain (*w. e. f. May 28, 2012*)

Auditors

M/s. P. G. Bhagwat, *Chartered Accountants*

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

Cost Auditors

M/s. Dhananjay. V. Joshi & Associates, *Cost Accountants*

M/s. Parkhi Limaye & Co., *Cost Accountants*

Advocates & Solicitors

J Sagar Associates

Amarchand & Mangaldas & Suresh A Shroff & Co.

Federal & Rashmikant

Registered Office

Lunkad Towers, Viman Nagar, Pune - 411014

Website : www.ismt.co.in

Works

Tube - MIDC Industrial Area, **Ahmednagar** - 414111

MIDC Industrial Area, **Baramati** - 413133

Structo Hydraulics AB, Storfors, **Sweden**

Steel - Jejuri – Morgaon Road, **Jejuri** - 412303

Power - Village Kurla, Warora, **Chandrapur** - 422910

Bankers

Andhra Bank

Axis Bank

Bank of Baroda

Bank of India

Bank of Maharashtra

Central Bank of India

Export - Import Bank of India

ICICI Bank Limited

IDBI Bank Limited

IKB Deutsche Industriebank AG

Indian Overseas Bank

State Bank of India

Registrar & Share Transfer Agent

Sharepro Services (India) Private Limited

PHYSICAL SUMMARY

(Tonnes Per Annum)

A. TUBE DIVISION									
Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Capacity	465000	465000	465000	158000	158000	158000	158000	158000	158000
Production	138571	185976	167187	135782	145429	162276	161181	135635	110184
Capacity Utilisation (%)	29.8%	40.0%	38.5%	85.9%	92.0%	102.7%	102.0%	85.8%	69.7%
Sales	141980	183194	165662	132156	144242	159062	163315	132794	110526
Captive	13539	21553	19992	14652	16025	19150	17175	17068	11621
External of Which	128441	161641	145670	117504	128217	139912	146140	115726	98905
- Domestic	83695	104355	101499	92363	86422	101208	112833	82481	74878
- Exports	44745	57286	44171	25141	41795	38704	33307	33245	24027

* Seamless Tube Capacity increased to 465000 TPA w.e.f May 8, 2010

(Tonnes Per Annum)

B. STEEL DIVISION									
Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Capacity	350000	350000	350000	250000	250000	250000	250000	250000	250000
Production	216319	268638	254070	231395	202392	237914	247351	234707	213303
Capacity Utilisation (%)	61.8%	76.8%	84.4%	92.6%	81.0%	95.2%	98.9%	93.9%	85.3%
Sales	214796	267296	256347	227866	201601	244684	245096	228078	214399
Captive	137255	157913	148990	133976	145394	157862	160985	131968	109091
External of Which	77541	109383	107357	93890	56207	86822	84111	96110	105308
- Domestic	77497	108975	107174	93390	55865	86320	83510	95263	102961
- Exports	44	408	183	500	342	502	601	847	2347

* Steel Capacity Stands increased to 350,000 TPA w.e.f September 27, 2010

KEY PARAMETERS**Rs. in Crore**

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Operations :									
Gross Sales	2513.02	2980.60	2552.79	1914.19	2308.44	2051.17	2049.25	1807.08	1442.01
Net Sales	1511.41	1879.42	1602.38	1185.13	1284.55	1179.71	1190.39	1061.05	892.25
- Tube Sales	1098.14	1301.76	1070.85	777.46	980.27	826.53	871.98	693.97	510.42
- Steel Sales	413.27	577.66	531.53	407.67	304.28	353.18	318.41	367.08	381.83
- Exports	412.07	501.06	328.46	175.58	354.10	246.58	225.47	210.56	152.14
- Imports	492.45	551.07	363.96	267.71	194.75	60.25	89.67	131.98	100.41
- Exports (% of Total Tube Sales)	37.5%	38.5%	30.7%	22.6%	36.1%	29.8%	25.9%	30.3%	29.8%
Raw Material (% of Net Sales)	49.9%	51.1%	46.3%	42.3%	50.1%	48.3%	45.0%	45.4%	51.8%
Energy Cost (% of Net Sales)	19.6%	18.3%	18.1%	18.1%	13.3%	14.7%	13.9%	12.9%	12.4%
Profitability :									
EBIDTA	171.51	265.47	274.64	217.81	251.21	225.63	268.55	264.12	164.20
- EBIDTA margin	10.6%	13.5%	16.5%	18.1%	19.1%	18.6%	22.4%	24.3%	18.0%
Net Profit	(99.71)	28.59	75.36	74.61	56.23	100.04	130.12	115.00	33.00
- Net Profit Margin	(6.2%)	1.5%	4.5%	6.2%	4.3%	8.3%	10.8%	10.6%	3.6%
Net worth	496.44	586.92	617.63	577.55	528.97	533.45	460.61	421.60	350.20
- Return on Net worth	(20.4%)	4.9%	12.2%	12.9%	10.6%	18.8%	28.2%	27.3%	9.4%
- Return on Avg. Capital Employed	0.7%	9.7%	14.1%	15.3%	12.5%	16.4%	18.5%	19.9%	15.9%
Finance :									
Long Term Borrowings	878	972	853	762	795	630	563	533	558
- FC Debt (% of Long Term Borrowings)	85.2%	78.1%	61.6%	79.7%	78.2%	88.7%	58.4%	31.9%	13.3%
Finance Charges (% of Net Sales)	10.1%	6.4%	5.7%	6.6%	6.4%	5.6%	6.4%	8.1%	10.3%
General :									
Average Market Capitalization	316.60	499.57	766.08	635.51	466.90	1288.92	1154.48	888.24	164.97
Share Price during the yr. - High (Rs)	30.70	60.40	70.00	64.90	68.10	140.00	124.90	112.45	41.90
- Low (Rs)	9.21	22.25	42.00	19.10	14.10	49.00	62.00	27.00	3.05
Book Value (Rs. Per Share)	33.89	40.06	42.16	39.42	36.11	36.41	31.90	29.20	33.24
Earning Per Share (Rs.)	(6.81)	1.95	5.14	5.09	3.84	6.92	9.01	7.96	2.33
Dividend – Rs. Per Share	0.00	0.75	1.25	1.00	1.00	1.00	0.50	0.00	0.00



CEO's Statement

The last fiscal year has one of the most challenging times that we have faced. A year that began on a precarious note became progressively worse as the months passed. Pressures mounted on all fronts: Chinese and other imports remained high throughout the year and the domestic economy remained subdued. Together there was an unprecedented downward pressure on volumes as well as margins. As a result there was a significant adverse impact on our financials - Net sales fell from Rs. 1879 Crore to Rs. 1511 Crore and EBITDA margins shrunk to 10.6%. The shrinkage in margins was, in large part, a direct outcome of the shrinkage in sales volume that in turn led to an increase in direct costs.

The primary thrust during the year was to improve volumes and cut manufacturing costs. This effort began to pay dividends during the last quarter of the year which saw a steady increase in order flow from December onwards. This increasing trend has continued into the coming year and we are today seeing a steady restoration of earlier volumes. This was possible not only because of a much more aggressive stance taken by the Company in respect of pricing - a strategy that was significantly aided by our success in cutting costs - but also because we were able to increase the customer base substantially.

The other good news was that after considerable efforts, ongoing now for more than two years, the

Government Of India initiated Safeguard Investigations with respect to imported Seamless Tubes on April 22, 2013. We now hope that these investigations will be concluded quickly and that the Indian seamless tube industry will receive a much needed reprieve through the introduction of a Safeguard Duty on imports. Given the sheer weight of evidence supporting our case we do hope for a positive outcome.

I had mentioned earlier that our efforts to reduce operating costs by setting up our own Captive Power Plant had been stymied by the refusal of the Maharashtra State Electricity Distribution Company (MSEDCL) to honour the Energy Banking Agreement that we had signed with them. The lack of banking facilities, in effect, nullified the benefits of setting up the power plant completely. We have now filed a petition with the Maharashtra Electricity Regulatory Commission

(MERC) to restore banking facilities and we already have an interim order in our favour.

With the efforts underway I am very hopeful that we should be able to turn around the Company very shortly. I assure you that we are leaving no stone unturned in this endeavour.

I would like to take this opportunity to express our gratitude to our customers, banks, and business associates for their continued support and for the trust that they have placed in us.

Thank you,



Salil Taneja

Pune, May 28, 2013

Directors' Report

To the Members of ISMT Limited

The Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the year ended March 31, 2013

FINANCIAL HIGHLIGHTS

Rs. in Crore

Particulars	Financial Year	
	2012-13	2011-12
Gross Sales	2513.02	2980.60
Profit / (Loss) before Finance Charges, Depreciation, Amortization & Tax (EBIDTA)	171.51	265.47
Cash Profit	(45.00)	107.08
Gross Profit	18.85	144.68
Profit / (Loss) Before Tax	(140.63)	28.66
Taxation	(40.92)	0.07
Net Profit / (Loss)	(99.71)	28.59
Add : Balance brought forward from Previous Year	24.73	58.91
Balance available for Appropriation	(74.98)	87.50
Appropriations		
Dividend	-	10.99
Tax on Dividend	-	1.78
General Reserve	-	50.00
Balance carried to Balance Sheet	(74.98)	24.73

DIVIDEND

Your Directors are unable to recommend a dividend for the year ended on March 31, 2013, in absence of adequate profits.

OPERATIONS

As a result of adverse market conditions, particularly on the domestic front, volumes dropped significantly both in Tube as well as Steel. In turn, lower volumes led to higher fixed costs per ton, resulting in a further erosion of margin.

During the year the Company's focus was on containing its losses by initiating a number of cost reduction measures at its plants with a special emphasis on improving yields, reducing input costs, and reducing the PQF mill process cost.

MARKET

Faced with an uncertain economic situation, both domestically as well as internationally, a volatile domestic currency, and steep inflation, 2012-13 was a very difficult year for the Company. The recessionary international environment, a slow domestic market, coupled with large imports from China put tremendous downward pressure on margins as well as volumes. As a result, domestic Steel & Tube sales fell by 24% and exports fell by 22%.

FINANCE

The Company continues to closely monitor its forex exposure despite which the extreme volatility resulted in a loss of Rs. 63.85 Crore. This is largely offset by savings on interest cost on total forex borrowings of Rs. 1121 Crore.

Due to increased borrowings and higher interest rates the finance costs went up steeply.

CAPTIVE POWER

The Captive Power Plant commissioned during the year is operating satisfactorily. However, the expected reduction in power cost has not been fully realised because of -

- non availability of coal linkage.
- the denial of banking facilities by MSEDCL, despite valid agreement for Banking with MSEDCL.

SAFEGUARD DUTY

As repeatedly pointed out in the Chairman's communication to the shareholders, the Company has undergone immense suffering because of the cheap & unabated imports from China and other countries. Imports have increased dramatically during last three years resulting in serious injury to the domestic Seamless Tube Industry in the form of declining profitability, increase in idle capacity, drop in domestic market share, and an increase in inventory levels.

Recognising the serious injury to the domestic industry the Director General of Safeguards has already proceeded with Safeguard investigation.

DIRECTORS

Mr. A. K. Jain, Director of the Company, expired on April 12, 2013. The Board of Directors express grief on his sad demise.

Mr. Nirmal Chandra, Whole-Time Director designated as President (Project & Product Development) ceased to be Director of the Company w.e.f. November 30, 2012 on completion of his term of office.

IDBI Bank Limited has withdrawn the nomination of Mr. V. Gourishankar from the Board and instead appointed Mr. Suresh Khatanhar as its Nominee Director, w. e. f June 6, 2012.

The Board places on record its sincere appreciation of the services rendered by Mr. A. K. Jain, Mr. Nirmal Chandra and Mr. V. Gourishankar during their respective association with the Company.

Mr. O. P. Kakkar was appointed as an Additional Director of the Company on November 8, 2012. He holds office up to the date of the ensuing Annual General Meeting (AGM) of the

Directors' Report (contd.)

Company and is eligible for appointment. Members' approval has been sought in the Notice convening AGM for his appointment as a Director of the Company liable to retire by rotation.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S. C. Gupta and Mr. Rajiv Goel retire by rotation and being eligible, offers themselves, for re-appointment.

AUDITORS

M/s. P. G. Bhagwat and J. K. Shah & Co., Joint Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

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

COST AUDITORS

The Central Government had approved appointment of the following Cost Auditors for Financial Year 2012-13 :

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

The Cost Audit Report for the year 2011-12 was due on January 31, 2013 and was filed with the Ministry of Corporate Affairs on December 31, 2012.

SUBSIDIARIES

As on date of this report, the Company has eight direct and indirect subsidiary companies. The Central Government has granted general exemption to the holding Companies from attaching the Annual Accounts of their subsidiary companies. The Annual Accounts of these subsidiary companies and other relevant information shall be made available for inspection at the Company's Registered Office.

In accordance with the Accounting Standard (AS 21), the audited consolidated financial statement of the Company forming part of this report is attached hereto.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

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

RESEARCH & DEVELOPMENT

As part of the Company's overall strategy, throughout the year the Company remained focused on developing value added products for all its market segments including Energy, OCTG, Bearing, Auto and Mining Sectors. R & D activities also focused on process cost reductions. Details of the R & D activities undertaken are enumerated in Annexure I to this Report.

PARTICULARS OF DISCLOSURE

The particulars in respect of energy conservation, technology absorption and foreign exchange earnings & outgo, etc. as required under Section 217(1)(e) of the Companies Act, 1956 are given in Annexure I to this report. The particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 forming part of this Report are given in Annexure II to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors make the following statement :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2013 and of the Loss of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express its sincere gratitude for the continued support and co-operation received by the Company from the Government of India, Government of Maharashtra, Reserve Bank of India, Stock Exchanges, other regulatory agencies and the shareholders. The Board would also like to acknowledge the continued support of its bankers, vendors, clients and investors. The Directors also wish to place on record their appreciation of all the employees for their dedication and team work.

For and on behalf of the Board of Directors

Pune
May 28, 2013

S C Gupta
Chairman

Management Discussion and Analysis

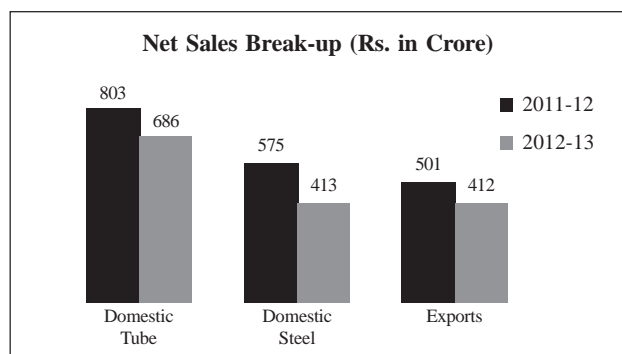
The business environment more particularly in the second half of the year has been the most challenging times that we have faced in the recent past. The core sectors of the Indian economy which in turn are our key consuming sectors witnessed deceleration in growth, due to policy paralysis, apart from other reasons. The domestic Seamless Tube industry was further impacted by increasing share of imports resulting from dumping. At the global front, the developed economies continue to show growth below the consensus estimates, putting further pressure on our Exports. During the year the Company posted losses for the first time since its merger in 2004.

Company Performance :

▲ Total Revenue	: Rs. 1612.46 Crore
▲ EBDITA	: Rs. 171.51 Crore
▲ Profit / (Loss) before Tax & Foreign Exchange loss	: Rs. (76.78) Crore
▲ Profit / (Loss) after Tax	: Rs. (99.71) Crore

Rs. in Crore

Particulars	2012-13	2011-12	% Change
Net Sales	1511	1879	(20%)
Domestic			
- Tube	686	803	(15%)
- Steel	413	575	(28%)
Exports	412	501	(18%)



Export sales during the year was Rs. 412 Crore and accounts for over 38% of Company's total Tube Sales. During the year the Company initiated several cost rationalization initiatives, which apart from others involved developing new vendors in the international markets. The imported raw material now accounts for 55% of Company's total Raw Material requirement against 48% Previous Year.

EBIDTA in absolute terms during the year stood at Rs. 171.51 Crore, impacted by under utilisation of capacities. In absence of Banking, the 40 MW Captive Power Plant was forced to run

at lower PLF to match with lower power requirement of the manufacturing plants. Over 68% of Company's power requirement was met through the Captive route.

As mentioned in the last report, the Company continues its efforts to lobby against the rising imports of seamless tubes at prices which is clearly hurting the domestic industry. Imports now accounts for over 60% of domestic consumption and has been on a rise. After aggressively pursuing, the Directorate General of Safeguards under Ministry of Finance has initiated Safeguard investigations vide its Notification dated April 22, 2013. The Company is expected to substantially benefit from levy of safeguard duty on Import of seamless tubes as and when it happens. The Company is hopeful of a positive outcome of the same.

Having created significant tube & steel capacities, the challenge during the year has been to achieve volumes and hence higher capacity utilisation. The immediate priority of your Company has been to sail through this difficult times while maintaining its quality standards and ensure that the Company retains and wins those customers that matter the most.

The 40 MW Captive Power Project was undertaken to address the rising power cost, which accounts for Company's second biggest cost element after Raw Material. However, the denial of Banking beyond 15 minutes, has resulted into captive consumption of only 76% units generated at the 40 MW Captive Power Plant. With the fluctuating nature of power consumption involved at Company's Steel & Tube manufacturing plants your Company is forced to sell the balance power at rate which is below its cost of generation. Further, our request for coal linkage continues to be pending for over five years now which has further aggravated the problem.

The problems in the Eurozone refusing to die down, it continued to negatively impact Company's Overseas subsidiary Structo Hydraulics AB, Sweden.

INDUSTRY STRUCTURE AND DEVELOPMENTS

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

Seamless Tubes find applications in Oil and Gas exploration industry, Power Sector, Automotive, Construction Equipment,

Management Discussion and Analysis (contd.)

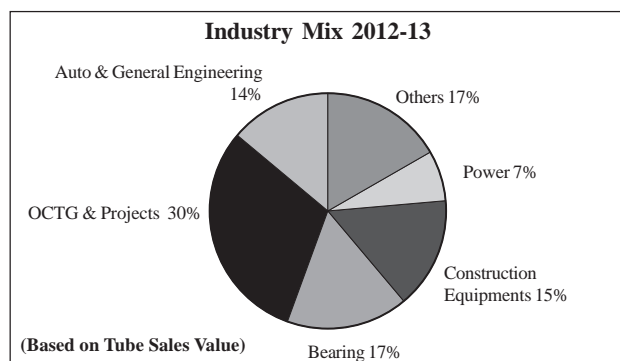
Bearing, Material handling equipments, Structural Components and host of other Mechanical applications. With sustained higher Oil prices and use of advanced Technologies such as horizontal drilling combined with hydraulic fracturing has resulted into access to large volume of Shale gas that were previously uneconomical to produce, and promises to result into increased demand for Seamless Tubes in the Oil & Gas segment. In the domestic market, the growth in Power & Mining Sectors which was anticipated to boost usage of Seamles Tubes in Boiler, Heat Exchangers, Earth Moving Equipments & Cranes has failed to live upto the expectations, given the issues faced by the sector. While the issues are getting slowly resolved, there exist a huge growth potential for Seamless Tubes market in these sectors.

The Slowdown in the core Seamless Tube consuming sectors in the domestic and international markets along with dumping by global players has left the domestic Seamless Tube manufacturers vulnerable.

MARKET

Your Company is a diversified value added Seamless Tube supplier present in the following major sectors of Seamless Tube applications viz. Energy, Construction Equipment, Automotive, General Engineering, Bearings and Oil & Gas Exploration.

While your Company undertook large capex investments in the recent past, the anticipated demand growth of Seamless Tubes in the key sectors viz Power and Mining has not materialised due to policy inaction and hence lack of fresh investments in the sector. The share of Seamless Tubes sales to Power and Mining Sector came down from 28% to 22% even on reduced volumes. However, during this trying times, your Company has created a large customer base in the sector to take advantage of revival in the sector as and when it happens.



Your Company continues to be a leading supplier of value added Seamless Tubes to Bearing industry both in the domestic and international market. Seamless Tube sales to Bearing industry during the period continue to witness healthy growth in volumes and accounted for 17% of Company's total Seamless Tube sales against 12% Previous Year.

While in the short run your Company has to resort to selling the commodity grade of Tubes so as to increase volumes for better capacity utilization, in the long run the focus remains on manufacturing customized and value added products where competition from Chinese products is less severe.

Export Sales during the year decreased to Rs. 412 Crore from Rs. 501 Crore Previous Year. The U.S.A. & Europe continued to remain the dominant export revenue earners for the Company.

OPPORTUNITIES & THREATS

Opportunities

Having created the manufacturing capacities with capability to produce wide spectrum of Seamless Tubes and a large customer base across regions and across diversified consuming sectors, your Company is well poised to benefit from the upturn in demand as and when the same materialize.

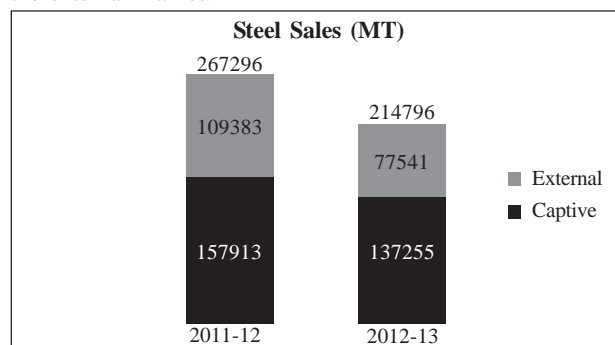
Threats

The increasing share of Imports in the domestic Seamless Tube market continue to pose the biggest threat for Indian Seamless Tube Industry. Your Company continues to actively lobby the Indian Government to take action to protect the domestic market from increasing dumping. Accordingly Directorate of Safeguards has already initiated investigations vide its notification dated April 22, 2013. Further, your Company is actively exploring all possible means to reduce its cost of production so as to increase its cost competitiveness in the long run.

High volatility in currency exchange rate and adverse policy decisions or changes in Open access policy for captive power plant continue to pose threat.

SEGMENT / PRODUCT INFORMATION

Your Company is engaged in manufacturing Seamless Tubes and Engineering Steels. Seamless Tube accounted for 73% of ISMT's total external sales value while Steel accounted for 27% of the total Steel Billets sold, 64% of the Steel in Quantity terms was used captively to make Tubes while 36% was sold to the external market.

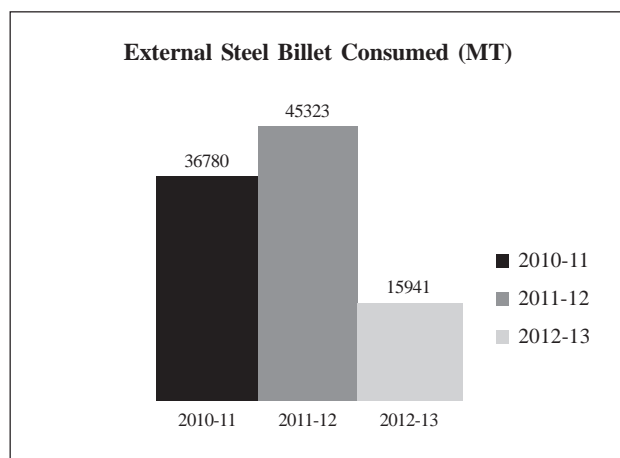


Steel Sales Qty (Bifurcated into Captive & External)

Management Discussion and Analysis (contd.)

The Company continued with its strategy to sell value added Steel Billets to external market and outsourced commodity grade Steel Billets required for inhouse Tube manufacturing.

External Billet Consumed :



OUTLOOK

The overall outlook has changed to cautiously optimistic with start of commodity prices and inflation moderating. However the uncertain geopolitical and economic situation both domestically and internationally, makes us cautious. Your Company is well poised to take advantage of economic upturn which has started showing early positive signs. The benefit from both, increased capacities and the Captive Power Plant is expected to gradually flow in with recovery in volumes.

RISKS & CONCERNS

Your Company is exposed to general risks associated with changes in government policies, interest rates and volatile domestic currency, natural/man-made disasters, and political risks. Any change in laws & regulations, whether domestically or internationally could affect the business, financial condition of your Company. With the growing competition for acquisition and retention of talent pool, which is imperative for retaining Company's competitive position in the market, availability of talent at reasonable cost is a concern.

The Company has adequate risk management system towards identification and evaluation of potential risks and the same are evaluated and reviewed regularly by the management so as to minimize/ eliminate the adverse impact if any.

INTERNAL CONTROL SYSTEMS

The Company has adequate and effective internal control systems and processes in place, which are designed to provide reasonable assurance with regards to recording and providing

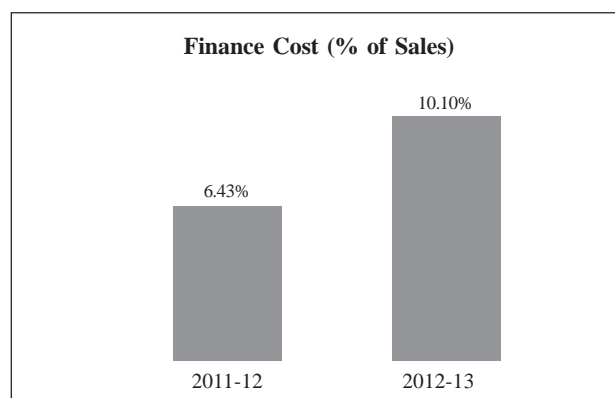
reliable financial and operational information, safeguarding the assets, statutory compliance, executing transactions with proper requisite approvals and ensuring compliance with applicable laws and regulations. The Audit Committee of Directors on a periodic basis reviews the effectiveness and adequacy of the internal control systems and processes and suggests improvements if any.

FINANCIAL PERFORMANCE

Some of the key financial parameters are as under :

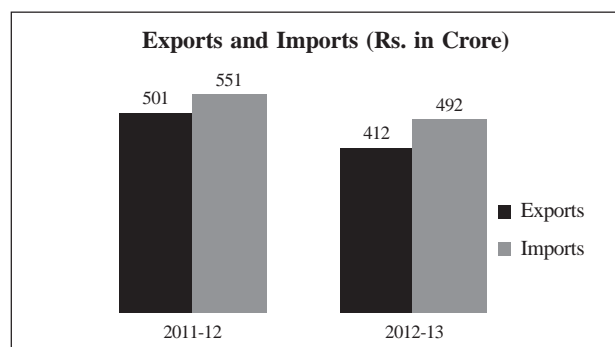
Finance Cost

The Finance cost during the year increased by Rs. 32 Crore and stood at 10.10% of Net Sales. The increase in Interest cost was partially attributable to capitalisation of 40 MW Captive Power Plant which does not add up to the topline, since being captive.



Particulars	2012-13	2011-12
Long Term Borrowings/ Shareholder's Fund	1.77	1.65

Foreign Currency Term Loans accounted for over 85% of the Company's outstanding term debt as on March 31, 2013 (as compared to 78% as on March 31, 2012).



Management Discussion and Analysis (contd.)

While the downturn in the economy resulted into drop in exports by 18% to Rs. 412 Crore, imports during the year also reduced by 12% to Rs. 492 Crore. However, exports are targeted to grow with further market penetration and revival of global economy. Going forward this shall lead to growing net Foreign Exchange inflows.

During the year the Company was eligible for Rs. 10.70 Crore as incentive under the Mega Project Incentive Scheme of Government of Maharashtra against Rs. 12.92 Crore Previous Year. Under this Scheme the Company is eligible for a total incentive of upto Rs. 195 Crore by 2017.

Working Capital

The Inventory & debtors levels as on the Balance Sheet date remained almost constant in absolute terms. However the increase in Sales in Q4 has resulted into increase in holding periods calculated on yearly sales.

Rs. in Crore

Particulars	2012-13	2011-12
Working Capital Borrowing	361	154
Inventory	508	492
Stock Turnover (times)	2.98	3.82
Debtor's	400	412
Debtor's Turnover (times)	3.78	4.56

Energy Cost

Energy Costs accounts for over 19.6% of Company's net revenues at Rs. 296 Crore of the total power consumed since commercial operations of 40 MW CPP, over 68% of power was from Captive Power Plant and the remaining about 32% from the state distribution company.

Particulars	2012-13	2011-12	% change
Power consumption (KWH/ Ton of Production)			
- Steel Division	741	717	3%
- Tube Division	678	525	29%
Avg. Electricity Rate per Unit from MSEDCL (Rs. / KWH)	10.02	6.98	44 %

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

Particulars	2012-13	2011-12	% Change
Furnace oil Consumption (K Ltrs/ Ton of Production)			
- Steel Division	33	32	(3)%
- Tube Division	83	84	(1)%
Avg. Furnace Oil rate Rs. per Liter	41.85	37.50	12%

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The Industrial relations continued to remain peaceful throughout the year. The Personnel expenses during the year grew by 2.1% against 20% Previous Year. The Company continues to believe that the culture of sharing knowledge within the employees and involving them to be part of the solution, enables the Company curtail costs and excel. In the current economic scenario, the focus was on aligning HR to support cost control and conserve cash, while ensuring organizational confidence and employee motivation, to enable the Company sail through the current challenges and prepare itself for the future opportunities.

EMPLOYEE RELATED INFORMATION

As on March 31, 2013

Particulars	Factory Locations	Others	Total
Managers	210	71	281
Officers & Staff	703	110	813
Workmen	1322	—	1322
Total	2235	181	2416

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

CAUTIONARY STATEMENT

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

Corporate Governance Report**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

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

BOARD OF DIRECTORS

The Board consists of 10 Directors of which 5 Directors are Independent as on March 31, 2013.

The composition of the Board of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, as also the number of other Directorships in other public companies and memberships in various committees across all public companies as on March 31, 2013 are as follows :

Name of the Director	Category	Financial Year 2012-13 Attendance at		Number of Directorships in other public companies*	Committee positions in other public companies**	
		Board Meetings	Last AGM		Member	Chairman
S C Gupta	Independent NED	4	Yes	8	4	1
Salil Taneja	Promoter ED	4	Yes	2	1	1
Rajiv Goel	ED	4	Yes	1	1	-
Nirmal Chandra #	ED	3	Yes	NA	NA	NA
B R Taneja	Promoter NED	2	Yes	1	-	-
A K Jain \$	Promoter NED	1	No	1	1	1
J P Sureka	Promoter NED	4	Yes	3	6	-
K K Rai	Independent NED	4	Yes	3	4	-
Vinod Sethi	Independent NED	4	Yes	10	5	-
O P Kakkar ¥	Independent NED	1	NA	-	-	-
V Gourishankar @	Independent NED (IDBI Bank Nominee)	1	NA	NA	NA	NA
S Khatanhar @@	Independent NED (IDBI Bank Nominee)	3	Yes	-	-	-

NED: Non-Executive Director

ED: Executive Director

* This does not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

** This includes only Audit and Shareholders'/ Investors' Grievance Committees.

Director upto November 30, 2012.

\$ Expired on April 12, 2013.

¥ Director w.e.f. November 8, 2012.

@ Ceased to be a Director w.e.f. June 6, 2012.

@@Director w.e.f. June 6, 2012.

Corporate Governance Report (contd.)

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

Sr. No.	Date of Meeting
1	May 28, 2012
2	August 10, 2012
3	November 8, 2012
4	February 14, 2013

- The composition of the Board of the Company is in conformity with the stipulations in Clause 49 of the Listing Agreement.
- The Board has complete access to all the relevant information available within the Company.

APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

The Board of Directors in their Meeting held on November 8, 2012 had appointed Mr. O. P. Kakkar as an Additional Director. Effective November 8, 2012, Mr. O. P. Kakkar holds office upto the date of the ensuing Annual General Meeting and is eligible for appointment.

In terms of the Articles of Association of the Company and the relevant provisions of the Companies Act, 1956, Mr. S. C. Gupta and Mr. Rajiv Goel, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-election.

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

AUDIT COMMITTEE

The terms of reference of the Audit Committee are in conformity with the stipulations in Clause 49 of the Listing Agreement with the Stock Exchanges and provisions of Section 292A of the Companies Act, 1956.

Composition, Meetings and Attendance during the year :

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

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

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

Sr. No.	Date of Meeting
1	May 28, 2012
2	August 10, 2012
3	September 26, 2012
4	November 8, 2012
5	December 3, 2012
6	February 14, 2013

Mr. Vinod Sethi, the Chairman of the Audit Committee was present at the last Annual General Meeting.

MANAGERIAL REMUNERATION

a. REMUNERATION COMMITTEE :

The Company has a Remuneration Committee of Directors.

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

Composition, Meetings and Attendance during the year :

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

Name of Director	Chairman / Member	Number of Meetings Attended
K K Rai	Chairman	1
S C Gupta	Member	1
Vinod Sethi	Member	1

During the year under review, One Meeting of Remuneration Committee was held on November 8, 2012.

The Company does not have any Employee Stock Option Scheme.

b. Remuneration Policy

- Based on the recommendations of the Remuneration Committee, the remuneration of the Whole-time Directors is decided by the Board of Directors, which inter-alia is based on the criteria such as industry benchmarks, financial performance of the Company, performance of the Whole-time Directors, etc.

Corporate Governance Report (contd.)

- The Company pays remuneration by way of salary, perquisites, allowance and commission to its Whole-time Directors.
- Based on the recommendations of the Remuneration Committee, the Board of Directors decides the payment of remuneration to the Non-Executive Directors. No remuneration is paid to any Non-Executive Director except Mr. B. R. Taneja and Mr. O. P. Kakkar.

The Company pays sitting fee of Rs. 20,000/- each for attending the Board and Committee Meetings, to all the Non-Executive Directors subject to terms of remuneration, if any paid.

- There has been no change in the Remuneration Policy of the Company.

c. Remuneration to Directors :

A Statement on the remuneration paid to the Whole-time Directors, Mr. B. R. Taneja and Mr. O. P. Kakkar and sitting fees paid to Non-Executive Directors during the financial year 2012-13 is given below :

Name of the Director	Salary & Perquisites (Rs.)	Commission (Rs.)	Sitting fees (Rs.)
Salil Taneja	6360986	-	NA
Rajiv Goel	7138280	-	NA
Nirmal Chandra #	3716654	-	NA
B R Taneja	3150000	NA	40,000
O P Kakkar ¥	1200000	NA	NA
S C Gupta	NA	NA	2,20,000
A K Jain [§]	NA	NA	40,000
J P Sureka	NA	NA	2,00,000
K K Rai	NA	NA	2,40,000
Vinod Sethi	NA	NA	3,00,000
V Gourishankar@	NA	NA	20,000
Suresh Khatanhar@@	NA	NA	60,000
TOTAL	21565920	NIL	1120000

Director upto November 30, 2012.

¥ Director w.e.f. November 8, 2012.

§ Expired on April 12, 2013.

@ Ceased to be a Director w.e.f. June 6, 2012.

@@Director w.e.f. June 6, 2012.

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

Service of the Whole-time Directors may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof. There is no separate provision for payment of severance fees.

The Company provided for payment of remuneration to Mr. O. P. Kakkar in its books, which was subject to approval of shareholders and the Central Government.

Details of shares of the Company held by its Non-Executive Directors as on March 31, 2013 are given below :

Name of the Director	Number of shares
S C Gupta	Nil
B R Taneja	90,793
A K Jain	30,95,164 ***
K K Rai	Nil
Vinod Sethi	Nil
J P Sureka	1,20,380
O P Kakkar	21,500
Suresh Khatanhar	Nil

*** includes shares held under HUF as karta.

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has a Shareholders' / Investors' Grievance Committee of Directors to look into the redressal of shareholder and investors' complaints like Transfer or Credit of Shares, non-receipt of Annual Reports / Dividends etc.

Composition, Meetings and Attendance during the year :

The composition of Shareholders' / Investors' Grievance Committee and attendance of each member is indicated alongside their names :

Name of Director	Chairman/ Member	Number of Meetings Attended
A K Jain [§]	Chairman	1
Vinod Sethi	Member	4
Nirmal Chandra #	Member	3
K K Rai [£]	Member	1

§ Expired on April 12, 2013.

Director upto November 30, 2012.

£ Member w.e.f. February 14, 2013.

During the year under review, Four Meetings of Shareholders' / Investors' Grievance Committeewere held as under :

Sr. No.	Date of Meeting
1	May 28, 2012
2	August 10, 2012
3	November 8, 2012
4	February 14, 2013

Corporate Governance Report (contd.)

COMPLIANCE OFFICER

Mr. Jayan Nair, Executive Vice President & Company Secretary was the Compliance Officer of the Company upto April 30, 2012. Mr. Nilesh Jain, Company Secretary is the Compliance Officer of the Company with effect from May 28, 2012 for ensuring compliance with the requirements of the Listing Agreement with the Stock Exchanges and under SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended from time to time.

During the year under review all the complaints / grievances that were received from the shareholders/investors, have been attended to and satisfactorily resolved. No valid transfer/transmission of shares were pending as on March 31, 2013.

Details of investor complaints received and redressed during the Financial Year 2012-13 are as follows :

Number of complaints pending at the beginning of the year	Nil
Number of complaints received during the year	23
Number of complaints disposed off during the year	23
Number of complaints remaining unresolved at the end of the year	Nil

CODE OF CONDUCT

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

CEO / CFO CERTIFICATION

In accordance with Clause 49(V) of the Listing Agreement with the Stock Exchanges, the CEO and CFO have given their certificate to the Board.

GENERAL BODY MEETINGS

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

Year	Type	Date	Venue	Time	Number of Special Resolutions passed
2011-12	AGM	27.09.2012	Hotel Le Meridien, Regal Hall, Pune – 411 001	11.00 AM	3
2010-11	AGM	30.09.2011	Vivanta by Taj Blue Diamond, Pune – 411 001	11.30 AM	2
2009-10	AGM	15.11.2010	Le Meridien RBM Road, Pune 411001	11:00 AM	—

All special resolutions moved at the Annual General Meetings were passed unanimously by show of hands.

POSTAL BALLOT

In February 2013, the Company put to vote a Special Resolution to obtain the approval of its Members under Section 192A of the Companies Act, 1956, pertaining to Special Resolution under Section 198, 309(4)(a), 349 and 350 of the Companies Act, 1956 for payment of remuneration to Mr. O.P. Kakkar as Non-Executive Director.

Voting Pattern and Procedure for Postal Ballot :

- The Board of Directors of the Company had, at its meeting held on February 14, 2013, appointed Mr. Milind B Kasodekar, Practicing Company Secretary, Pune as the Scrutinizer for conducting the Postal Ballot voting process.
- The Postal Ballot process was carried out in a fair and transparent manner. The procedure followed for the Postal Ballot was in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (passing of the resolution by postal ballot) Rules, 2011.
- All Postal Ballot Forms received up to the close of working hours on April 08, 2013 the last date and time fixed by the Company for receipt of the Forms, had been considered.
- The results of the Postal Ballot were announced on April 15, 2013 at the Registered Office of the Company and were informed to the Stock Exchanges where the Company's shares are listed.
- The Special Resolution was passed by the requisite majority viz. 99.72% votes.

None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

OTHER DISCLOSURES

- Details of related party transaction are furnished under Notes to Financial Statement.
- There were no instances of material non-compliances and no strictures or penalties imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

MEANS OF COMMUNICATION

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

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

Corporate Governance Report (contd.)**DESIGNATED EXCLUSIVE EMAIL ID OF THE COMPANY**

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

GENERAL SHAREHOLDER INFORMATION

AGM Date and Time	August 12, 2013 at 11.00AM
Venue	Hyatt Regency Pune, Weik Field IT Park, Pune Nagar Road, Pune - 411 014.
Financial Year	April 01 to March 31
Date of Book Closure	From August 05, 2013 to August 12, 2013 (both days inclusive)
Dividend Payment date	N.A.
Listed on Stock Exchange	BSE and NSE
Security Code (BSE)	532479
Security Code (NSE)	ISMTLTD
ISIN Number allotted to Equity Shares	INE732F01019
Registered Office	Lunkad Towers, Viman Nagar, Pune 411 014

The Company has paid listing fees for the Financial Year 2013 - 14 to the Stock Exchanges where the shares of the Company are listed.

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

(Rs.)

Month	Market price		BSE 500 INDEX	
	High	Low	High	Low
April 2012	30.70	25.80	6,887.06	6,585.99
May 2012	28.80	22.80	6,741.87	6,129.37
June 2012	24.45	22.05	6,686.19	6,088.62
July 2012	26.90	22.90	6,797.05	6,407.78
August 2012	25.95	21.90	6,848.80	6,560.62
September 2012	25.50	21.75	7,243.40	6,582.88
October 2012	27.70	23.40	7,364.54	7,070.76
November 2012	25.55	22.05	7,478.35	7,057.34
December 2012	23.90	21.60	7,627.07	7,460.59
January 2013	24.95	21.50	7,792.70	7,600.10
February 2013	22.90	14.05	7,697.72	7,138.74
March 2013	17.00	9.21	7,478.62	6,976.75

NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE) :

(Rs.)

Month	High	Low
April 2012	31.40	25.60
May 2012	28.85	23.15
June 2012	24.90	22.25
July 2012	27.40	22.50
August 2012	24.65	21.40
September 2012	24.80	21.90
October 2012	28.00	23.50
November 2012	25.10	22.05
December 2012	23.85	21.60
January 2013	24.00	21.50
February 2013	22.35	14.50
March 2013	15.60	9.05

Source: BSE & NSE websites.

REGISTRAR AND SHARE TRANSFER AGENT

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

M/s Sharepro Services (India) Private Limited

13, AB Samhita Warehousing Complex,
2nd Floor, Saki Naka Telephone Exchange Lane,
Off. Andheri Kurla Road, Saki Naka,
Andheri East, Mumbai - 400 072.

Tel.:- +91 - 22 - 67720300 / 400 Fax.- 022 - 28591568
e-mail:sharepro@shareproservices.com

M/s Sharepro Services (India) Private Limited

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

As regards to the shareholding in electronic form shareholders are requested to write to their respective Depository Participant and provide Bank Mandate details, N-ECS particulars, email ID etc. so as to facilitate expeditious payment of Corporate Action, if any.

SHARE TRANSFER SYSTEM

The Company's shares are traded compulsorily in Demat segment on the Stock Exchanges. Shares received for transfer in physical mode are processed and valid transfers are approved within prescribed time limit.

Corporate Governance Report (contd.)

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificate on half yearly basis have been filed with the Stock Exchanges for due compliance of share transfer formalities by the Company. In terms of guidelines issued by SEBI, the Reconciliation of Share Capital Audit Report for all the quarters have been filed with the Stock Exchanges, which inter-alia gives details about the reconciliation of Share Capital (both physical and demat).

DISTRIBUTION OF SHAREHOLDING OF THE COMPANY AS ON MARCH 31, 2013

Shareholding of Nominal Value of Rs.	No. of Share Holder(s)	% to Total	No. of Shares	% to Total
Upto 5,000	130632	97.12	20769641	14.18
5,001 10,000	1933	1.44	2911916	1.99
10,001 20,000	948	0.70	2737819	1.87
20,001 30,000	393	0.29	1959524	1.34
30,001 40,000	139	0.10	974285	0.66
40,001 50,000	116	0.09	1083968	0.74
50,001 1,00,000	169	0.13	2408855	1.64
1,00,001 and above	176	0.13	113655375	77.58
Total	134506	100.00	146501383	100.00

DEMATERIALISATION OF SHARES AND LIQUIDITY

86.68% of total Equity Capital is held in demat form with NSDL and CDSL as on March 31, 2013.

OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY :

The Company has no outstanding GDRs and the Company has not issued any ADRs / Warrants or any convertible instruments during the period under review.

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

As required by Clause 49(D)(ii) of the Listing Agreement, this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code is available on the Company's web site.

I confirm that the Company has in respect of financial year ended on March 31, 2013, received from the senior management team

CORPORATE FILING AND DISSEMINATION SYSTEM:

The financial and other information filed by the Company, from time to time is also available on the Corporate Filing and Dissemination System maintained by BSE and NSE and can be accessed on the URL - www.corpfiling.co.in.

The quarterly Compliance Report on Corporate Governance as prescribed under Clause 49 of the Listing Agreement and the Shareholding Pattern of the Company as prescribed under Clause 35 of the Listing Agreement executed with the Stock Exchanges are also filed through NSE Electronic Application Processing (NEAP) System.

PLANT LOCATIONS

The Company has manufacturing facilities at :

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

ADDRESS FOR CORRESPONDENCE

Lunkad Towers, Viman Nagar, Pune 411 014

For and on behalf of the Board of Directors

Pune
May 28, 2013

S C Gupta
Chairman

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

For the purpose of this declaration, Senior Management Team comprises of employees in the Vice President and above Cadre as on March 31, 2013.

For ISMT Limited

Pune
May 28, 2013

Salil Taneja
Chief Executive Officer

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

To
The Board of Directors
ISMT Limited

We, Salil Taneja, Chief Executive Officer and Rajiv Goel, Chief Financial Officer of ISMT Limited, to the best of our knowledge and belief, certify that :

- (1) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2013 and that to the best of our knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (3) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial

reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- (4) We have indicated to the Auditors and the Audit Committee:
 - (i) There are no significant changes in internal control over financial reporting during the financial year ended March 31, 2013;
 - (ii) All significant changes in accounting policies during the financial year ended March 31, 2013 and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Salil Taneja
Chief Executive Officer
Pune, May 28, 2013

Rajiv Goel
Chief Financial Officer

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

To
The Members of
ISMT Limited

We have examined the compliance of conditions of Corporate Governance by ISMT Limited for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

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

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of information and explanation given to us and as per the records maintained in the company, we state that no investor grievances are pending for a period exceeding one month against the company.

We further state such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

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

Sandeep Rao
Partner
Membership No. 47235
Pune, May 28, 2013

Sanjay Dhruva
Partner
Membership No. 38480
Pune, May 28, 2013

Independent Auditors' Report

To The members of ISMT Limited

Report on the Financial Statements

We have audited the accompanying financial statements of ISMT Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2013;
- in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of matter

Without qualifying our opinion, we draw attention to the

following matters referred to in the notes forming part of the financial statements :

- Note No 3.20 regarding investment, receivables and guarantees given to subsidiaries whose net worth is eroded. In the opinion of the management, the investment made in the subsidiary is strategic and long term and hence no provision for diminution in value of investment as well as receivables is considered necessary.
- Note No 1.25 regarding remuneration to Executive Director and Non-Executive Directors totalling to Rs.1.84 Crore is subject to approval of Central Government.
- Note No.3.2 (iv) regarding accrual of claim for refund of electricity charges amounting to Rs. 29.94 Crore from Maharashtra State Electricity Distribution Company Limited based on Interim order of Maharashtra Electricity Regulatory Commission, Mumbai, duly supported by legal opinion.
- Note No.3.2(ii) regarding recoverability of balance amount of Rs. 2.45 Crore against insurance claim recognized in previous year.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For M/s P. G. Bhagwat

Firm Registration No. 101118W
Chartered Accountants

Sandeep Rao

Partner
Membership No. 47235
Pune, May 28, 2013

For J. K. Shah & Co.

Firm Registration No. 109606W
Chartered Accountants

Sanjay Dhruva

Partner
Membership No. 38480
Pune, May 28, 2013

Annexure to the Auditors' Report

(As referred to in paragraph 1 of our report of even date)

- 1) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) These fixed assets have been physically verified by the management at regular interval considering the size of the company and nature of asset. As informed to us, no material discrepancies have been noticed on such verification.
 - c) No disposal of a substantial part of fixed assets of the company has taken place during the year.
- 2) a) As explained to us, the inventories including majority of the goods lying with third parties have been physically verified by the management at reasonable intervals during the year.
 - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and the book records were not material and have been properly dealt with in the books of account.
- 3) a) As per the records of the company, it has not granted any loans secured / unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
 - b) As per the records of the company, it has not taken any loans secured / unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control systems.
- 5) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion there were no contracts or arrangements whose particular are needed to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
- 6) The company has not accepted / nor there are any outstanding Fixed Deposit from the public.
- 7) The company has an internal audit department to carry out its internal audit function. In our opinion, the internal audit system is commensurate with the size of the company and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the company, pursuant to the rules made by the Central Government for the maintenance of cost records, under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have generally been maintained. We have not, however, made a detailed examination of the records with view to determine whether they are accurate or complete.
- 9) a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at March 31, 2013 for a period of more than six months from the day they become payable.
 - b) The disputed statutory dues that have not been deposited on account of disputes pending before the appropriate authorities are as mentioned in the Annexure I to this report.
- 10) The company has no accumulated losses as at March 31, 2013. It has incurred cash loss during the year but has not incurred cash loss in the immediately preceding financial year.
- 11) According to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- 12) According to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- 13) In our opinion, the company is not a Chit Fund or a Nidhi or Mutual benefit Fund / Society.
- 14) The company is not dealing in or trading in Shares, Securities, Debenture, or other investments and hence, provision of clause 4 (xiv) of the Companies (Auditor Report) Order, 2003 is not applicable to the company.
- 15) According to the information and explanations given to us, the company has given guarantees for loans taken by others

from banks. The terms and conditions whereof, in our opinion, based on the management representation, are not prima-facie prejudicial to the interest of the company.

- 16) According to the information and explanation given to us, the term loans taken by the company during the year have been utilised for the purpose for which the said loans were obtained.
- 17) In our opinion and according to the information and explanation given to us and on an overall examination of the Balance Sheet of the company as at March 31, 2013, we report that, on consideration of the nature of current maturities of long term debt, classified as current liability, as a Long Term Fund and tie up of Long Term Funds subsequent to Balance Sheet date, Short Term Funds raised amounting to Rs. 27.69 Crore have been used for Long Term Investments.
- 18) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

- 19) The company did not have any outstanding debentures during the year.
- 20) The company has not made any Public Issue during the year to raise money.
- 21) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the course of our audit that causes the financial statement to be materially misstated.

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

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

Sandeep Rao
Partner
Membership No. 47235
Pune, May 28, 2013

Sanjay Dhruva
Partner
Membership No. 38480
Pune, May 28, 2013

Annexure – I

Particulars of dues of Sales Tax/Excise Duty/Income Tax not deposited on account of disputes:

Rs. in Crore

Name of Statute	Nature of Dues	Amount Disputed	Forum where Dispute is Pending
Central Sales Tax Act, 1956	Sales Tax	0.09	Tribunal
		6.53	Dy. DCST (Appeals)
		0.01	High Court, Bombay
Maharashtra Sales Tax Act, 1959	Sales Tax	0.02	Tribunal
		0.40	High Court, Bombay
		5.65	Dy. DCST (Appeals)
	Purchase Tax Turnover Tax, penalty and interest	0.01	Tribunal
		0.08	High Court, Bombay
Central Excise Act, 1944	Excise Duty	22.74	CEGAT
		0.40	High Court, Bombay
		0.04	Commissioner (Appeals)
		12.70	Commissioner
		0.12	Joint Commissioner
		0.87	Asst. Commissioner
		0.49	Add. Commissioner
Income Tax Act, 1961	Income Tax	0.20	ITAT Mumbai

Balance Sheet as at March 31, 2013

Rs. in Crore

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	1.1	73.25	73.25
Reserves and Surplus	1.2	<u>416.57</u>	<u>509.08</u>
		489.82	582.33
NON-CURRENT LIABILITIES			
Long Term Borrowings	1.3	731.87	869.73
Deferred Tax Liabilities (Net)	1.4	34.36	75.23
Long Term Provisions	1.5	<u>6.02</u>	<u>5.30</u>
		772.25	950.26
CURRENT LIABILITIES			
Short Term Borrowings	1.6	321.84	115.08
Trade Payables	1.7	639.96	591.75
Other Current Liabilities	1.8	588.40	588.13
Short Term Provisions	1.9	<u>1.79</u>	<u>16.66</u>
		1,551.99	1,311.62
		2,814.06	2,844.21
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	1.10		
Tangible Assets		1,356.02	1,133.17
Intangible Assets		0.17	0.45
Capital Work-in-Progress		<u>31.52</u>	<u>292.97</u>
		1,387.71	1,426.59
Non-Current Investments	1.11	52.75	48.47
Long Term Loans and Advances	1.12	12.07	14.55
Other Non Current Assets	1.13	<u>92.87</u>	<u>98.15</u>
		157.69	161.17
CURRENT ASSETS			
Current Investments	1.14	-	1.50
Inventories	1.15	507.85	491.63
Trade Receivables	1.16	400.06	411.75
Cash and Bank Balances	1.17	74.37	89.98
Short Term Loans and Advances	1.18	157.69	140.33
Other Current Assets	1.19	<u>128.69</u>	<u>121.26</u>
		1,268.66	1,256.45
		2,814.06	2,844.21
Significant Accounting Policies	2		
Notes to Accounts	3		

As per our report of even date

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

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

Sandeep Rao
Partner
M. No. 47235

Sanjay Dhruva
Partner
M. No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2013

Pune, May 28, 2013

Statement of Profit and Loss for the year ended March 31, 2013

Rs. in Crore

Particulars	Note No.	2012-13	2011-12
INCOME			
REVENUE FROM OPERATIONS			
Sale of Products	1.20	2,513.02	2,980.60
Less : Inter Segment Transfers		745.29	792.72
Inter Division Transfers		112.38	164.84
		<u>1,655.35</u>	<u>2,023.04</u>
Less : Excise Duty		143.94	143.62
Net Sales		1,511.41	1,879.42
Other Operating Revenue	1.21	83.42	66.70
Less : Excise Duty		<u>3.04</u>	<u>1.69</u>
		80.38	65.01
REVENUE FROM OPERATIONS (NET)		1,591.79	1,944.43
Other Income	1.22	20.66	24.44
TOTAL REVENUE		1,612.45	1,968.87
EXPENSES			
Cost of Materials Consumed	1.23	773.44	1,000.07
Purchases of Traded Goods		8.21	-
Changes in Inventories of Finished Goods and Work-in-Progress	1.24	(27.18)	(39.26)
Employee Benefits Expense	1.25	115.79	113.47
Finance Costs	1.26	152.66	120.79
Depreciation, Amortisation and Obsolescence	1.27	95.64	84.50
Other Expenses	1.28	570.67	629.12
Foreign Exchange Loss		63.85	31.52
TOTAL EXPENSES		1,753.08	1,940.21
PROFIT / (LOSS) BEFORE TAX		(140.63)	28.66
TAX EXPENSES			
Current Tax		-	6.08
Previous Year Tax		-	8.32
MAT Credit - Current Year		-	(6.08)
MAT Credit - Previous Year		(0.05)	(8.26)
Deferred Tax - Current Year		(40.87)	2.28
Deferred Tax - Previous Year		-	(2.27)
PROFIT / (LOSS) FOR THE YEAR		(99.71)	28.59
Earning per Equity Share (Face Value of Rs.5/- each) (Refer Note No 3.18 of Notes to Accounts)		(6.81)	1.95
Significant Accounting Policies	2		
Notes to Accounts	3		

As per our report of even date

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

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

Sandeep Rao
Partner
M. No. 47235

Sanjay Dhruva
Partner
M. No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2013

Pune, May 28, 2013

Cash Flow Statement for the Year Ended March 31, 2013

Rs. in Crore

Particulars	2012-13	2011-12
i CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before Tax	(140.63)	28.66
Adjustments for :		
Depreciation, Amortisation and Obsolescence	95.64	84.50
Finance Costs	152.66	120.79
Interest Income	(15.00)	(13.47)
Foreign Exchange Loss	29.53	2.06
Expenses Charged to Reserves	-	(9.36)
Income on Assignment of Liability	(5.60)	(9.97)
Loss/(Profit) on Sale of Fixed Assets (Net)	-	(0.02)
Provision for Doubtful Debts	6.36	0.70
Provision for Wealth Tax	0.05	0.05
	<u>263.64</u>	<u>175.28</u>
Operating Cash Profit before Working Capital Changes	123.01	203.94
Adjustments for :		
Trade and Other Receivables	(30.71)	(57.66)
Inventories (Increase) / Decrease	(16.22)	(43.03)
Trade Payables and Other Liabilities	57.56	98.67
	<u>10.63</u>	<u>(2.02)</u>
Taxes Paid	(2.43)	(12.68)
Net Cash Flow from Operating Activities	131.21	189.24
ii CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(73.48)	(115.60)
Sale of Fixed Assets	-	0.42
Investment in Subsidiary Companies (Net)	(2.78)	-
Interest Received	17.69	9.36
Net Cash used in Investing Activities	(58.57)	(105.82)
iii CASH FLOW FROM FINANCING ACTIVITIES :		
Dividend Payments (Including Tax thereon)	(12.31)	(20.56)
Proceeds from / (Repayment of) Borrowings	64.60	70.99
Interest Paid	(154.40)	(118.35)
Net Cash from Financing Activities	(102.11)	(67.92)
Net Increase / (Decrease) in Cash and Cash Equivalents	(29.47)	15.50
Cash and Cash Equivalents at the beginning of the year (Refer Note No.1.17)	37.35	21.85
Cash and Cash Equivalents at the end of the year (Refer Note No.1.17)	7.88	37.35
Net Increase / (Decrease) in Cash & Cash Equivalents	(29.47)	15.50

As per our report of even date

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

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

Sandeep Rao
Partner
M. No. 47235

Sanjay Dhruva
Partner
M. No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2013

Pune, May 28, 2013

Notes to Financial Statement for the year ended March 31, 2013

NOTE NO. 1.1 SHARE CAPITAL

Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised		
i) 17,50,00,000 (Previous Year 17,50,00,000) Equity Shares of Rs.5/- each	87.50	87.50
ii) Unclassified Shares	71.00	71.00
	<u>158.50</u>	<u>158.50</u>
Issued, Subscribed and Paid up:		
i) 14,65,01,383 (Previous Year 14,65,01,383) Equity Shares of Rs 5/- each fully paid	73.25	73.25
	<u>73.25</u>	<u>73.25</u>

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

Proposed Dividend per Equity Share Rs. Nil (Previous Year Rs. 0.75).

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Equity Shares Number	Rs. in Crore	Equity Shares Number	Rs. in Crore
Shares outstanding at the beginning of the year	14,65,01,383	73.25	14,65,01,383	73.25
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	14,65,01,383	73.25	14,65,01,383	73.25

The details of shareholders holding more than 5% shares.

Name of Shareholders	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Seamless Enterprises Limited	5,55,33,788	37.90%	5,55,33,788	37.90%
Vishkul Leather Garments Private Limited	1,41,02,179	9.63%	1,41,02,179	9.63%
HDFC Trustee Company Limited - HDFC- Equity Fund	79,38,894	5.42%	91,80,031	6.27%

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)
NOTE NO. 1.2 RESERVES AND SURPLUS
Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
i) Capital Reserve	6.94	6.94
ii) Capital Redemption Reserve	80.60	80.60
iii) Securities Premium Account		
Opening Balance	-	9.36
Less : Redemption Premium on FCCB Bonds	-	9.36
	-	-
iv) Amalgamation Reserve		
Opening Balance	33.68	40.40
Less : Withdrawal of Depreciation (Refer Note No 3.14 of Notes to Accounts)	6.72	6.72
	26.96	33.68
v) Reserve for Contingencies	1.91	1.91
vi) General Reserve		
Opening Balance	397.33	347.33
Add : Transferred from Surplus	-	50.00
	397.33	397.33
vii) Hedge Reserve Account		
Opening Balance	(31.09)	-
Addition during the year	(15.44)	(31.09)
Less : Transferred to Statement of Profit and Loss	31.09	-
	(15.44)	(31.09)
(Refer Note No. 3.11 of Notes to Accounts)		
viii) Foreign Currency Monetary Item		
Translation Difference Account		
Opening Balance	(5.02)	-
Addition during the year	(2.70)	(5.65)
Less : Transferred to Statement of Profit and Loss	0.97	0.63
	(6.75)	(5.02)
(Refer Note No. 3.11 of Notes to Accounts)		
ix) Surplus		
Opening Balance	24.73	58.91
Add : Profit / (Loss) for the year	(99.71)	28.59
	(74.98)	87.50
Less : Appropriations		
Proposed Dividend	-	10.99
Tax on Proposed Dividend	-	1.78
Transfer to General Reserve	-	50.00
Closing Balance	(74.98)	24.73
	<u>416.57</u>	<u>509.08</u>

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

NOTE NO. 1.3 LONG TERM BORROWINGS

Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
SECURED LOANS :		
i) Term Loans from Banks		
a) Rupee Loans	63.32	131.86
b) Foreign Currency Loans	609.10	<u>648.44</u>
	672.42	780.30
ii) Long Term maturities of finance lease Obligations	0.03	0.05
UNSECURED LOANS :		
i) Term Loan from Bank	15.00	30.00
ii) Interest Free Incentive and Sales Tax Loan	44.42	59.38
	<u>731.87</u>	<u>869.73</u>

Security

- i) Term Loans of Rs. 130.30 Crore (including current maturities of Rs. 27.83 Crore) (Previous Year Rs. 142.19 Crore including current maturities of Rs. 36.78 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loan lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (v). These loans are further stipulated to be secured by a second charge ranking pari passu by way of hypothecation with other term lenders on the current assets of the Company on which the first pari passu charge is stipulated to be covered in favour of consortium of banks as mentioned in Note No. 1.6.
- ii) Term Loans of Rs. 316.15 Crore (including current maturities of Rs. 89.75 Crore) (Previous Year Rs. 393.45 Crore including current maturities of Rs. 92.12 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loans lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (v).
- iii) Term Loans of Rs. 248.95 Crore (including current maturities of Rs. 64.63 Crore) (Previous Year Rs. 213.89 Crore including current maturities of Rs. 22.07 Crore) are stipulated to be secured by exclusive charge on the equipment finance. Out of above, term loan of Rs. 83.71 Crore is further stipulated to be secured with the land appurtenant thereto.
- iv) Term Loans of Rs. 11.15 Crore (including current maturities of Rs. 11.15 Crore) (Previous Year Rs. 25.18 Crore including current maturities of Rs. 14.39 Crore) are stipulated to be secured by first charge on the entire fixed assets ranking pari passu with other term lenders excluding term loans lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) and (v) has been stipulated.
- v) Term Loans of Rs. 136.71 Crore (including current maturities of Rs. 17.12 Crore) (Previous Year Rs. 144.79 Crore including current maturities of Rs. 12.46 Crore) are stipulated to be secured by first charge ranking pari passu on the Company's immovable properties and movable fixed assets relating to Captive Power Projects of the Company located in Chandrapur district.
- vi) Term Loan of Rs. 39.64 Crore (including current maturities of Rs. Nil) (Previous Year Rs. 38.62 Crore including current maturities of Rs. Nil) is secured by first charge ranking pari passu by hypothecation in respect of current assets of the Company present and future and are further secured by a second pari passu charge on the Company's immovable properties and all movable fixed assets both present and future as referred in Note No.(i) above.
- vii) Finance Lease Obligation is secured by Hypothecation of Assets taken under Finance Lease.
- viii) Maturity Schedule

Rs. in Crore

Particulars	1-2 year	2-3 year	3-4 year	Beyond 4 years
a) Term Loans-from Banks (Secured Loan)	232.88	142.87	92.43	204.24
b) Term Loans-from Banks (Unsecured Loan)	15.00	-	-	-
c) Sales Tax Loan	2.62	7.26	8.40	26.14

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 1.4 DEFERRED TAX LIABILITIES (Net)****Rs. in Crore**

Particulars	As at March 31, 2013	As at March 31, 2012
i) Deferred Tax Liabilities		
a) Depreciation	149.19	109.47
b) Expenditure Deferred	0.04	0.14
	<u>149.23</u>	<u>109.61</u>
ii) Deferred Tax Assets		
a) Accumulated Tax Losses	15.43	-
b) Unabsorbed Tax Depreciation	94.50	31.91
c) Deduction eligible in future period in respect of expenses already debited to a Statement of Profit and Loss	4.94	2.47
	<u>114.87</u>	<u>34.38</u>
Deferred Tax Liabilities (Net)	<u><u>34.36</u></u>	<u><u>75.23</u></u>

NOTE NO. 1.5 LONG TERM PROVISIONS

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for Employee Benefits		
Leave Encashment	6.02	5.30
	<u>6.02</u>	<u>5.30</u>

NOTE NO. 1.6 SHORT TERM BORROWINGS

Particulars	As at March 31, 2013	As at March 31, 2012
SECURED		
Loans Repayable on Demand		
Working Capital Borrowings From Banks		
i) Rupee Loans	191.82	38.20
ii) Foreign Currency Loans	80.02	76.88
UNSECURED		
Working Capital Borrowings From Bank		
Rupee Loan	50.00	-
	<u>321.84</u>	<u>115.08</u>

Security

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

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

NOTE NO. 1.7 TRADE PAYABLES

Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
Acceptances	449.31	448.78
Other Trade Payables		
i) Micro, Small and Medium Enterprises (Refer Note No. 3.9 of Notes to Accounts)	0.28	0.26
ii) Others	190.37	142.71
	639.96	591.75

NOTE NO. 1.8 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2013	As at March 31, 2012
CURRENT MATURITIES OF LONG-TERM DEBT		
Secured		
i) Rupee Loans	31.72	28.26
ii) Foreign Currency Loans	178.76	149.57
	210.48	177.83
Current Maturities of Finance Lease Obligations (Refer Note No. 1.3 (vii))	0.02	0.01
Unsecured		
i) Interest Free Sales Tax Loan	0.34	-
ii) Term Loan From Bank	20.00	20.00
	20.34	20.00
Interest accrued but not due on borrowings	2.34	2.98
Interest accrued and due on borrowings	1.22	2.32
Unclaimed dividends #	3.26	2.80
Other Payables		
i) Acceptances - Capital	3.55	27.20
ii) Other Payables - Capital	39.15	54.45
iii) Advances From Customers	18.33	23.05
iv) Provision for Expenses	17.40	14.53
v) Other Liabilities ##	272.31	262.96
	588.40	588.13

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

Other Liabilities include Buyer's Credit - Others Rs. 253.50 Crore and Buyer's Credit - Capital Rs. 4.15 Crore (Previous Year Buyer's Credit - Others Rs. 248.52 Crore and Buyer's Credit - Capital Rs. 3.90 Crore).

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)
NOTE NO. 1.9 SHORT TERM PROVISIONS
Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for Employee Benefits		
i) Gratuity	0.63	2.74
ii) Leave Encashment	0.15	0.26
iii) Superannuation	1.01	0.89
Others		
i) Proposed Dividend	-	10.99
ii) Tax on Proposed Dividend	-	1.78
	<u>1.79</u>	<u>16.66</u>

NOTE NO. 1.10 FIXED ASSETS
Rs. in Crore

Particulars	Original Cost				Depreciation & Amortisation				Net Book Value	
	As at April 1, 2012	Additions	Disposals	As at March 31, 2013	As on April 1, 2012	Charge for the year	On Disposals	As on March 31, 2013	As at March 31, 2013	As at March 31, 2012
<u>Tangible Assets</u>										
Land - Freehold	2.08	7.07	-	9.15	-	-	-	-	9.15	2.08
Land - Leasehold	7.03	-	-	7.03	0.65	0.08	-	0.73	6.30	6.38
Buildings	117.52	12.57	-	130.09	24.43	4.13	-	28.56	101.53	93.09
Plant & Machinery	1,495.88	303.57	0.87	1,798.58	471.70	95.34	0.30	566.74	1,231.84	1,024.18
Furniture & Fixtures	3.84	1.13	-	4.97	2.32	0.37	-	2.69	2.28	1.52
Office Equipment	11.95	0.30	0.01	12.24	9.09	0.67	-	9.76	2.48	2.86
Vehicles	1.98	-	0.05	1.93	1.63	0.09	0.05	1.67	0.26	0.35
<u>Assets Under Lease</u>										
Plant & Machinery	6.96	-	-	6.96	4.25	0.53	-	4.78	2.18	2.71
Total A	1,647.24	324.64	0.93	1,970.95	514.07	101.21	0.35	614.93	1,356.02	1,133.17
<u>Intangible Assets</u>										
Technical Know-How	4.13	-	-	4.13	4.13	-	-	4.13	-	-
Software Development	3.79	-	-	3.79	3.34	0.28	-	3.62	0.17	0.45
Total B	7.92	-	-	7.92	7.47	0.28	-	7.75	0.17	0.45
Total A + B	1,655.16	324.64	0.93	1,978.87	521.54	101.49	0.35	622.68	1,356.19	1,133.62
Previous Year	1,527.65	134.74	7.23	1,655.16	437.78	86.47	2.71	521.54	1,133.62	1,089.87

Additions to Plant and Machinery include Exchange Difference of Rs. 33.20 Crore (Previous Year Rs. 46.00 Crore) and Interest of Rs. 36.25 Crore (Previous Year Rs. 5.53 Crore).

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

NOTE NO. 1.11 NON CURRENT INVESTMENTS

Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
Long Term Investments – At Cost		
Trade (unquoted)		
Investment in Equity Instruments of Subsidiaries		
i) ISMT Enterprises S.A., Luxembourg 8,06,757 (Previous Year 8,06,757) Equity Shares of Euro 10 each fully paid	48.43	48.43
ii) Tridem Port and Power Company Private Limited 25,41,000 (Previous Year 41,000) Equity Shares of Rs. 10 each fully paid	2.54	0.04
iii) Indian Seamless Inc. U.S.A. 3,17,900 (Previous Year Nil) Equity Shares of USD 1 each fully paid	1.78	-
	<u>52.75</u>	<u>48.47</u>
Aggregate amount of unquoted investments	<u>52.75</u>	<u>48.47</u>

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

Particulars	As at March 31, 2013	As at March 31, 2012
i) Capital Advances	5.05	7.16
ii) Security Deposits	5.06	4.77
iii) Employee Welfare Fund	1.96	2.62
	<u>12.07</u>	<u>14.55</u>

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

NOTE NO. 1.13 OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2013	As at March 31, 2012
i) MAT Credit Receivable	91.69	92.43
ii) Refunds Due From Government Authorities	1.13	5.58
iii) Trade Receivables		
Outstanding for a period exceeding six months		
Considered Doubtful	7.92	1.57
Less: Provision for Doubtful Debts	<u>7.92</u>	<u>1.57</u>
	-	-
iv) Expenses to the extent not written off or adjusted		
a) Preliminary Expenses	0.02	0.05
b) Loan Processing Fee	0.03	0.09
	<u>92.87</u>	<u>98.15</u>

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 1.14 CURRENT INVESTMENTS****Rs. in Crore**

Particulars	As at March 31, 2013	As at March 31, 2012
Long Term Investments – Lower of cost and fair value Trade (unquoted)		
Investment in Preference Shares of Subsidiary Tridem Port and Power Company Private Limited Nil (Previous Year 1,50,000) 6 % Redeemable Non Cumulative Preference Share of Rs. 100 each fully paid.	-	1.50
	<u>-</u>	<u>1.50</u>
Aggregate amount of unquoted investments	<u>-</u>	<u>1.50</u>

NOTE NO. 1.15 INVENTORIES (As taken, valued and certified by the management)**(Valued at cost or net realisable value whichever is lower)**

Particulars	As at March 31, 2013	As at March 31, 2012
i) Raw Materials	103.28	120.99
ii) Work-in-Progress	178.41	147.99
iii) Finished Goods	91.33	94.57
iv) Stores, Spares and Consumables	134.83	128.08
	<u>507.85</u>	<u>491.63</u>

NOTE NO. 1.16 TRADE RECEIVABLES**(Net of bills discounted with Banks)**

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured		
i) Outstanding for a period exceeding six months Considered Good	72.58	47.24
ii) Others Considered Good	327.48	364.51
	<u>400.06</u>	<u>411.75</u>

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

NOTE NO. 1.17 CASH AND BANK BALANCES

Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
Cash and Cash Equivalents		
i) Balances with Banks	7.82	37.30
ii) Cash on Hand	0.06	0.05
	<u>7.88</u>	<u>37.35</u>
Other Bank Balances		
Deposits with Banks	66.49	52.63
	<u>74.37</u>	<u>89.98</u>
Balances with Banks include:		
i) Unclaimed Dividend	3.26	2.80
ii) Unclaimed Interest on Debentures	0.24	0.24
Deposits with Banks include:		
i) Margin Money Deposits against Guarantees / Letter of Credit / with less than 12 months maturity	24.29	37.12
ii) Margin Money Deposits against Guarantees / Letter of Credit / with more than 12 months maturity	1.71	3.80

NOTE NO. 1.18 SHORT TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2013	As at March 31, 2012
Loans and Advances to Related Parties		
i) Subsidiary Company	96.49	74.22
ii) Associate Company (Refer Note No. 3.12 of Notes to Accounts)	10.50	13.40
Others		
i) Security Deposits	6.70	6.93
ii) Advances recoverable in Cash or in Kind #	44.00	45.78
	<u>157.69</u>	<u>140.33</u>

Loans and Advances include loans to officers of the Company Rs. Nil (Previous Year Rs.14,725/-).

NOTE NO. 1.19 OTHER CURRENT ASSETS

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with Government Authorities :		
i) Balance with Custom, Excise and Sales Tax	17.66	41.06
ii) Export Incentives and Other Statutory Refunds	87.47	40.38
iii) Taxes paid (net of provisions)	5.36	2.19
Others	18.12	37.34
Expenses to the extent not written off or adjusted		
i) Preliminary Expenses	0.02	0.02
ii) Loan Processing Fee	0.06	0.27
	<u>128.69</u>	<u>121.26</u>

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 1.20 REVENUE FROM OPERATIONS (GROSS)****Rs. in Crore****SALE OF PRODUCTS**

Particulars	2012-13	2011-12
i) Tube #	1,297.88	1,549.80
ii) Steel	1,215.14	1,430.80
Gross Sales	<u>2,513.02</u>	<u>2,980.60</u>

includes traded goods sold of Rs. 8.16 Crore (Previous Year Rs. Nil).

NOTE NO. 1.21 OTHER OPERATING REVENUE (GROSS)

Particulars	2012-13	2011-12
Other Operating Revenues		
i) Sale of Scrap (Gross)	70.89	80.63
Less : Inter Segment Transfers	<u>40.58</u>	<u>60.47</u>
	30.31	20.16
ii) Sale of Power	153.91	-
Less : Inter Segment Transfers	<u>127.65</u>	<u>-</u>
	26.26	-
iii) Export Incentives	16.15	18.33
iv) Electricity Refund (Refer Note No. 3.2 (iii) of Notes to Accounts)	-	15.29
v) Mega Project Incentives	10.70	12.92
	<u>83.42</u>	<u>66.70</u>

NOTE NO. 1.22 OTHER INCOME

Particulars	2012-13	2011-12
i) Interest Income #	15.00	13.47
ii) Miscellaneous Income (Refer Note No. 3.17 of Notes to Accounts)	5.66	10.97
	<u>20.66</u>	<u>24.44</u>

includes interest from Banks Rs. 10.03 Crore (Previous Year Rs. 3.58 Crore).

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

NOTE NO. 1.23 COST OF RAW MATERIAL CONSUMED

Rs. in Crore

Particulars	2012-13	2011-12
Opening Stock	120.99	134.07
Add : Purchases made during the year	755.73	986.99
	876.72	1,121.06
Less : Closing Stock	103.28	120.99
	773.44	1,000.07

DETAILS OF RAW MATERIAL CONSUMED

Particulars	2012-13	2011-12
Tube Segment		
Steel	754.87	896.11
Less : Inter Segment Transfers included in above	664.14	729.95
Net Consumption	90.73	166.16
Steel Segment		
i) Pig Iron, DRI and Scrap	641.18	783.87
ii) Ferro Alloys	77.65	104.80
	718.83	888.67
Less : Inter Segment Transfer	36.12	54.76
Net Consumption	682.71	833.91
Total Raw Material Consumed	773.44	1,000.07

NOTE NO. 1.24 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	2012-13	2011-12
Closing Stock		
i) Finished Goods	91.33	94.57
ii) Work-in-Progress	178.41	147.99
	269.74	242.56
Opening Stock		
i) Finished Goods	94.57	73.63
ii) Work-in-Progress	147.99	129.67
	242.56	203.30
(Increase)/Decrease in Inventories		
i) Finished Goods	3.24	(20.94)
ii) Work-in-Progress	(30.42)	(18.32)
	(27.18)	(39.26)

PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

Particulars	2012-13	2011-12
i) Tube	140.81	116.85
ii) Steel	37.60	31.14
	178.41	147.99

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 1.25 EMPLOYEE BENEFITS EXPENSE****Rs. in Crore**

Particulars	2012-13	2011-12
i) Salaries, Wages, Bonus and Allowances #	97.66	93.84
ii) Contributions to Provident Fund and Other Funds	10.53	11.52
iii) Staff Welfare Expenses	7.60	8.11
	<u>115.79</u>	<u>113.47</u>

Salaries, Wages, Bonus and Allowances include remuneration paid to Non-Executive Director amounting to Rs. 0.12 Crore and to Executive Directors amounting to Rs. 1.72 Crore, which is excess of limit specified under Schedule XIII to the Companies Act, 1956, is subject to approval of Central Government.

NOTE NO. 1.26 FINANCE COSTS

Particulars	2012-13	2011-12
i) Interest Expenses		
a) Term Loans	63.99	53.59
b) Working Capital and Others	72.08	43.80
	<u>136.07</u>	97.39
ii) Cash Discount	0.40	0.24
iii) Other Finance Costs	16.19	23.16
	<u>152.66</u>	<u>120.79</u>

NOTE NO. 1.27 DEPRECIATION, AMORTISATION AND OBSOLESCENCE

Particulars	2012-13	2011-12
i) Depreciation for the year	101.49	86.47
Less: Withdrawal from Amalgamation Reserve (Refer Note No. 3.14 of Notes to Accounts)	6.72	6.72
	<u>94.77</u>	79.75
ii) Amortisation of Miscellaneous Expenditure	0.30	0.64
iii) Loss on Obsolescence of Assets	0.57	4.11
	<u>95.64</u>	<u>84.50</u>

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 1.28 OTHER EXPENSES****Rs. in Crore**

Particulars	2012-13	2011-12
i) Materials		
a) Stores and Spares	53.59	71.00
b) Consumables	72.85	79.71
	126.44	150.71
ii) Energy		
a) Power Charges	38.68	202.72
b) Fuel	97.84	108.23
c) Gases	33.87	32.67
d) Coal - Indigenous	125.22	-
	295.61	343.62
iii) Direct Manufacturing		
a) Processing Charges	19.01	12.14
b) Other Direct Expenses	38.68	32.48
c) Repairs Maintenance to Plant and Machinery	6.18	6.99
d) Repairs to Factory Building	0.34	0.67
e) Machine Rentals	0.29	0.30
	64.50	52.58
iv) Selling and Distribution		
a) Freight Charges	39.90	48.14
b) Commission on Sales	6.05	8.10
c) Selling and Other Expenses	2.21	3.24
	48.16	59.48
v) Excise Duty on Stock of Finished Goods	0.85	2.41
vi) Administrative Expenses		
a) Rent	1.25	1.31
b) Rates and Taxes	0.56	0.28
c) Travelling	7.36	6.66
d) Communication	1.71	1.58
e) Repairs and Maintenance - Others	1.02	0.98
f) Insurance	1.08	0.96
g) Equipment Lease Rentals	0.69	0.64
h) Loss on Sale of Assets	0.01	0.01
i) Miscellaneous Expenses (Refer Note No. 3.19 of Notes to Accounts)	21.43	7.90
	35.11	20.32
	570.67	629.12

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 2 : SIGNIFICANT ACCOUNTING POLICIES****2.1 General**

- i) These accounts are prepared under the historical cost convention on accrual basis and comply with Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

2.2 Revenue Recognition**i) Sales**

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

ii) Export Incentives

Export Incentives are recognized when right to receive credit as per prevalent scheme is established in respect of the exports made and when there is no significant uncertainty regarding realization of such claim.

2.3 Fixed Assets

- i) Fixed Assets are stated at their original cost of acquisition including taxes, duties, freight, other incidental expenses related to acquisition and installation of the concerned assets and excludes refundable taxes and duties.
- ii) All incidental expenses incurred during project implementation, for the project as well as trial run expenses are treated as expenditure during construction and are capitalized.

2.4 Depreciation

- i) Leasehold land – Cost of leasehold land is amortised over lease period.
- ii) Depreciation on Building and Plant & Machinery is provided on straight line method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.
- iii) Deprecation on Furniture & Fixtures, Office Equipment and vehicle is provided on written down value method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

2.5 Intangibles

Intangible assets are stated at costs less accumulated amortisation.

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

2.6 Leased Assets**i) Finance Lease**

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

ii) Operating Lease

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

2.7 Inventories

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

ii) Valuation

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

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

2.8 Employee Benefits**i) Defined Contribution Plan**

The Company makes defined contribution to Provident Fund and Superannuation Schemes, which are recognized in the Statement of Profit and Loss on accrual basis.

ii) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act (funded), long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short term compensated absences, which are provided on actual basis. Actuarial gain and losses are recognized immediately in the statement of the Profit and Loss as income or expense. Obligations is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are

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

consistent with the currency and estimated terms of the defined benefit obligation.

2.9 Research & Development

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

2.10 Long Term Investments

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

2.11 Foreign Currency Transactions

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

forward exchange contracts are recognized as income or expenses.

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

2.12 Miscellaneous Expenditure

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

2.13 Borrowing Costs

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

2.14 Income Tax

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

2.15 Government Incentives

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

2.16 Impairment of Assets

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

2.17 Contingent Liabilities

Contingent Liabilities are not provided and are disclosed in Notes on Accounts. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 3 NOTES TO ACCOUNTS****3.1 CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)****Rs in Crore**

Particulars	As at March 31, 2013	As at March 31, 2012
i) Contingent Liabilities		
a) Claims against the Company not acknowledged as debt		
Sales Tax	12.17	12.17
Income tax disputed by the Company	0.20	0.20
Excise Duty	40.98	38.50
Others	9.42	8.94
b) Corporate / Guarantees	27.20	49.36
c) Bills discounted on behalf of third party	74.70	37.06
ii) Commitments		
Capital Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	7.72	23.12

- 3.2** i) Considering the uncertainty related to realisation, the following items are not considered to accrue till they are settled / sanctioned / received as the case may be: a) Insurance claims except specific claims stated separately b) Interest on receivables c) Electricity Refund (Additional Supply Charges).
- ii) The Company had recognised insurance claim amounting to Rs. 14.98 Crore in the Financial Year 2011-12. After accounting for receipt of part claim and credit for rejected material, balance amount of Rs. 2.45 Crore is yet to be received from the Insurance Company. The Company expects that the said claim would be settled by the Insurance Company and there would be no material difference in the settlement of the claim.
- iii) During the Financial Year 2011-12 the Company had accrued Rs. 9.88 Crore as Regulatory Liability Charges to be received from Maharashtra State Electricity Distribution Company Limited (MSEDCL) out of it Rs. 5.42 Crore have been received during the year and the balance amount outstanding as on March 31, 2013 is Rs. 4.46 Crore.
- iv) The Company had entered in to Energy Banking Agreement (EBA) dated May 7, 2010 with Maharashtra State Electricity Distribution Company Limited (MSEDCL) which was not implemented by MSEDCL while granting Open Access permission. Upon petition filed by the Company in this matter, an interim order has been passed by Maharashtra Electricity Regulatory Commission (MERC), staying Open Access circular No. 170 of MSEDCL and making the EBA operative. Consequent on the order of MERC and based on the legal opinion, the Company has accounted refund claim of Rs. 29.94 Crore to representing excess energy charges paid to MSEDCL on account of non availability of banking facility.
- 3.3** As per Accounting Standard 17, the Company has two segment viz “Seamless Tube and Steel”.
- i) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.
- ii) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under “Unallocable Assets / Liabilities”.

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

Segment Information

Rs. in Crore

Particulars	As on March 31, 2013				As on March 31, 2012			
	Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
i) Segment Revenue								
Total External Sales (Gross)	1,185.51	469.84		1,655.35	1,384.96	638.08		2,023.04
Add : Inter Segment Transfers (Gross)	-	745.29		745.29	-	792.72		792.72
Inter Division Transfers (Gross)	112.38	-		112.38	164.84	-		164.84
	1,297.89	1,215.13		2,513.02	1,549.80	1,430.80		2,980.60
Less : Excise Duty	99.75	137.18		236.93	98.78	122.34		221.12
	1,198.14	1,077.95		2,276.09	1,451.02	1,308.46		2,759.48
Less : Inter Segment Transfers (Net)	-	664.67		664.67	-	730.80		730.80
Inter Division Transfers (Net)	100.01	-		100.01	149.26	-		149.26
Net Sales	1,098.13	413.28		1,511.41	1,301.76	577.66		1,879.42
ii) Segment Results								
Profit Before Finance Costs, Foreign Exchange Loss and Taxes	8.37	17.78	# 50.60	76.75	106.56	54.72	24.44	185.72
Less : Finance Costs				152.66				120.79
Amortisation and Obsolescence				0.87				4.75
Less : Foreign Exchange Loss				63.85				31.52
Profit / (Loss) Before Tax				(140.63)				28.66
Less : Tax Expenses				(40.92)				0.07
Profit / (Loss) After Tax				(99.71)				28.59
iii) Other Information								
Total Segment Assets	1,645.42	498.40	617.48	2,761.30	1,646.86	566.25	582.63	2,795.74
Total Segment Liabilities	242.09	390.99	603.08	1,236.16	334.48	405.77	461.59	1,201.84
Total cost incurred for acquiring Segment Assets	43.97	5.32	12.97	62.26	128.62	4.42	66.02	199.06
Segment Depreciation	57.73	25.42	11.62	94.77	53.30	26.45	-	79.75
Total Unallocable assets								
Investments				52.75				48.47
				52.75				48.47
Total Unallocable Liabilities								
Long Term Borrowings				731.87				869.73
Short Term Borrowings				321.84				115.08
Deferred Tax Liabilities (Net)				34.36				75.23
				1,088.07				1,060.04

Refer Note No. - 3.2(iv)

3.4 Expenditure incurred during Trial Run and Construction Period, which have been Capitalized during the year.

Rs. in Crore

Particulars	2012-13	2011-12
i) Expenditure incurred during trial run net of sales realization.		
a) Raw Material Consumed	-	0.38
b) Coal Consumed	18.50	-
c) Power Charges	1.33	0.08
d) Other Expenses	1.81	0.29
	21.64	0.75
ii) Expenditure incurred during Construction period :		
a) Employee Benefits Expense	1.66	2.54
b) Other Expenses	-	0.37
c) Finance Costs	7.71	16.68
	9.37	19.59

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

Particulars		2012-13		2011-12	
3.5	i) CIF Value of Imports				
	a) Capital Goods	-		25.32	
	b) Stores Spares & Consumables	50.27		47.76	
	c) Raw Materials	455.48		426.92	
	ii) Particulars in respect of Consumption of Raw Materials	2012-13		2011-12	
		Rs. in Crore	%	Rs. in Crore	%
	a) Indigenous	335.54	43.38	517.65	51.76
	b) Imported	437.90	56.62	482.42	48.24
		<u>773.44</u>	<u>100.00</u>	1,000.07	100.00
	iii) Particulars in respect of Consumption of Stores and Spares, Consumables	Rs. in Crore	%	Rs. in Crore	%
	a) Indigenous	71.89	56.86	82.06	54.45
	b) Imported	54.55	43.14	68.65	45.55
		<u>126.44</u>	<u>100.00</u>	150.71	100.00
iv) Earning in Foreign Currency	2012-13		2011-12		
a) FOB Value of Exports	392.09		475.57		
b) Freight on Exports	19.98		25.49		
v) Expenditure in Foreign Currency					
a) Interest	60.73		49.80		
b) Commission on Export Sales	5.16		6.43		
c) Travelling	0.65		0.62		
d) Professional Consultation Fees	4.78		3.67		
e) Quality Claims	3.48		6.83		
f) Others	1.41		10.39		

3.6 Pending reconciliation / confirmations, from Debtors / Creditors, the adjustments for differences, if any, would be made at the time of reconciliation or on receipt of confirmation. The management is of the opinion that the impact of such adjustments, if any, is not likely to be significant.

3.7 Remittance in foreign currency on account of dividend to non-resident Shareholders.

Particulars	Number of Shareholders	Number of Equity Shares Held	Gross Amount of dividend Rs. in Crore
Dividend for 2011-12	2,258	5,883,202	0.44

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

3.8 Disclosure regarding exposure of the Company in respect of outstanding foreign currency transactions as on the date of Balance Sheet and which are not hedged by a derivative instruments or otherwise.

Particulars	2012-13		2011-12	
	Foreign Currency in Million	Rs. in Crore	Foreign Currency in Million	Rs. in Crore
i) Secured Loans				
a) US Dollars	143.42	780.07	150.39	768.38
b) Euros	12.71	88.39	15.58	106.51
ii) Receivables				
a) US Dollars	15.44	86.84	11.52	58.98
b) Euros	11.42	79.44	9.00	61.51
c) Australian Dollar	0.17	0.95	0.13	0.69
iii) Payables				
a) US Dollar	79.12	430.35	90.03	460.55
b) Euros	0.42	2.90	1.34	9.17
c) SEK	25.06	21.07	25.06	19.49
iv) Interest Payable				
a) US Dollars	0.43	2.33	0.58	2.97
b) Euros	-	0.01	-	0.01

3.9 Dues to Micro, Small and Medium Enterprises

The information as required to be disclosed under Schedule VI of the Companies Act, 1956 w.r.t. Micro and Small Enterprises under the Micro, Small and Medium Enterprises Act, 2006 (Act) is as given below, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	Rs. in Crore	
	2012-13	2011-12
i) Principle amount remaining unpaid as on March 31	0.28	0.26
ii) Interest due thereon as on March 31	0.11	0.05
iii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during the year.	-	0.01
iv) Interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	-	0.04
v) Interest accrued and remaining unpaid as at March 31.	0.11	0.08
vi) Further interest remaining due on payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Act.	0.11	0.09

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

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

Particulars	Rs. in Crore	
	2012-13	2011-12
Not later than one year	3.12	3.18
Later than one year and not later than five years	8.33	11.45
Later than five years	-	-

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

Asset Classification	Rs. in Crore			
	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Plant & Machinery				
MLP	0.02	0.05	-	0.07
(Previous Year)	0.02	0.07	-	0.09
PV	0.01	0.02	-	0.03
(Previous Year)	0.01	0.03	-	0.04

- 3.11 i) The Company had adopted Accounting Standard-11 “The effects of changes in Foreign Exchange Rates”, read with notifications issued by the Ministry of Corporate Affairs dated March 31, 2009, May 11, 2011 and December 29, 2011 and exercised the option to recognize exchange difference on long term monetary items related to Fixed Assets to the cost of Fixed Assets and the other long term monetary items (other than those covered under “Cash Flow Hedge”) to “Foreign Currency Monetary Item Translation Difference Account”. Accordingly the Company has accounted exchange differences as under :
- a) Exchange difference related to acquisition of Capital Assets has been adjusted to respective Fixed Asset cost Rs. 26.55 Crore Loss (Previous Year Rs. 51.49 Crore Loss).
- b) Exchange difference loss amortised during the year Rs. 0.97 Crore (Previous Year Rs. 0.63 Crore) from “Foreign Currency Monetary Item Translation Difference Account” and charged to Statement of Profit and Loss and balance in the “Foreign Currency Monetary Item Translation Difference Account” as on March 31, 2013 is Rs. 6.75 Crore (Previous Year Rs. 5.02 Crore).
- ii) The Company has recognised exchange difference arising on translation of foreign currency borrowing by following an appropriate hedge accounting policy and applying principles set out in Accounting Standard (AS) 30- “Financial Instrument Recognition and Measurement”. The objective of adopting hedge accounting is to ensure that the gain or losses of the hedging instrument is recognised in the Statement of Profit and Loss in same period when the gain or loss of hedged items is recognised in the Statement of Profit and Loss. The Company w.e.f. April 1, 2011 has designated borrowing in foreign currency, other than those utilised for capital expenditures and identified Long Term Loans, as hedge instrument to hedge its foreign currency risk of its firm commitments and highly probable forecast transactions (of revenue streams) to be accounted as cash flow hedge. During the year, the net unrealised exchange difference in foreign currency borrowing aggregating to Rs. 15.44 Crore (Previous Year Rs. 31.09 Crore) has been recognised in Hedge Reserve Account.
- iii) Had the Company not exercised the option under AS-11 as stated in para 3.11 (i) and not followed the accounting policy as stated in para 3.11 (ii), the Loss (net of tax) for the year would have been higher by Rs. 28.79 Crore (Previous Year Rs. 56.74 Crore), Gross Fixed Assets would have been lower by Rs. 100.37 Crore (Previous Year Rs. 73.82 Crore) and consequently the Reserves and Surplus would have been Lower by Rs. 74.51 Crore (Previous Year Rs. 71.13 Crore).

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

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

- a) Key Management Personnel
- i) Mr. Salil Taneja - Chief Executive Officer
 - ii) Mr. B.R. Taneja - Non-Executive Director
 - iii) Mr. Rajiv Goel - Chief Financial Officer
 - iv) Mr. Nirmal Chandra - President (Project & Product Development)
(up to November 30, 2012)
 - v) Mr. O. P. Kakkar - Non-Executive Director (w.e.f. December 1, 2012)
- b) Subsidiary Companies
- i) ISMT Enterprises SA, Luxembourg
 - ii) Structo Hydraulics AB, Sweden
 - iii) ISMT Europe AB, Sweden
 - iv) Structo (UK) Limited, United Kingdom
 - v) Structo Hydraulics India Private Limited (up to December 4, 2012)
 - vi) Tridem Port and Power Company Private Limited
 - vii) Nagapattinam Energy Private Limited
 - viii) PT ISMT Resources, Indonesia
 - ix) Indian Seamless Inc., USA (w.e.f. June 12, 2012)
- c) Associate Companies
- i) Indian Seamless Enterprises Limited
 - ii) Taneja Aerospace and Aviation Limited
 - iii) Structo Hydraulics India Private Limited (w.e.f. December 5, 2012)
 - iv) Indian Seamless Inc., USA (up to June 11, 2012)
 - v) Lighto Technologies Private Limited
- d) Details of Transaction
- i) Key Management Personnel
Remuneration paid for the year Rs. 2.16 Crore (Previous Year Rs. 2.48 Crore)
 - ii) Subsidiary and Associate Companies

Rs. in Crore

Details of Transactions	Subsidiary Companies		Associate Companies	
	2012-13	2011-12	2012-13	2011-12
Sale of Finished Goods	126.29	76.86	22.77	63.83
Purchases	0.91	21.59	0.49	0.13
Commission on Sales	2.38	3.85	-	-
Lease Rent Paid	-	-	2.70	2.70
Quality Claims / Reimbursement of Expenses	4.07	2.91	(0.25)	-
Rent Paid	0.01	0.01	-	-
Inter Corporate Deposits (Net)	-	-	2.80	3.15
Interest Received	-	-	2.25	2.33
Investments	4.28	-	-	-
Dividend Paid	-	-	4.17	6.90
Loans and Advances Given	22.28	28.45	-	-
Advance Received against Sales	14.50	6.25	-	-
Outstanding as at Balance Sheet date				
Receivables	111.21	53.77	17.84	17.66
Payables	26.97	19.49	0.22	-
Loans and Advances Given	96.49	74.22	1.93	2.00
Advance Received	12.80	6.25	-	-
Inter-corporate Deposits Given	-	-	10.50	13.40

- ii) a) Sale of finished goods to Subsidiary Companies include sales to Indian Seamless Inc, USA Rs. 60.06 Crore (Previous Year Rs. Nil), Structo Hydraulics AB Rs. 30.45 Crore (Previous Year Rs. 23.78 Crore), ISMT Europe AB Rs. 35.78 Crore (Previous Year Rs. 53.08 Crore). Sales of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs. 17.40 Crore (Previous Year Rs. 7.61 Crore) and sales to Indian Seamless Inc, USA Rs. 5.37 Crore (Previous Year Rs. 56.22 Crore).
- b) Purchases from Subsidiary Companies include scrap purchases from Structo Hydraulics AB Rs. 0.91 Crore (Previous

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

Year Rs. 2.10 Crore) and purchases of Asset Rs. Nil (Previous Year Rs. 19.49 Crore). Purchases from Associate Companies include spares from Taneja Aerospace and Aviation Limited Rs. 0.49 Crore (Previous Year Rs. 0.13 Crore).

- c) Commission on sales paid to Subsidiary Companies ISMT Europe AB, Rs. 1.78 Crore (Previous Year Rs. 3.85 Crore) and Indian Seamless Inc, USA Rs. 0.60 Crore (Previous Year Rs. Nil).
- d) Lease rent paid to Associate Companies Taneja Aerospace and Aviation Limited Rs. 2.40 Crore (Previous Year Rs. 2.40 Crore) and Indian Seamless Enterprises Limited Rs. 0.30 Crore (Previous Year Rs. 0.30 Crore).
- e) Quality claims paid to Subsidiary Companies Structo Hydraulics AB Rs. 0.42 Crore (Previous Year Rs. 1.82 Crore), ISMT Europe AB Rs. 0.10 Crore (Previous Year Rs. 1.09 Crore) and reimbursement of expenses paid to Indian Seamless Inc, USA Rs. 3.55 Crore on account of overseas freight and other clearing charges (Previous Year Rs. Nil).
- f) Rent paid to Subsidiary Company Tridem Port and Power Company Private Limited Rs. 0.01 Crore (Previous Year Rs. 0.01 Crore).
- g) Inter corporate deposits given to Associate Companies Taneja Aerospace and Aviation Limited Rs. (2.90) Crore (Previous Year Rs. 2.15 Crore) and Indian Seamless Enterprises Limited Rs. 5.70 Crore (Previous Year Rs. 1.00 Crore).
- h) Interest received from Associate Companies Taneja Aerospace and Aviation Limited Rs. 2.02 Crore (Previous Year Rs. 2.26 Crore) and Indian Seamless Enterprises Limited Rs. 0.23 Crore (Previous Year Rs. 0.07 Crore).
- i) Investment in Subsidiary Companies Tridem Port and Power Company Private Limited Rs. 2.50 Crore (Previous Year Rs. Nil) and Indian Seamless Inc, USA Rs. 1.78 Crore (Previous Year Rs. Nil).
- j) Dividend of 2011-12 is paid to Associate Company Indian Seamless Enterprises Limited Rs. 4.17 Crore (Previous Year Rs. 6.90 Crore).
- k) Loans and Advances are given to Subsidiary Company Tridem Port and Power Company Private Limited Rs. 22.28 Crore (Previous Year Rs. 28.45 Crore).
- l) Advance received from Subsidiary Company Structo Hydraulics AB towards sale of finished goods amounting to Rs. 14.50 Crore (Previous Year Rs. 6.25 Crore).

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

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

i) **Defined Contribution Plan :**

The Company has recognized the following amounts as an expense and included under the head “ Personnel Cost” – Contribution to Provident and other Fund :

	Rs. in Crore	
	2012-13	2011-12
Employer’s Contribution to Provident Fund & Family Pension Fund	4.75	4.67
Employer’s Contribution to Superannuation Fund	2.94	2.71

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

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

Gratuity (Funded)

Rs. in Crore

ii) Defined Benefit Plan :		2012-13		2011-12	
a)	Changes in present value of Defined Benefit Obligations :				
	Present value of obligation as at April 01, 2012	20.13		17.33	
	Current Service Cost	1.57		1.45	
	Interest Cost	1.64		1.35	
	Actuarial (gain)/loss	1.16		1.01	
	Benefits paid	(1.79)		(1.01)	
	Present Value of Obligation as at March 31, 2013	22.71		20.13	
b)	Changes in fair value of Plan Assets :				
	Fair value of Plan Assets as at April 01, 2012	17.39		14.77	
	Expected return on Plan Assets	1.66		1.42	
	Actuarial gain/(loss)	(0.21)		(1.81)	
	Employer Contribution	3.24		3.06	
	Benefits paid	-		(0.05)	
	Fair value of Plan Assets as at March 31, 2013	22.08		17.39	
c)	Actual Return on Plan Asset :				
	Expected return on Plan Assets	1.66		1.42	
	Actuarial gain/(loss) on Plan Assets	(0.21)		(1.81)	
	Actual return on Plan Assets	1.45		(0.39)	
d)	Amounts recognized in the Balance Sheet in respect of :	Rs. in Crore			
Particulars	2012-13		2011-12		
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)	
Fair Value of Plan Asset as at March 31, 2013	22.08	-	17.39	-	
Present Value of Obligation as at March 31, 2013	22.71	6.16	20.13	5.56	
Net Liability	0.63	6.16	2.74	5.56	
e)	Expenses recognised in the Statement of Profit and Loss (under the head "Personnel Cost" - Refer Note No. 1.25).				
	Current Service Cost	1.57	0.73	1.45	0.66
	Interest Cost	1.64	0.40	1.35	0.34
	Expected return on Plan Assets	(1.66)	-	(1.42)	-
	Actuarial (gain)/loss	1.37	1.28	2.82	0.90
	Expense Recognised in the Statement of Profit and Loss	2.92	2.41	4.20	1.90

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

f) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2013					
		2012-13		2011-12	
i)	Government of India Securities	4.59%		6.12%	
ii)	Corporate Bonds	4.33%		6.12%	
iii)	Special Deposit Scheme	0.39%		0.71%	
iv)	Insurer Managed Funds	86.30%		79.23%	
v)	Others	4.39%		7.82%	
Total		100.00%		100.00%	
g) Principal Actuarial Assumptions used as at the balance sheet date :					
		2012-13		2011-12	
Particulars		Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
Discount Rate		8.20%	8.20%	8.50%	8.50%
Expected Rate of Return on Plan Assets		8.75%	-	8.75%	-
Salary Escalation Rate		7.00%	7.00%	7.00%	7.00%

3.14 The Company has been advised that the Amalgamation Reserve created upon recording of fair value of assets in terms of the Scheme of Arrangement sanctioned by the Hon'ble High Court, Bombay between The Indian Seamless Metal Tubes Limited and the Company is similar in nature to a Revaluation Reserve and therefore can be adjusted against the additional depreciation attributable to fair value adjustment. Accordingly during the year the Company has adjusted depreciation of Rs. 6.72 Crore for the year ended March 31, 2013 (Previous Year Rs. 6.72 Crore) against the Amalgamation Reserve.

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

Rs. in Crore

Name of the Company	Outstanding Balance as at		Maximum outstanding during the year	
	Mar 31, 2013	Mar 31, 2012	2012 – 2013	2011 – 2012
Loans and Advances in the nature of Loans				
i) Subsidiary				
Tridem Port and Power Company Private Limited	96.49	74.22	96.65	74.22
ii) Associate				
a) Taneja Aerospace and Aviation Limited	10.50	13.40	22.50	23.00
b) Indian Seamless Enterprises Limited	-	-	4.00	1.00

3.16 a) Investment by Indian Seamless Enterprises Limited in Equity Shares of the Company	No. of Shares	55,533,788	Previous Year	55,533,788
b) Investment by Tridem Port and Power Company Private Limited in Equity Shares of Subsidiary Companies				
i) Nagapattinam Energy Private Limited	No. of Shares	10,000	Previous Year	10,000
ii) PT ISMT Resources, Indonesia	No. of Shares	999	Previous Year	999

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

Rs. in Crore

	2012-13	2011-12
3.17 Miscellaneous Income includes		
i) Profit on Sale of Assets	-	0.02
ii) Income on Assignment of Liability	5.60	9.97
3.18 Earnings per Share		
i) Profit / (Loss) After Tax	(99.71)	28.59
ii) Net Profit / (Loss) for the year attributable to Equity Share Holders	(99.71)	28.59
iii) Weighted Average Number of Equity Shares	14,65,01,383	14,65,01,383
iv) Earnings Per Share (Rs.) (Basic and Diluted)	(6.81)	1.95

3.19 Miscellaneous Expenses include

Particulars	2012-13	2011-12
i) Repairs and Maintenance – Other Buildings	0.03	0.04
ii) Directors Sitting Fees	0.11	0.11
iii) Auditors Remuneration		
a) Statutory Audit Fees	0.20	0.20
b) Taxation Matters	0.01	0.03
c) Out of Pocket Expenses	0.02	0.02
	0.23	0.25
iv) Provision for Doubtful Debts	6.36	0.70
v) Bad Debts	0.21	-

3.20 The Company has invested Rs. 48.43 Crore in its subsidiary ISMT Enterprises, S. A. Luxembourg which in turns holds 100% investment in Structo Hydraulics AB, Sweden (SHAB). The Company has given a corporate guarantee of Rs. 27.20 Crore (USD 5 Million) for loan availed by SHAB. The net recoverable on account of supplies by the Company to SHAB is Rs. 27.98 Crore. While SHAB had cash profit in the Previous Year, it has incurred cash loss in the current year and the net worth of SHAB is eroded. The management is of the opinion that the investment made in ISMT Enterprises group is strategic and with a long term view as a forward integration in the value chain of core business of the Company and hence no provision for the same is considered necessary.

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

As per our report of even date

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

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

Sandeep Rao
Partner
M. No. 47235

Sanjay Dhruva
Partner
M. No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2013

Pune, May 28, 2013

Disclosure of information relating to subsidiary companies as required by the Central Government under section 212(8) of the Companies Act, 1956.

Rs. in Crore

Particulars	ISMT Enterprises SA, Luxembourg	Structo Hydraulics AB, Sweden	Structo (UK) Limited UK	ISMT Europe AB, Sweden	Structo Hydraulics India Pvt. Ltd. #	Indian Seamless Inc. ##	Tridem Port and Power Co Pvt. Ltd.	Nagapattinam Energy Pvt. Ltd.,	PT ISMT Resources, Indonesia
Capital	56.37	17.47	0.00	0.08	0.05	1.73	2.58	0.01	4.99
Reserves	(1.20)	(57.74)	0.03	(6.56)	(0.03)	(1.09)	(0.23)	(0.04)	0.18
Total Assets	17.87	137.31	0.06	14.85	0.02	39.77	104.63	45.22	5.19
Total Liabilities	0.07	181.89	0.02	21.34	0.00	39.14	106.74	45.25	0.02
Investments other than in Subsidiary Companies	-	-	-	-	-	-	-	-	-
Turnover & Other Income	0.01	79.46	0.64	34.91	-	46.89	-	-	0.01
Profit / (Loss) before taxation	(0.18)	(23.02)	(0.02)	0.62	(0.01)	0.02	(0.11)	(0.02)	0.11
Provision for taxation	(0.01)	(7.39)	0.00	-	-	(0.00)	-	-	(19.55)
Profit / (Loss) after taxation	(0.19)	(30.41)	(0.02)	0.62	(0.01)	0.01	(0.11)	(0.02)	0.10
Proposed Dividend	-	-	-	-	-	-	-	-	-

Subsidiary Company upto December 4, 2012.

Subsidiary Company w.e.f June 12, 2012.

Notes:

- The accounts of subsidiaries have been re-stated in line with Indian GAAP and as required by Accounting Standard 21 issued by The Institute of Chartered Accountants of India, wherever applicable.
- The Financial Statement of the subsidiaries whose reporting currency are other than INR are converted into Indian Rupees on the basis of following exchange rates

Particulars	For Assets and Liabilities at Closing Exchange Rate	For Profit and Loss items at Daily Average Rate
EURO to INR	Rs. 69.6070/EURO	Rs. 68.7440/EURO
SEK to INR	Rs. 8.3206/SEK	Rs. 8.0058/SEK
GBP to INR	Rs.82.54306/GBP	Rs. 81.9993/GBP
Rupiah to INR	Rs.0.005590/Rupiah	Rs.0.005580/Rupiah
USD to INR	Rs.54.2850/USD	Rs.52.5775/USD

Independent Auditor's Report on Consolidated Financial Statements

To the Board of Directors of ISMT Limited

We have audited the accompanying consolidated financial statements of ISMT Limited ("the company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group in accordance with the accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

Structo Hydraulics AB, Sweden has deferred tax asset amounting to Rs. 2.91 Crore (referring to tax loss carried forward) and recognised insurance income amounting to Rs. 2.50 Crore. The Auditor of that Company has expressed qualified opinion on recognition of deferred tax asset in absence of certainty of realisation and on the recognition of insurance revenue in the current year instead of in the year 2013-14.

Qualified Opinion

In our opinion and to the best of our information and according to

the explanations given to us, except for the effect of the matter described in the basis for qualified opinion paragraph, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associates as noted below and the other financial information of the components, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2013;
- in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of matter

Without qualifying our opinion, we draw attention to the following matters referred to in the notes forming part of the consolidated financial statements :

- Note No 1.24 regarding remuneration to Executive Director and Non-Executive directors totalling to Rs. 1.84 Crore is subject to approval of Central Government.
- Note No.3.2 (iv) regarding accrual of claim for refund of electricity charges amounting to Rs. 29.94 Crore from Maharashtra State Electricity Distribution Company Limited based on Interim order of Maharashtra Electricity Regulatory Commission, Mumbai, duly supported by legal opinion.
- Note No.3.2(ii) regarding recoverability of balance amount of Rs. 2.45 Crore against insurance claim recognized in previous year.

Other Matter

We did not audit the financial statements of subsidiaries and associates, whose financial statements reflect total assets of Rs. 364.92 Crore as at March 31, 2013, total revenue of Rs. 161.92 Crore and net cash outflow amounting to Rs. 5.09 Crore for the year ended March 31, 2013. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, or compiled and approved by the management and our opinion is based solely on the reports of the other auditors and information provided by the management.

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

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

Sandeep Rao
Partner
Membership No. 47235
Pune, May 28, 2013

Sanjay Dhruva
Partner
Membership No. 38480
Pune, May 28, 2013

Consolidated Balance Sheet as at March 31, 2013

Rs. in Crore

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	1.1	73.25	73.25
Reserves and Surplus	1.2	<u>357.64</u>	<u>478.47</u>
		430.89	551.72
MINORITY INTEREST		0.09	0.18
NON-CURRENT LIABILITIES			
Long Term Borrowings	1.3	739.23	882.13
Deferred Tax Liabilities (Net)	1.4	34.74	68.22
Long Term Provisions	1.5	<u>8.35</u>	<u>7.51</u>
		782.32	957.86
CURRENT LIABILITIES			
Short Term Borrowings	1.6	400.41	164.09
Trade Payables	1.7	638.53	595.96
Other Current Liabilities	1.8	568.63	601.58
Short Term Provisions	1.9	<u>1.81</u>	<u>16.77</u>
		<u>1,609.38</u>	<u>1,378.40</u>
		<u>2,822.68</u>	<u>2,888.16</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	1.10		
Tangible Assets		1,402.29	1,183.00
Intangible Assets		2.46	4.37
Capital Work-in-Progress		<u>99.41</u>	<u>357.27</u>
		1,504.16	1,544.64
Goodwill on Consolidation		31.90	31.23
Non-Current Investment	1.11	0.05	-
Long Term Loans and Advances	1.12	44.63	40.27
Other Non Current Assets	1.13	<u>92.97</u>	<u>98.26</u>
		137.65	138.53
CURRENT ASSETS			
Inventories	1.14	538.40	515.03
Trade Receivables	1.15	336.06	371.53
Cash and Bank Balances	1.16	75.70	96.40
Short Term Loans and Advances	1.17	64.62	66.39
Other Current Assets	1.18	<u>134.19</u>	<u>124.41</u>
		<u>1,148.97</u>	<u>1,173.76</u>
		<u>2,822.68</u>	<u>2,888.16</u>
Significant Accounting Policies	2		
Notes to Accounts	3		

As per our report of even date

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

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

Sandeep Rao
Partner
M. No. 47235

Sanjay Dhruva
Partner
M. No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2013

Pune, May 28, 2013

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

Rs. in Crore

Particulars	Note No.	2012-13	2011-12
INCOME			
REVENUE FROM OPERATIONS			
Sale of Products	1.19	2,666.13	3,146.22
Less : Inter Segment Transfers		745.29	792.72
Inter Division Transfers		112.38	164.84
Sales to Subsidiary / Parent Company		126.29	76.86
		1,682.17	2,111.80
Less: Excise Duty		143.94	143.62
Net Sales		1,538.23	1,968.18
Other Operating Revenue	1.20	85.04	68.69
Less: Excise Duty		3.04	1.69
		82.00	67.00
REVENUE FROM OPERATIONS (NET)		1,620.23	2,035.18
Other Income	1.21	24.67	25.35
TOTAL REVENUE		1,644.90	2,060.53
EXPENSES:			
Cost of Materials Consumed	1.22	782.02	1,029.20
Purchases of Traded Goods		8.21	-
Changes in Inventories of Finished Goods and Work-in-Progress	1.23	(32.40)	(23.90)
Employee Benefits Expense	1.24	137.64	137.02
Finance Costs	1.25	157.63	125.59
Depreciation, Amortisation and Obsolescence	1.26	101.22	90.46
Other Expenses	1.27	585.95	644.48
Foreign Exchange Loss		62.31	31.89
TOTAL EXPENSES		1,802.58	2,035.34
PROFIT / (LOSS) BEFORE TAX		(157.68)	25.19
TAX EXPENSES			
Current Tax		0.02	6.08
Previous Year Tax		-	8.34
MAT Credit - Current Year		-	(6.08)
MAT Credit - Previous Year		(0.05)	(8.26)
Deferred Tax - Current Year		(33.48)	2.15
Deferred Tax - Previous Year		-	(2.27)
Less : Share of Minority Interest		(0.09)	0.04
PROFIT / (LOSS) FOR THE YEAR		(124.08)	25.19
Earning per Equity Share (Face Value of Rs. 5/- each) (Refer Note No 3.14 of Notes on Accounts)		(8.47)	1.72
Significant Accounting Policies	2		
Notes to Accounts	3		

As per our report of even date

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

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

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Partner
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Partner
M. No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2013

Pune, May 28, 2013

Consolidated Cash Flow Statement for the Year Ended March 31, 2013

Rs. in Crore

Particulars	2012-13	2011-12
i) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) before Taxation	(157.68)	25.19
Adjustments for :		
Depreciation, Amortisation and Obsolescence	101.22	90.46
Finance Costs	157.63	125.59
Interest Income	(15.05)	(13.54)
Foreign Exchange Loss	29.53	2.06
Miscellaneous Expenditure incurred during the year	-	(0.15)
Expenses Charged to Reserves	-	(9.36)
Income on Assignment of Liability	(5.60)	(9.97)
Loss / (Profit) on Sale of Fixed Assets (Net)	0.05	0.01
Provision for Doubtful Debts	6.36	0.70
Provision for Wealth Tax	0.14	0.14
Foreign Currency Translation Reserve	(3.98)	(7.76)
	<u>270.30</u>	<u>178.18</u>
Operating Cash Profit before Working Capital Changes	112.62	203.37
Adjustments for :		
Trade and Other Receivables	9.71	(26.20)
Inventories (Increase) / Decrease	(23.38)	(29.06)
Trade Payables and Other Liabilities	23.11	132.10
	<u>9.44</u>	<u>76.84</u>
Taxes Paid	(2.38)	(12.62)
Net Cash Flow from Operating Activities	119.68	267.59
ii) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(89.08)	(209.48)
Sale of Fixed Assets	-	15.23
Interest Received	17.73	9.43
Net Cash used in Investing Activities	(71.35)	(184.82)
iii) CASH FLOW FROM FINANCING ACTIVITIES :		
Acquisition of Subsidiary	(1.78)	-
Dividend Payments (Including Tax thereon)	(12.31)	(20.56)
Proceeds from /(Repayment of) Borrowings	90.58	79.20
Interest Paid	(159.38)	(123.16)
Net Cash from Financing Activities	(82.89)	(64.52)
Net Increase / (Decrease) in Cash and Cash Equivalents	(34.56)	18.25
Cash and Cash Equivalents at the beginning of the year (Refer Note No.1.16)	43.77	25.52
Cash and Cash Equivalents at the end of the year (Refer Note No.1.16)	9.21	43.77
Net Increase / (Decrease) in Cash & Cash Equivalents	(34.56)	18.25

As per our report of even date

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

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

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Partner
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M. No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2013

Pune, May 28, 2013

Notes to Consolidated Financial Statement for the year ended March 31, 2013

NOTE NO. 1.1 SHARE CAPITAL

Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
Authorised		
i) 17,50,00,000 (Previous Year 17,50,00,000) Equity Shares of Rs. 5/- each	87.50	87.50
ii) Unclassified Shares	71.00	71.00
	<u>158.50</u>	<u>158.50</u>
Issued, Subscribed and Paid up:		
14,65,01,383 (Previous Year 14,65,01,383) Equity Shares of Rs. 5/- each fully paid	73.25	73.25
	<u>73.25</u>	<u>73.25</u>

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

Proposed Dividend per Equity Share Rs. Nil (Previous Year Rs. 0.75).

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Equity Shares Number	Rs. in Crore	Equity Shares Number	Rs. in Crore
Shares outstanding at the beginning of the year	14,65,01,383	73.25	14,65,01,383	73.25
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	14,65,01,383	73.25	14,65,01,383	73.25

The details of shareholders holding more than 5% shares.

Name of Shareholders	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Seamless Enterprises Limited	5,55,33,788	37.90%	5,55,33,788	37.90%
Vishkul Leather Garments Private Limited	1,41,02,179	9.63%	1,41,02,179	9.63%
HDFC Trustee Company Limited - HDFC- Equity Fund	79,38,894	5.42%	91,80,031	6.27%

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)
NOTE NO. 1.2 RESERVES AND SURPLUS
Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
i) Capital Reserve	6.94	6.94
ii) Revaluation Reserve		
Opening Balance	6.42	6.80
Less : Transferred to Surplus	<u>0.42</u>	<u>0.38</u>
	6.00	6.42
iii) Capital Redemption Reserve	80.60	80.60
iv) Securities Premium Account		
Opening Balance	-	9.36
Less : Redemption Premium on FCCB Bonds	<u>-</u>	<u>9.36</u>
	-	-
v) Amalgamation Reserve		
Opening Balance	33.68	40.40
Less : Withdrawal of Depreciation (Refer Note No 3.11 of Notes to Accounts)	<u>6.72</u>	<u>6.72</u>
	26.96	33.68
vi) Reserve for Contingencies		
Opening Balance	1.91	1.91
Less : Debits related to Pre-Merger period	<u>-</u>	<u>-</u>
	1.91	1.91
vii) General Reserve		
Opening Balance	397.33	347.33
Add : Transferred from Surplus	<u>-</u>	<u>50.00</u>
	397.33	397.33
viii) Foreign Currency Translation Reserve	(28.52)	(24.54)
ix) Hedge Reserve Account		
Opening Balance	(31.09)	-
Addition during the year	(15.44)	(31.09)
Less : Transferred to Statement of Profit and Loss (Refer Note No. 3.08 of Notes to Accounts)	<u>31.09</u>	<u>-</u>
	(15.44)	(31.09)
x) Foreign Currency Monetary Item Translation Difference Account		
Opening Balance	(5.02)	-
Addition during the year	(2.70)	(5.65)
Less : Transferred to Statement of Profit and Loss (Refer Note No. 3.08 of Notes to Accounts)	<u>0.97</u>	<u>0.63</u>
	(6.75)	(5.02)
xi) Surplus		
Opening Balance	12.24	49.44
Add : Profit / (Loss) for the year	(124.08)	25.19
Transferred from Revaluation Reserves	0.42	0.38
Adjustment of losses pursuant to de-subsiidiary	<u>0.03</u>	<u>-</u>
	(111.39)	75.01
Less : Appropriations		
Proposed Dividend	-	10.99
Tax on proposed Dividend	-	1.78
Transfer to General Reserve	<u>-</u>	<u>50.00</u>
Closing Balance	<u>(111.39)</u>	<u>12.24</u>
	<u>357.64</u>	<u>478.47</u>

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

NOTE NO. 1.3 LONG TERM BORROWINGS

Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
SECURED LOANS :		
i) Term Loans from Banks		
a) Rupee Loans	63.32	131.86
b) Foreign Currency Loans	616.46	660.84
	679.78	792.70
ii) Long Term maturities of finance lease Obligations	0.03	0.05
UNSECURED LOANS :		
i) Term Loan from Bank	15.00	30.00
ii) Interest Free Incentive and Sales Tax Loan	44.42	59.38
	739.23	882.13

SECURITY

Parent Company

- i) Term Loans of Rs. 130.30 Crore (including current maturities of Rs. 27.83 Crore) (Previous Year Rs 142.19 Crore including current maturities of Rs. 36.78 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loan lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (v). These loans are further stipulated to be secured by a second charge ranking pari passu by way of hypothecation with other term lenders on the current assets of the Company on which the first pari passu charge is stipulated to be covered in favour of consortium of banks as mentioned in note no. 1.6.
- ii) Term Loans of Rs. 316.15 Crore (including current maturities of Rs. 89.75 Crore) (Previous Year Rs. 393.45 Crore including current maturities of Rs. 92.12 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loans lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (v).
- iii) Term Loans of Rs. 248.95 Crore (including current maturities of Rs. 64.63 Crore) (Previous Year Rs. 213.89 Crore including current maturities of Rs. 22.07 Crore) are stipulated to be secured by exclusive charge on the equipment finance. Out of above, term loan of Rs. 83.71 Crore is further stipulated to be secured with the land appurtenant thereto.
- iv) Term Loans of Rs. 11.15 Crore (including current maturities of Rs. 11.15 Crore) (Previous Year Rs. 25.18 Crore including current maturities of Rs. 14.39 Crore) are stipulated to be secured by first charge on the entire fixed assets ranking pari passu with other term lenders excluding term loans lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) and (v) has been stipulated.
- v) Term Loans of Rs. 136.71 Crore (including current maturities of Rs. 17.12 Crore) (Previous Year Rs. 144.79 Crore including current maturities of Rs. 12.46 Crore) are stipulated to be secured by first charge ranking pari passu on the Company's immovable properties and movable fixed assets relating to Captive Power Projects of the Company located in Chandrapur district.
- vi) Term Loan of Rs. 39.64 Crore (including current maturities of Rs. Nil) (Previous Year Rs. 38.62 Crore including current maturities of Rs. Nil) is secured by first charge ranking pari passu by hypothecation in respect of current assets of the Company present and future and are further secured by a second pari passu charge on the Company's immovable properties and all movable fixed assets both present and future as referred in Note No.(i) above.

Subsidiary Companies

Term Loans of Rs. 7.36 Crore (including current maturities of Rs. 4.99 Crore) (Previous Year Rs. 17.01 Crore including current maturities of Rs. 4.61 Crore) are secured by mortgage of Company's immovable Properties.

The Parent Company has provided a stand-by letter of credit of USD 5.00 million from its consortium bank for availing finance by its subsidiary Company, Structo Hydraulics AB, Sweden and a Corporate Guarantee to its bankers for availing buyers credit limit of USD 5.00 million.

- vii) Finance Lease Obligation is secured by Hypothecation of Assets taken under Finance Lease.
- viii) Maturity Schedule

Rs. in Crore

Particulars	1-2 year	2-3 year	3-4 year	Beyond 4 years
a) Term Loans-from Banks (Secured Loan)	237.87	145.24	92.43	204.24
b) Term Loans-from Banks (Unsecured Loan)	15.00	-	-	-
c) Sales Tax Loan	2.62	7.26	8.40	26.14

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)
NOTE NO. 1.4 DEFERRED TAX LIABILITIES (Net)
Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
i) Deferred Tax Liabilities		
a) Depreciation	149.19	109.47
b) Expenditure Deferred	0.04	0.14
	<u>149.23</u>	<u>109.61</u>
ii) Deferred Tax Assets		
a) Accumulated Tax Losses	15.05	7.01
b) Unabsorbed Tax Depreciation	94.50	31.91
c) Deduction eligible in future period in respect of expenses already debited to a Statement of Profit And Loss	4.94	2.47
	<u>114.49</u>	<u>41.39</u>
Deferred Tax Liabilities (Net)	<u>34.74</u>	<u>68.22</u>

NOTE NO. 1.5 LONG TERM PROVISIONS

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for Employee Benefits		
Leave Encashment	8.35	7.51
	<u>8.35</u>	<u>7.51</u>

NOTE NO. 1.6 SHORT TERM BORROWINGS

Particulars	As at March 31, 2013	As at March 31, 2012
SECURED		
Loans Repayable on Demand		
Working Capital Borrowings From Banks		
i) Rupee Loans	191.82	38.20
ii) Foreign Currency Loans	149.68	125.89
UNSECURED		
Working Capital Borrowings From Bank		
i) Rupee Loan	50.00	-
ii) Others	8.91	-
	<u>400.41</u>	<u>164.09</u>

SECURITY
Parent Company

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

Subsidiary Companies

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

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 1.7 TRADE PAYABLES****Rs. in Crore**

Particulars	As at March 31, 2013	As at March 31, 2012
Acceptances	449.31	448.78
Other Trade Payables		
i) Micro, Small and Medium Enterprises	0.28	0.26
ii) Others	188.94	146.92
	<u>638.53</u>	<u>595.96</u>

NOTE NO. 1.8 OTHER CURRENT LIABILITIES**Rs. in Crore**

Particulars	As at March 31, 2013	As at March 31, 2012
CURRENT MATURITIES OF LONG TERM DEBT		
Secured		
i) Rupee Loans	31.72	28.26
ii) Foreign Currency Loans	183.75	154.19
	215.47	182.45
Current Maturities of Finance Lease Obligations (Refer Note No. 1.3 (vii))	0.02	0.01
Unsecured		
i) Interest Free Sales Tax Loan	0.34	-
ii) Term Loan From Bank	20.00	20.00
	20.34	20.00
Interest accrued but not due on borrowings	2.34	2.98
Interest accrued and due on borrowings	1.22	2.32
Unclaimed dividends #	3.26	2.80
Other Payables		
i) Acceptances- Capital	3.55	27.20
ii) Other Payables – Capital	17.16	37.21
iii) Advances From Customers	9.12	20.28
iv) Provision for Expenses	19.20	16.38
v) Other Liabilities ##	276.95	289.95
	<u>568.63</u>	<u>601.58</u>

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

Other Liabilities include Buyer's Credit - Others Rs. 253.50 Crore and Buyer's Credit - Capital Rs. 4.15 Crore (Previous Year Buyer's Credit - Others Rs. 248.52 Crore and Buyer's Credit - Capital Rs. 3.90 Crore).

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)
NOTE NO. 1.9 SHORT TERM PROVISIONS
Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for Employee Benefits		
i) Gratuity	0.65	2.86
ii) Leave Encashment	0.15	0.26
iii) Superannuation	1.01	0.88
Others		
i) Proposed Dividend	-	10.99
ii) Tax on Proposed Dividend	-	1.78
	<u>1.81</u>	<u>16.77</u>

NOTE NO. 1.10 FIXED ASSETS
Rs. in Crore

Particulars	Original Cost			Depreciation and Amortisation				Net Book Value		
	As at April 1, 2012	Additions	Disposals	As at March 31, 2013	As at April 1, 2012	Charge for the year	On disposals	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<u>Tangible Assets</u>										
Land-Freehold	10.27	7.28	-	17.55	-	-	-	-	17.55	10.27
Land-Leasehold	7.03	-	-	7.03	0.65	0.08	-	0.73	6.30	6.38
Buildings	143.31	12.57	-	155.88	29.55	5.33	-	34.88	121.00	113.76
Plant and Machinery	1,568.91	303.78	0.99	1,871.70	524.55	97.89	0.42	622.02	1,249.68	1,044.36
Furniture and Fixtures	4.30	1.13	-	5.43	2.44	0.40	-	2.84	2.59	1.86
Office Equipment	12.84	0.30	0.22	12.92	9.58	0.82	0.17	10.23	2.69	3.26
Vehicles	2.06	-	0.05	2.01	1.65	0.10	0.05	1.70	0.31	0.41
<u>Assets Under Lease</u>										
Plant and Machinery	6.96	-	-	6.96	4.26	0.53	-	4.79	2.17	2.70
Total A	1,755.68	325.06	1.26	2,079.48	572.68	105.15	0.64	677.19	1,402.29	1,183.00
<u>Intangible Assets</u>										
Goodwill	33.79	-	-	33.79	29.94	1.61	-	31.55	2.24	3.85
Technical Know-how	4.13	-	-	4.13	4.13	-	-	4.13	-	-
Computer Software	3.89	-	-	3.89	3.37	0.30	-	3.67	0.22	0.52
Total B	41.81	-	-	41.81	37.44	1.91	-	39.35	2.46	4.37
Total A + B	1,797.49	325.06	1.26	2,121.29	610.12	107.06	0.64	716.54	1,404.75	1,187.37
Previous Year	1,713.00	137.95	53.46	1,797.49	551.82	92.41	34.11	610.12	1,187.37	1,161.18

Additions to Plant and Machinery include Exchange Difference of Rs. 33.20 Crore (Previous Year Rs. 46.00 Crore) and Interest of Rs. 36.25 Crore (Previous Year Rs. 5.53 Crore).

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 1.11 NON CURRENT INVESTMENT**

Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
Long Term Investments – Lower of cost and fair value		
Trade (unquoted)		
Investment in Equity Instruments of Associates		
Structo Hydraulics India Private Limited, 49,994 (Previous Year Nil) Equity Shares of Rs. 10 each fully paid	0.05	-
	<u>0.05</u>	<u>-</u>
Aggregate amount of unquoted investments	<u>0.05</u>	<u>-</u>

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

Particulars	As at March 31, 2013	As at March 31, 2012
i) Capital Advances	37.26	32.54
ii) Security Deposits	5.41	5.11
iii) Employee Welfare Fund	1.96	2.62
	<u>44.63</u>	<u>40.27</u>

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

NOTE NO. 1.13 OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2013	As at March 31, 2012
i) MAT Credit Receivable	91.69	92.43
ii) Refunds Due From Government Authorities	1.13	5.58
iii) Trade Receivables		
Outstanding for a period exceeding six months		
Considered Doubtful	7.92	1.57
Less: Provision for Doubtful Debts	<u>7.92</u>	<u>1.57</u>
	-	-
iv) Expenses to the extent not written off or adjusted		
Preliminary Expenses	0.12	0.16
Loan Processing Fee	0.03	0.09
	<u>92.97</u>	<u>98.26</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)
NOTE NO. 1.14 INVENTORIES (As taken, valued and certified by the management)

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

Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
i) Raw Materials	115.44	131.22
ii) Work-in-Progress	180.23	152.24
iii) Finished Goods	107.89	103.48
iv) Stores, Spares and Consumables	134.84	128.09
	<u>538.40</u>	<u>515.03</u>

NOTE NO. 1.15 TRADE RECEIVABLES

(Net of bills discounted with Banks)

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured		
i) Outstanding for a period exceeding six months Considered Good	46.96	22.50
ii) Others Considered Good	289.10	349.03
	<u>336.06</u>	<u>371.53</u>

NOTE NO. 1.16 CASH AND BANK BALANCES

Particulars	As at March 31, 2013	As at March 31, 2012
Cash and Cash Equivalents		
i) Balances with Banks	9.14	43.72
ii) Cash on Hand	0.07	0.05
	<u>9.21</u>	<u>43.77</u>
Other Bank Balances		
Deposits with Banks	66.49	52.63
	<u>75.70</u>	<u>96.40</u>
Balances with Banks include :		
i) Unclaimed Dividend	3.26	2.80
ii) Unclaimed Interest on Debentures	0.24	0.24
Deposits with Banks include :		
i) Margin Money Deposits against Guarantees / Letter of Credit / with less than 12 months maturity	24.29	37.12
ii) Margin Money Deposits against Guarantees / Letter of Credit / with more than 12 months maturity	1.71	3.80

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

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

Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
Loans and Advances to Related Parties		
Associate Company	10.50	13.40
Others		
i) Security Deposits	6.70	6.93
ii) Advances recoverable in Cash or in Kind #	47.42	46.06
	<u>64.62</u>	<u>66.39</u>

Loans and Advances include loans to officers of the Company Rs. Nil (Previous Year Rs.14,725/-).

NOTE NO. 1.18 OTHER CURRENT ASSETS

Particulars	As at March 31, 2013	As at March 31, 2012
Balances with Government Authorities :		
i) Balance with Custom, Excise and Sales Tax	18.08	41.07
ii) Export Incentives and Other Statutory Refunds	87.47	40.38
iii) Taxes paid (net of provisions)	5.70	2.68
Others	22.84	39.97
Expenses to the extent not written off or adjusted		
i) Preliminary Expenses	0.04	0.04
ii) Loan Processing Fee	0.06	0.27
	<u>134.19</u>	<u>124.41</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 1.19 REVENUE FROM OPERATIONS (GROSS)****SALE OF PRODUCTS****Rs. in Crore**

Particulars	2012-13	2011-12
i) Tube #	1,450.99	1,715.42
ii) Steel	1,215.14	1,430.80
Gross Sales	<u>2,666.13</u>	<u>3,146.22</u>

includes traded goods sold of Rs. 8.16 Crore (Previous Year Rs. Nil).

NOTE NO. 1.20 OTHER OPERATING REVENUE (GROSS)

Particulars	2012-13	2011-12
Other Operating Revenues		
i) Sale of Scrap (Gross)	72.51	82.62
Less : Inter Segment Transfers	40.58	60.47
	31.93	22.15
ii) Sale of Power	153.91	-
Less : Inter Segment Transfers	127.65	-
	26.26	-
iii) Export Incentives	16.15	18.33
iv) Electricity Refund (Refer Note No. 3.2 (iii) of Notes to Accounts)	-	15.29
v) Mega Project Incentives	10.70	12.92
	<u>85.04</u>	<u>68.69</u>

NOTE NO. 1.21 OTHER INCOME

Particulars	2012-13	2011-12
i) Interest Income #	15.04	13.53
ii) Miscellaneous Income (Refer Note No. 3.13 to Notes on Accounts)	9.63	11.82
	<u>24.67</u>	<u>25.35</u>

includes interest from Banks Rs. 10.07 Crore (Previous Year Rs. 3.64 Crore).

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

NOTE NO. 1.22 COST OF RAW MATERIAL CONSUMED

Rs. in Crore

Particulars	2012-13	2011-12
Opening Stock	131.22	142.30
Add : Purchases made during the year	766.24	1,018.12
	<u>897.46</u>	<u>1,160.42</u>
Less : Closing Stock	115.44	131.22
	<u>782.02</u>	<u>1,029.20</u>

DETAILS OF RAW MATERIAL CONSUMED

Particulars	2012-13	2011-12
Tube Segment		
Steel	763.45	925.23
Less : Inter Segment Transfers included in above	664.14	729.94
Net Consumption	<u>99.31</u>	<u>195.29</u>
Steel Segment		
a) Pig Iron, DRI and Scrap	641.18	783.87
b) Ferro Alloys	77.65	104.80
	<u>718.83</u>	<u>888.67</u>
Less : Inter Segment Transfer	36.12	54.76
Net Consumption	<u>682.71</u>	<u>833.91</u>
Total Raw Material Consumed	<u>782.02</u>	<u>1,029.20</u>

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

Particulars	2012-13	2011-12
Closing Stock		
i) Finished Goods	107.89	103.48
ii) Work-in-Progress	180.23	152.24
	<u>288.12</u>	<u>255.72</u>
Opening Stock		
i) Finished Goods	103.48	90.71
ii) Work-in-Progress	152.24	141.71
	<u>255.72</u>	<u>232.42</u>
(Increase)/Decrease in Inventories		
i) Finished Goods	(4.41)	(12.77)
ii) Work-in-Progress	(27.99)	(10.53)
	<u>(32.40)</u>	<u>(23.30)</u>

PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

Particulars	2012-13	2011-12
i) Tube	142.63	121.10
ii) Steel	37.60	31.14
	<u>180.23</u>	<u>152.24</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 1.24 EMPLOYEE BENEFITS EXPENSE****Rs. in Crore**

Particulars	2012-13	2011-12
i) Salaries, Wages, Bonus and Allowances #	116.50	113.82
ii) Contributions to Provident Fund and Other Funds	13.15	14.59
iii) Staff Welfare Expenses	7.99	8.61
	<u>137.64</u>	<u>137.02</u>

Salaries, Wages, Bonus and Allowances include remuneration paid to Non-Executive Director amounting to Rs. 0.12 Crore and to Executive Directors amounting to Rs. 1.72 Crore, which is excess of limit specified under Schedule XIII to the Companies Act, 1956, is subject to approval of Central Government.

NOTE NO. 1.25 FINANCE COSTS

Particulars	2012-13	2011-12
i) Interest Expenses		
a) Term Loans	63.99	53.59
b) Working Capital and Others	76.95	48.54
	<u>140.94</u>	102.13
ii) Cash Discount	0.40	0.24
iii) Other Finance Costs	16.29	23.22
	<u>157.63</u>	<u>125.59</u>

NOTE NO. 1.26 DEPRECIATION, AMORTISATION AND OBSOLESCENCE

Particulars	2012-13	2011-12
i) Depreciation for the year	107.06	92.41
Less : Withdrawal from Amalgamation Reserve (Refer Note No. 3.11 of Notes to Accounts)	6.72	6.72
	<u>100.34</u>	<u>85.69</u>
ii) Amortisation of Miscellaneous Expenditure	0.31	0.66
iii) Loss on Obsolescence of Assets	0.57	4.11
	<u>101.22</u>	<u>90.46</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 1.27 OTHER EXPENSES****Rs. in Crore**

Particulars	2012-13	2011-12
i) Materials		
a) Stores and Spares	55.47	73.06
b) Consumables	72.85	79.71
	128.32	152.77
ii) Energy		
a) Power Charges	39.87	204.28
b) Fuel	97.84	108.23
c) Gases	34.40	34.08
d) Coal - Indigenious	125.22	-
	297.33	346.59
iii) Direct Manufacturing		
a) Processing Charges	20.11	13.60
b) Other Direct Expenses	38.48	31.18
c) Repairs Maintenance to Plant and Machinery	6.73	7.73
d) Repairs to Factory Building	0.34	0.67
e) Machine Rentals	1.17	1.60
	66.83	54.78
iv) Selling and Distribution		
a) Freight Charges	41.49	50.14
b) Commission on Sales	4.37	4.85
c) Selling and Other Expenses	2.61	3.36
	48.47	58.35
v) Excise Duty on Stock of Finished Goods	0.85	2.41
vi) Administrative Expenses		
a) Rent	1.55	1.68
b) Rates and Taxes	1.11	0.42
c) Travelling	7.94	7.40
d) Communication	1.99	1.87
e) Repairs and Maintenance - Others	1.08	1.05
f) Insurance	2.02	1.71
g) Equipment Lease Rentals	0.69	0.64
h) Loss on Sale of Assets	0.05	-
i) Miscellaneous Expenses (Refer Note No. 3.15 of Notes to Accounts)	27.72	14.81
	44.15	29.58
	585.95	644.48

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)**NOTE NO. 2 : SIGNIFICANT ACCOUNTING POLICIES****BASIS OF CONSOLIDATION**

The consolidated financial statements relate to ISMT Limited ("the Company") and its subsidiaries. The Company and its subsidiaries constitute the Group.

i) Basis of Accounting

- a) The Financial Statements of the subsidiary companies used in consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2013.
- b) The Financial Statements of the Group have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and as notified under the Companies (Accounting Standards) Rules, 2006 and other generally accepted accounting principles in India.

ii) Principles of Consolidation

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

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

have been identified and presented in the consolidated Balance Sheet separately from liabilities and the equity of parent.

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

iii) The Consolidated Financial Statements present the consolidated accounts of ISMT Limited with its subsidiaries including indirect subsidiary companies and Share of Profit/(Loss) of Associates.

Sr. No.	Name of Company	Country of Incorporation
a)	* ISMT Enterprises SA	Luxembourg
b)	*@ Tridem Port and Power Company Private Limited	India
c)	* Structo Hydraulic AB	Sweden
d)	* Structo Hydraulic India Limited (Associate)	India
e)	* ISMT Europe AB	Sweden
f)	* Structo (UK) Limited	UK
g)	*@ Nagapattinam Energy Private Limited	India
h)	*@ PT ISMT Resources	Indonesia
i)	* Indian Seamless Inc.	USA

@ Compiled by the Management as on March 31, 2013.

* Audited by other Auditors.

- a) Ownership interest in all the Subsidiary Companies is 100% except in case of ISMT Enterprises SA Luxembourg, it is 99.62% and Tridem Port and Power Company Private Limited, it is 98.48%.
- b) Reporting dates of all Subsidiary Companies and

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

Associate Company is March 31, 2013 except for PT ISMT Resources, it is December 31, 2012.

OTHER ACCOUNTING POLICIES :

2.1 Revenue Recognition

i) Sales

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

ii) Export Incentives

Export Incentives are recognized when right to receive credit as per prevalent scheme is established in respect of the exports made and when there is no significant uncertainty regarding realization of such claim.

2.2 Fixed Assets

- i) Fixed Assets are stated at their original cost of acquisition including taxes, duties, freight, other incidental expenses related to acquisition and installation of the concerned assets and excludes refundable taxes and duties.
- ii) All incidental expenses incurred during project implementation, for the project as well as trial run expenses are treated as expenditure during construction and are capitalized.

2.3 Depreciation

Parent Company

- i) Leasehold Land – Cost of leasehold land is amortised over lease period.
- ii) Depreciation on Building and Plant & Machinery is provided on straight line method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.
- iii) Depreciation on Furniture & Fixtures, Office Equipment and vehicle is provided on written down value method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

Subsidiary Companies

Structo Hydraulics AB :

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

The following depreciation periods are applied :

Tangible Assets : -

Buildings	45 years
Computer Hardware and Software	3-5 years
Plant & Machinery and Equipment	3-15 years

Structo (UK) Limited :

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

Computer Equipment and Furniture – 33% on reducing balance.

ISMT Europe AB :

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

Tangible Assets : -

Computer Hardware and Software	5 years
Equipment	5 years

Tridem Port and Power Company Private Limited, & Nagapattinam Energy Private Limited :

Depreciation on Furniture & Fixtures, Office Equipment and Vehicle is provided on straight line method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

2.4 Intangibles

Parent Company

Intangible assets are stated at costs less accumulated amortisation.

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

Subsidiary Company

Structo Hydraulics AB :

Goodwill is amortised over a period of 10 years.

Tridem Port and Power Company Private Limited

Software is amortised over a period of 5 years.

2.5 Leased assets

i) Finance Lease

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

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

ii) Operating Lease

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

2.6 Inventories**Parent Company**

i) Classification :

Scrap generated from Tube Segment is classified as raw material as the same is mostly used by Steel Segment.

ii) Valuation

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

Subsidiary Company

Structo Hydraulic AB, ISMT Europe AB and Indian Seamless Inc.

Inventory is valued at the lower of original cost on a first in first out principle and market value respectively. Obsolescence risk have been considered. The purchase cost regarding the Company's own manufacturing semi-finished and finished products consists of direct manufacturing costs and reasonable overheads for indirect manufacturing costs.

2.7 Employee Benefits : -**Parent Company**

i) Defined Contribution Plan

The Company makes defined contribution to Provident Fund and Superannuation Schemes, which are recognized in the Statement of Profit and Loss on accrual basis.

ii) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act (funded), long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short term compensated

absences, which are provided on actual basis. Actuarial gain and losses are recognised immediately in the Statement of the Profit and Loss as income or expense. Obligations is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Subsidiary Companies

Structo Hydraulic AB and ISMT Europe AB

The Company makes defined contribution to the Government authority as a social security benefit, which is recognized in the Statement of Profit and Loss on accrual basis.

2.8 Research & Development

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

2.9 Long Term Investments

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

2.10 Foreign Currency transactions**Parent Company**

- i) All transactions in foreign currency are recorded by applying the exchange rate prevailing at the time of the transaction.
- ii) The Company designates borrowing in foreign currency other than those utilized for capital expenditure and identified Long Term Loans as hedge instrument to hedge its foreign currency risk of its firm commitment and highly probable or forecasted revenue transaction to be accounted as cash flow hedge. The unrealized exchange gains or losses on transactions related to foreign currency borrowing which qualify as effective hedge are recognized in the Hedging Reserve Account.
- iii) Monetary foreign currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the Balance Sheet date. Pursuant to the notification of the Companies (Accounting Standards) (Second Amendments) Rules, 2011 on December 29, 2011, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, the exchange differences relating to long term monetary items are dealt with in the following manner :
 - a) Exchange differences relating to long term monetary items, arising during the year, in so far as they relate to

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

the acquisition of capital asset are add to / deducted from the cost of the asset.

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

Other Subsidiary Companies and Associate

Receivables and Payables in foreign currency have been converted using the rate of the Balance Sheet date. Exchange rate differences on current receivables and payables are included in the operating result.

2.11 Miscellaneous Expenditure

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

2.12 Borrowing Costs

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

2.13 Income Tax

Parent Company / Tridem Port and Power Company Private Limited / Nagapattinam Energy Private Limited / Structo Hydraulics India Limited.

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

Other Subsidiary Companies

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

2.14 Government Incentives

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

2.15 Impairment of Assets

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

2.16 Contingent Liabilities

Contingent Liabilities are not provided and are disclosed in notes on accounts. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to Consolidated Financial Statement for the year ended March 31, 2013 (Contd.)
NOTE NO. 3 NOTES TO ACCOUNTS

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

3.1 CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)
Rs. in Crore

Particulars	As at March 31, 2013	As at March 31, 2012
i) Contingent Liabilities		
Parent Company		
a) Claims against the Company not acknowledged as debt		
Sales Tax	12.17	12.17
Income tax disputed by the Company	0.20	0.20
Excise Duty	40.98	38.50
Others	9.42	8.94
b) Corporate Guarantees	27.20	49.36
c) Bills discounted on behalf of third party	74.70	37.06
Subsidiary Company		
Bills discounted on behalf of third party	75.01	71.95
ii) Commitments		
Capital Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)		
Parent Company	7.72	23.12
Subsidiary Company	4.45	4.67

- 3.2 i) Considering the uncertainty related to realisation, the following items are not considered to accrue till they are settled / sanctioned / received as the case may be: a) Insurance claims except specific claims stated separately b) Interest on receivables c) Electricity Refund (Additional Supply Charges).
- ii) The Company had recognised insurance claim amounting to Rs. 14.98 Crore in the Financial Year 2011-12. After accounting for receipt of part claim and credit for rejected material, balance amount of Rs. 2.45 Crore is yet to be received from the Insurance Company. The Company expects that the said claim would be settled by the Insurance Company and there would be no material difference in the settlement of the claim.
- iii) During the Financial Year 2011-12, the Company had accrued Rs. 9.88 Crore as Regulatory Liability Charges to be received from Maharashtra State Electricity Distribution Company Limited (MSEDCL) out of it Rs. 5.42 Crore have been received during the year and the balance amount outstanding as on March 31, 2013 is Rs. 4.46 Crore.
- iv) The Company had entered in to Energy Banking Agreement (EBA) dated May 7, 2010 with Maharashtra State Electricity Distribution Company Limited (MSEDCL) which was not implemented by MSEDCL while granting Open Access permission. Upon petition filed by the Company in this matter, an interim order has been passed by Maharashtra Electricity Regulatory Commission (MERC), staying Open Access circular No. 170 of MSEDCL and making the EBA operative. Consequent on the order of MERC and based on the legal opinion, the Company has accounted refund claim of Rs. 29.94 Crore to representing excess energy charges paid to MSEDCL on account of non availability of banking facility.
- 3.3 As per Accounting Standard 17, the Company has two segment viz "Seamless Tube and Steel". Structo group is considered as Seamless Tube Segment and Tridem group is considered under unallocable as business activities are not commenced.
- i) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.
- ii) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under "Unallocable Assets / Liabilities".

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

Segment Information

Rs. in Crore

Particulars	As on March 31, 2013				As on March 31, 2012			
	Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
i) Segment Revenue								
Total External Sales (Gross)	1,212.33	469.84		1,682.17	1,473.72	638.08		2,111.80
Add : Inter Segment Transfers (Gross)	-	745.29		745.29	-	792.72		792.72
Inter Division Transfers (Gross)	112.38	-		112.38	164.84	-		164.84
Subsidiary / Parent Company	126.29	-		126.29	76.86	-		76.86
	1,451.00	1,215.13		2,666.13	1,715.42	1,430.80		3,146.22
Less : Excise Duty	99.75	137.18		236.93	98.78	122.34		221.12
	1,351.25	1,077.95		2,429.20	1,616.64	1,308.46		2,925.10
Less : Inter Segment Transfers (Net)	-	664.67		664.67	-	730.80		730.80
Inter Division Transfers (Net)	100.01	-		100.01	149.26	-		149.26
Subsidiary / Parent Company	126.29	-		126.29	76.86	-		76.86
Net Sales	1,124.95	413.28		1,538.23	1,390.52	577.66		1,968.18
ii) Segment results								
Profit/(Loss) Before Finance Costs, Foreign Exchange Loss and Taxes	(5.25)	17.78	# 50.60	63.13	108.20	54.72	24.52	187.44
Less : Finance Costs				157.63				125.59
Amortisation and Obsolescence				0.87				4.77
Foreign Exchange Loss				62.31				31.89
Profit / (Loss) Before Tax				(157.68)				25.19
Less : Tax Expenses				(33.51)				(0.04)
Profit / (Loss) After Tax				(124.17)				25.23
Less : Share of Minority Interest				(0.09)				0.04
Profit / (Loss) after Minority Interest				(124.08)				25.19
iii) Other Information								
Total Segment Assets	1,674.85	498.40	617.48	2,790.73	1,632.35	566.25	658.33	2,856.93
Total Segment Liabilities	223.25	390.99	603.08	1,217.32	346.41	405.77	469.64	1,221.82
Total cost incurred for acquiring Segment Assets	47.66	5.32	12.97	65.95	79.19	4.42	110.18	193.79
Segment Depreciation	63.30	25.42	11.62	100.34	59.15	26.45	0.09	85.69
Total Unallocable Assets								
Goodwill on Consolidation				31.90				31.23
Investments				0.05				-
				31.95				31.23
Total Unallocable Liabilities								
Long Term Borrowings				739.23				882.13
Short Term Borrowings				400.41				164.09
Deferred Tax Liabilities (Net)				34.74				68.22
				1,174.38				1,114.44

Refer Note No. - 3.2 (iv)

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

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

Particulars	Rs. in Crore	
	2012-13	2011-12
i) Expenditure incurred during trial runs net of sales realization.		
a) Raw Material Consumed	-	0.38
b) Coal Consumed	18.50	-
c) Power Charges	1.33	0.08
d) Other Expenses	1.81	0.29
	<u>21.64</u>	<u>0.75</u>
ii) Expenditure incurred during Construction period :		
a) Employee Benefits Expense	3.45	4.84
b) Other Expenses	0.71	1.53
c) Finance Costs	7.71	17.03
	<u>11.87</u>	<u>23.40</u>

3.5 Pending reconciliation / confirmations, from Debtors / Creditors, the adjustments for differences, if any, would be made at the time of reconciliation or on receipt of confirmation. The management is of the opinion that the impact of such adjustments, if any, is not likely to be significant.

3.6 Disclosure regarding exposure of the Company in respect of outstanding foreign currency transactions as on the date of Balance Sheet and which are not hedged by a derivative instruments or otherwise.

Particulars	2012-13		2011-12	
	Foreign Currency in Million	Rs. in Crore	Foreign Currency in Million	Rs. in Crore
Parent Company				
i) Secured Loans				
a) US Dollars	143.42	780.07	150.39	768.38
b) Euros	12.71	88.39	15.58	106.51
ii) Receivables				
a) US Dollars	15.44	86.84	11.52	58.98
b) Euros	11.42	79.44	9.00	61.51
c) Australian Dollar	0.17	0.95	0.13	0.69
iii) Payables				
a) US Dollar	79.12	430.35	90.03	460.55
b) Euros	0.42	2.90	1.34	9.17
c) SEK	25.06	21.07	25.06	19.49
iv) Interest Payable				
a) US Dollars	0.43	2.33	0.58	2.97
b) Euros	-	0.01	-	0.01
Subsidiary Company				
i) Receivables				
a) Euros	3.11	21.67	2.89	19.63
b) Sterling Pounds	-	0.04	0.02	0.13
ii) Payables				
a) US Dollar	-	0.02	-	-
b) Euros	9.97	69.43	9.50	64.48
c) Sterling Pounds	-	0.02	0.12	0.10

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

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

Rs. in Crore

Particulars	2012-13	2011-12
i) Parent Company		
a) Not later than one year	3.12	3.18
b) Later than one year and not later than five years	8.33	11.45
c) Later than five years	-	-
ii) Subsidiary Company		
a) Not later than one year	1.90	2.72
b) Later than one year and not later than five years	3.92	4.22
c) Later than five years	0.54	1.63

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

Rs. in Crore

Asset Classification	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Plant & Machinery				
MLP	0.02	0.05	-	0.07
(Previous Year)	0.02	0.07	-	0.09
PV	0.01	0.02	-	0.03
(Previous Year)	0.01	0.03	-	0.04

3.8 Parent Company

- i) The Company had adopted Accounting Standard-11 "The effects of changes in Foreign Exchange Rates", read with notifications issued by the Ministry of Corporate Affairs dated March 31, 2009, May 11, 2011 and December 29, 2011 and exercised the option to recognize exchange difference on long term monetary items related to Fixed Assets to the cost of Fixed Assets and the other long term monetary items (other than those covered under "Cash Flow Hedge") to "Foreign Currency Monetary Item Translation Difference Account". Accordingly the Company has accounted exchange differences as under :
- Exchange difference related to acquisition of Capital Assets has been adjusted to respective Fixed Asset cost Rs. 26.55 Crore Loss (Previous Year Rs. 51.49 Crore Loss).
 - Exchange difference loss amortised during the year Rs. 0.97 Crore (Previous Year Rs. 0.63 Crore) from "Foreign Currency Monetary Item Translation Difference Account" and charged to Statement of Profit and Loss and balance in the "Foreign Currency Monetary Item Translation Difference Account" as on March 31, 2013 is Rs. 6.75 Crore (Previous Year Rs. 5.02 Crore).
- ii) The Company has recognised exchange difference arising on translation of foreign currency borrowing by following an appropriate hedge accounting policy and applying principles set out in Accounting Standard (AS) 30- "Financial Instrument Recognition and Measurement". The objective of adopting hedge accounting is to ensure that the gain or losses of the hedging instrument is recognised in the Statement of Profit and Loss in same period when the gain or loss of hedged items is recognised in the Statement of Profit and Loss. The Company w.e.f. April 1, 2011 has designated borrowing in foreign currency, other than those utilised for capital expenditures and identified Long Term Loans, as hedge instrument to hedge its foreign currency risk of its firm commitments and highly probable forecast transactions (of revenue streams) to be accounted as cash flow hedge. During the year, the net unrealised exchange difference in foreign currency borrowing aggregating to Rs. 15.44 Crore (Previous Year Rs. 31.09 Crore) has been recognised in Hedge Reserve Account.
- iii) Had the Company not exercised the option under AS-11 as stated in para 3.8 (i) and not followed the accounting policy as stated in para 3.8 (ii), the Loss (net of tax) for the year would have been higher by Rs. 28.79 Crore (Previous Year Rs. 56.74 Crore), Gross Fixed Assets would have been lower by Rs.100.37 Crore (Previous Year Rs. 73.82 Crore) and consequently the Reserves and Surplus would have been Lower by Rs.74.51 Crore (Previous Year Rs. 71.13 Crore).

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

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

- a) Key Management Personnel
- i) Mr. Salil Taneja - Chief Executive Officer (ISMT Limited)
 - ii) Mr. B.R. Taneja - Non-Executive Director (ISMT Limited)
 - iii) Mr. Rajiv Goel - Chief Financial Officer (ISMT Limited)
 - iv) Mr. Nirmal Chandra - President (Project & Product Development) (ISMT Limited) (up to November 30, 2012)
 - v) Mr. O. P. Kakkar - Non-Executive Director (ISMT Limited) (w.e.f. December 1, 2012)
 - vi) Mr. Hemant Patil - Managing Director (Structo Hydraulics AB, Sweden)
 - vi) Mr. R Coles - Director (Structo (UK) Limited, U.K.) upto September 28, 2012
- b) Associate Companies
- i) Indian Seamless Enterprises limited
 - ii) Taneja Aerospace and Aviation limited
 - iii) Structo Hydraulics India Private Limited (w.e.f. December 5, 2012)
 - iv) Indian Seamless Inc., USA (up to June 11, 2012)
- c) Details of Transaction
- i) Key Management Personnel
Remuneration paid for the year Rs. 2.93 Crore (Previous Year Rs. 3.50 Crore)
 - ii) Associate Companies

Rs. in Crore

Details of Transactions	Associate Companies	
	2012-13	2011-12
Sale of Finished Goods	22.77	63.83
Purchases	0.49	0.13
Quality Claims / Reimbursement of Expenses	(0.25)	-
Lease Rent Paid	2.70	2.70
Inter Corporate Deposits (Net)	2.80	3.15
Interest Received	2.25	2.33
Dividend Paid	4.17	6.90
Outstanding as at Balance Sheet date		
Receivables	17.84	17.66
Payables	0.22	-
Loans and Advances Given	1.93	2.00
Inter-Corporate Deposits Given	10.50	13.40

- a) Sale of finished goods include sales to Indian Seamless Inc. Rs. 5.37 Crore (Previous Year Rs. 56.22 Crore) and Indian Seamless Enterprises Limited Rs. 17.40 Crore (Previous Year Rs. 7.61 Crore).
- b) Lease rent paid include paid to Taneja Aerospace and Aviation Limited Rs. 2.40 Crore (Previous Year Rs. 2.40 Crore) and Indian Seamless Enterprises Limited Rs. 0.30 Crore (Previous Year Rs. 0.30 Crore).
- c) Inter Corporate Deposits given to Associate Companies Taneja Aerospace and Aviation Limited Rs. (2.90) Crore (Previous Year Rs. 2.15 Crore) and Indian Seamless Enterprises Limited Rs. 5.70 Crore (Previous Year Rs. 1.00 Crore).
- d) Interest received from Taneja Aerospace and Aviation Limited Rs. 2.02 Crore (Previous Year Rs.2.26 Crore) and Indian Seamless Enterprises Limited Rs. 0.23 Crore (Previous Year Rs. 0.07 Crore).
- e) Dividend is paid to Indian Seamless Enterprises Limited Rs. 4.17 Crore (Previous Year Rs. 6.90 Crore).

3.10 Employee Benefits

Parent Company

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

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

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

i) Defined Contribution Plan :

The Company has recognized the following amounts as an expense and included under the head "Personnel Cost" – Contribution to Provident and other Fund :

	Rs. in Crore	
	2012-13	2011 – 12
Employer's Contribution to Provident Fund and Family Pension Fund	4.75	4.67
Employer's Contribution to Superannuation Fund	2.94	2.71

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

Gratuity (Funded)

ii) Defined Benefit Plan:

Rs. in Crore

Particulars	2012-13		2011-12	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
a) Changes in present value of Defined Benefit Obligations :				
Present value of obligation as at April 01, 2012	20.13		17.33	
Current Service Cost	1.57		1.45	
Interest Cost	1.64		1.35	
Actuarial (gain)/loss	1.16		1.01	
Benefits paid	(1.79)		(1.01)	
Present Value of Obligation as at March 31, 2013	<u>22.71</u>		<u>20.13</u>	
b) Changes in fair value of Plan Assets :				
Fair value of Plan Assets as at April 01, 2012	17.39		14.77	
Expected return on Plan Assets	1.66		1.42	
Actuarial gain/(loss)	(0.22)		(1.81)	
Employer Contribution	3.24		3.06	
Benefits paid	0.01		(0.05)	
Fair value of Plan Assets as at March 31, 2013	<u>22.08</u>		<u>17.39</u>	
c) Actual Return on Plan Asset :				
Expected return on Plan Assets	1.66		1.42	
Actuarial gain/(loss) on Plan Assets	(0.21)		(1.81)	
Actual return on Plan Assets	<u>1.45</u>		<u>(0.39)</u>	
d) Amounts recognized in the Balance Sheet in respect of :				
	22.08	-	17.39	-
Fair Value of Plan Asset as at March 31, 2013				
Present Value of Obligation as at March 31, 2013	<u>22.71</u>	<u>5.56</u>	20.13	<u>5.56</u>
Net Liability	<u>0.63</u>	<u>5.56</u>	<u>2.74</u>	<u>5.56</u>
e) Expenses recognised in the Statement of Profit and Loss (under the head "Personnel Cost" - Refer Note No. 1.25).				
Current Service Cost	1.57	0.73	1.45	0.66
Interest Cost	1.63	0.40	1.35	0.34
Expected return on Plan Assets	(1.66)	-	(1.42)	-
Actuarial (gain)/loss	1.37	1.28	2.82	0.90
Expense Recognised in the Statement of Profit and Loss	<u>2.91</u>	<u>2.41</u>	<u>4.20</u>	<u>1.90</u>

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

f) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2013				
Particulars	2012-13		2011-12	
i) Government of India Securities	4.95%		6.12%	
ii) Corporate Bonds	4.33%		6.12%	
iii) Special Deposit Scheme	0.39%		0.71%	
iv) Insurer Managed Funds	86.30%		79.23%	
v) Others	4.39%		7.82%	
Total	100.00%		100.00%	

g) Principal Actuarial Assumptions used as at the balance sheet date :				
Particulars	2012-13		2011-12	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
Discount Rate	8.20%	8.20%	8.50%	8.50%
Expected Rate of Return on Plan Assets	8.75%	-	8.75%	-
Salary Escalation Rate	7.00%	7.00%	7.00%	7.00%

Subsidiary Company**Defined Contribution Plan :**

The Company has recognized the following amounts as an expense and included under the head Personnel Cost.

Particulars	Rs. in Crore	
	2012-13	2011-12
Social Security Contribution	6.01	7.41

3.11 The Company has been advised that the Amalgamation Reserve created upon recording of fair value of assets in terms of the Scheme of Arrangement sanctioned by the Hon'ble High Court, Bombay between The Indian Seamless Metal Tubes Limited and the Company is similar in nature to a Revaluation Reserve and therefore can be adjusted against the additional depreciation attributable to fair value adjustment. Accordingly during the year the Company has adjusted depreciation of Rs. 6.72 Crore for the year ended March 31, 2013 (Previous Year Rs. 6.72 Crore) against the Amalgamation Reserve.

3.12 Gross Block of fixed assets include Rs. 11.05 Crore (Previous Year Rs. 11.05 Crore) on account of revaluation of Building Structo Hydraulics AB.

3.13 Miscellaneous Income includes

Particulars	Rs. in Crore	
	2012-13	2011-12
i) Profit on Sale of Assets	-	0.02
ii) Income on Assignment of Liability	5.60	9.97

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

	Rs. in Crore	
	2012-13	2011-12
3.14 Earnings per Share		
i) Profit / (Loss) After Tax	(124.08)	25.19
ii) Net Profit / (Loss) for the year attributable to Equity Share Holders	(124.08)	25.19
iii) Weighted Average Number of Equity Shares	14,65,01,383	14,65,01,383
iv) Earnings Per Share (Rs.) (Basic and Diluted)	(8.47)	1.72

3.15 Miscellaneous Expenses include

Particulars	2012-13	2011-12
i) Repairs and Maintenance – Building	0.03	0.04
ii) Directors Sitting Fees	0.11	0.11
iii) Auditors Remuneration		
a) Statutory Audit Fees	0.44	0.39
b) Taxation Matters	0.01	0.03
c) Out of Pocket Expenses	0.05	0.02
	0.50	0.44
iv) Provision for Doubtful Debts	6.36	0.70
v) Bad Debts	0.21	-

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

As per our report of even date

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

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

Sandeep Rao
Partner
M. No. 47235

Sanjay Dhruva
Partner
M. No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2013

Pune, May 28, 2013

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ISMT LIMITED

Solutions You Can Trust

Registered Office

ISMT Limited
Lunkad Towers, Viman Nagar, Pune - 411 014
Tel: +91 20 414 341 00/01
Fax: +91 20 266 307 79

NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the Members of ISMT Limited will be held on Monday, August 12, 2013 at Hyatt Regency, WeikField IT Park, Pune Nagar Road, Pune 411014 at 11.00 AM to transact the following business.

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. S. C. Gupta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Rajiv Goel who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :

“**RESOLVED THAT** J. K. Shah & Co., Chartered Accountants (Firm Registration No. 109606W) and M/s P. G. Bhagwat, Chartered Accountants (Firm

Registration No. 101118W) be and are hereby appointed as Joint Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

Special Business :

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

“**RESOLVED THAT** Mr. O. P. Kakkar be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Registered Office :
Lunkad Towers
Viman Nagar
Pune - 411014

By Order of the Board of Directors

Nilesh Jain

Company Secretary

May 28, 2013

NOTES :

1. The information required to be provided under the Listing Agreement entered with the Stock Exchanges, regarding the Directors who are proposed to be re-appointed/appointed and the relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under Item No. 5 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM / HER AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
4. The Register of Members and Share Transfer Book of the Company will remain closed from Monday, August 05, 2013 to Monday, August 12, 2013 (both days inclusive).
5. The Members can avail facility of NECS (for receipt of dividend) / nomination in terms of the legal provisions in this regard. The necessary Forms can be downloaded from the Company's website.

6. **The Ministry of Corporate Affairs has taken a “Green initiative in the Corporate Governance” vide Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 by allowing Companies to serve the Notice / Documents to the Members by electronic mode. Members are requested to register their e-mail address and changes therein from time to time with the respective DP Agent if shares are held in Demat form or with the Registrar & Share Transfer Agent (R & T Agent) of the Company if the shares are held in physical form which will help the Company to serve Members the Notices / Documents by e-mail. For registration of e-mail address by member holding share(s) in physical form, the necessary Form can be downloaded from the Company's website.**
7. **The Members who have not encashed their dividend warrants for the financial years 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 & 2011-12 are requested to forward the same to the Company or its R&T Agent for revalidation. In this connection attention of the Members is invited to the provisions of Section 205C of the Companies Act 1956, that any dividend remaining unpaid / unclaimed for a period of seven years from the date it became due for payment will be transferred to “Investor Education and Protection Fund” (IEPF) established by the Central Government. Further, no claims shall lie against IEPF or the Company in respect of the amount so transferred.**

Members are further requested to :

- Intimate changes, if any, in their registered address / bank mandate and email address to the R & T Agent for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
- Quote Ledger folio number / DP ID / Client ID in all the correspondence with the Company or its R & T Agent.
- Intimate about consolidation of folios to the R & T Agent, if your shareholding is under multiple folios.
- **Note that as per the SEBI / Stock Exchanges guidelines the shares of the Company are traded compulsorily in Demat form. As per the guideline issued by SEBI there are no Demat Account opening charges. In view of this Members are requested to convert their physical share certificate into Demat form.**
- Bring their copies of the Annual Report and the

Attendance Slips at the Annual General Meeting.

- **Surrender to the R&T Agent, the old share certificate(s) of erstwhile Indian Seamless Steels & Alloys Limited (ISSAL), if still held by them in physical form, for exchange with new share certificate(s) of ISMT Limited.**
- Note that the Company has designated an exclusive e-mail id viz. "secretarial@ismt.co.in" to enable investors to register their complaints, if any.

Registered Office :
Lunkad Towers
Viman Nagar
Pune - 411014

By Order of the Board of Directors

Nilesh Jain
Company Secretary

May 28, 2013

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5:

Appointment of Mr. O. P. Kakkar as a Director on the Board of the Company

Mr. O. P. Kakkar was appointed as an Additional Director w.e.f November 8, 2012, pursuant to the provisions of Section 260 of the Companies Act, 1956. Mr. O. P. Kakkar holds office up to the date of the ensuing Annual General Meeting (AGM) of the Company.

Under Section 257 of the Act, a notice in writing has been received from a Member signifying the intention to propose the appointment of Mr. O. P. Kakkar, as a Director of the Company along with a deposit of Rs. 500 as required under the aforesaid Section.

Except Mr. O. P. Kakkar, none of the Directors of the Company, is in any way concerned or interested in the resolution.

The Board feels that his association as Director of the Company will be of immense help in further consolidating and strengthening the business operations of the Company and recommends his appointment as a Director of the Company.

Registered Office :
Lunkad Towers
Viman Nagar
Pune - 411014

By Order of the Board of Directors

Nilesh Jain
Company Secretary

May 28, 2013

DETAILED PROFILE OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT ARE GIVEN AS UNDER :

	Mr. S. C. Gupta	Mr. Rajiv Goel	Mr. O. P. Kakkar
Age	66 years	59 years	70 years
Qualification	M.Com, CAIIB	B.Com (Hons.), FCA, FCS	Mechanical Engineer and Post Graduate Diploma holder in Business Management.
Date of Appointment/ Re-appointment	July 31, 2008	November 29, 2005	November 8, 2012
Category	Non-Executive (Independent Director)	Executive Director	Non-Executive Director
Experience and Expertise in specific functional Area	Mr. S. C. Gupta is a former Chairman and Managing Director of Punjab National Bank and also Indian Overseas Bank, having more than 40 years of banking and financial services experience to his credit.	Mr. Rajiv Goel is a Chartered Accountant and Company Secretary having more than 30 years of Industrial experience in Fund Management, Accounts, Company Law, Administration, Mergers & Acquisitions etc. He has been associated with the Indian Seamless Group since its inception.	Mr. O. P. Kakkar has over 40 years of industrial experience in different capacities. He has been associated with the Company for about 30 years and has held various Board level positions. He was also the Managing Director of the Company upto March 31, 2009.
Relationship with other Directors of the Company	No	No	No
Equity Shareholding of Directors	NIL	11,247***	21,500
Directorship held in other Public Limited Companies	Emmsons International Limited, Jai Balaji Industries Limited, Solar Industries India Limited, Gujarat Foils Limited, Brahmaputra Infrastructure Limited, Orbit Corporation Limited, SMC Global Securities Limited, Prudent Arc Limited	Indian Seamless Enterprises Limited	NA
Memberships / Chairmanship of Committees of Indian Public Limited Companies	Emmsons International Limited – Member of Audit Committee,. Jai Balaji Industries Limited - Chairman of Audit Committee, Solar Industries India Limited – Member of Audit Committee, Brahmaputra Infrastructure Limited – Member of Audit Committee, SMC Global Securities Limited – Member of Audit Committee.	Indian Seamless Enterprises Limited – Member of Audit Committee	NA

*** includes shares held under HUF as karta

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Annexure I to the Directors' Report

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended on March 31, 2013.

I. Conservation of Energy

a. Energy conservation measures taken :

- 1 Insulation undertaken at Surface Treatment Tank for heat conservation.
- 2 Insulation of Rotary Hearth Furnace heating zone.
- 3 Installation of HT Capacitor Banks for improvement in power factor at tube plants.

b. Additional investment and proposals, if any, being implemented for reduction of consumption of energy :

- 1 Use of Bio diesel instead of LDO.
- 2 Heat recovery from pre-heating furnace at tube plant.
- 3 Heat recovery from Rotary Hearth Furnace for heating in Surface Treatment Plant.

c. Impact of measures listed in (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production :

The measures listed in (a) above has resulted in reduction in the specific consumption of fuel and power. The measure listed at (b) above are under implementation.

Form A

Power & Fuel Consumption

Sr. No.	Particulars	2012-13	2011-12
1	Electricity		
	a) Purchased Units (KWH in '000)	64,857	290,300
	Total amount (Rs. in Crore)	65.00	202.72
	Rate/KWH (Rs.)	10.02	6.98
	b) Own generation		
	i) Through Diesel Generator		
	Units (KWH)	26,432	34,662
	Units per litre of oil/gas	2.19	1.59
	Cost per unit (Rs./KWH)	24.87	26.53
	ii) Through Steam Turbine/Generator Unit		
	Unit (KWH in '000)	189,232	NIL
	Unit per litre of oil/gas	NA	NA
	Cost per unit (Rs./KWH)	NA	NA

Sr. No.	Particulars	2012-13	2011-12
2	Coal		
	Quantity (Tonnes)	210,076	NA
	Total Cost (Rs. in Crore)	125.22	NA
	Average Cost (Rs./MT)	5,961	NA
3	Furnace Oil		
	Quantity (K. Ltr.)	18,628	24,209
	Total Cost (Rs. in Crore)	77.95	90.78
	Average Cost (Rs. per K. Ltr.)	41,851	37,499
4	Others: LDO/LSHS/ Bio diesel		
	Quantity (K. Ltr.)	3,489	2,504
	Total Cost (Rs. in Crore)	19.88	14.01
	Average Cost (Rs. per K. Ltr.)	56,967	55,922

Consumption per Unit of Production

Particulars	2012-13	
	Tube	Steel
Production (MT)	138571 (185976)	216319 (268638)
Electricity (KWH)	678 (525)	741 (717)
Furnace Oil (Ltr.)	83 (84)	33 (32)
Coal (MT)	NA (NA)	NA (NA)
Others: LDO/LSHS/ Bio diesel (Ltr.)	22 (11)	2 (2)

Figures in the brackets are for Previous Year.

Form B

A] Research & Development (R & D)

1. Specific areas in which R & D is carried out by the Company and benefits derived therefrom :

- a Tube rolling simulation and mandrel stress analysis for improvement in product quality.
- b Software for tooling development.
- c Induction heating for higher diameter upto 150 mm tube.
- d Special purpose machine for improving ends of back-end pierced blooms.
- e Development of in-house mandrel bar manufacturing.

2. Future plan of action

- a Oval tube tooling design for oil application.
- b Development of Premium Couplings.

3. Expenditure on R & D (Rs. in Crore)

Sr. No.	Particulars	2012-13	2011-12
i)	Capital	0.26	3.82
ii)	Recurring	1.44	2.52
	Total	1.70	6.34
	Total R & D as a % of Turnover	0.11%	0.32%

B] Technology Absorption, Adaption and Innovation

Developments as mentioned in A1 above have become functional. Apart from improvement in productivity and cost reduction it has helped develop in house expertise.

C] Imported Technology

Company has installed imported premium quality finishing mills and allied downstream processing machineries which began commercial operations in Financial Year 2010-11. The technology has been fully absorbed. Continuous efforts

are on to indigenous develop key tooling and spares either in house or through development of local vendors to facilitate smoother and cost efficient operations.

II. Foreign Exchange Earnings & Outgo

The Company continues to strive to improve its export earnings across regions and across sectors. Your company has established strong foothold in the value added seamless tubes segment in the overseas market and continue to pursue product certifications. Further details in respect of exports are as set out elsewhere in the Report.

The information on foreign exchange earnings and outgo is furnished in the Notes on accounts.

For and on behalf of the Board of Directors

Pune, May 28, 2013

S C Gupta
Chairman

Annexure II to the Directors' Report**STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON MARCH 31, 2013**

Sr. No.	Name of the Employee	Designation/ Nature of Duties	Age (years)	Qualifications	Experience (Years)	Date of Commencement of Employment	Remuneration (Rs.)	Last Employment held
1	Rajiv Goel	Chief Financial Officer	59	B. Com. (Hons), FCA & FCS	35	May 01, 1999	71,38,280	The Indian Seamless Metal Tubes Ltd.
2	Salil Taneja	Chief Executive Officer	46	B.Sc. (Engg), MBA (Fin.), Ohio, Yale, USA	23	October 01, 2004	63,60,986	The Indian Seamless Metal Tubes Ltd.

Notes :

- 1 Nature of employment is contractual for all the above employees.
- 2 Remuneration includes salary and allowance (contribution to Provident Fund & Superannuation), House Rent allowance, Leave Travel allowance, medical reimbursement and other allowances payable as per Rules of the Company.

For and on behalf of the Board of Directors

Pune, May 28, 2013

S C Gupta
Chairman

ISMT LIMITED

Registered Office: Lunkad Towers, Viman Nagar, Pune - 411 014

PROXY

I/We.....of.....in the State of.....being a member / members of ISMT Limited hereby appoint.....of..... or failing him/her.....of.....or failing him / her.....as my / our proxy to attend and vote for me / us and on my / our behalf, at the 15th Annual General Meeting of the Company to be held on Monday, August 12, 2013 at Hyatt Regency, WeikField IT Park, Pune Nagar Road, Pune - 411014 at 11.00 AM and at any adjournment thereof. In witness thereof I/We put my / our hand this.....day of, 2013.

Please affix
Rs. 1/-
Revenue
Stamp

L.F. No. / DP ID / Client ID /

No. of Shares held

Date

Note : The proxy must be deposited with the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. A proxy need not be a Member. The Proxy Form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company.

ISMT LIMITED

Registered Office: Lunkad Towers, Viman Nagar, Pune - 411 014

ATTENDANCE SLIP

15th Annual General Meeting

L.F. No./DP ID/ Client ID/

Mr./Mrs./Miss

I/We certify that I/We am/are registered Shareholder/Proxy for the registered Shareholder of the Company. I hereby record my/our presence at the 15th Annual General Meeting of the Company held on Monday, August 12, 2013 at Hyatt Regency, WeikField IT Park, Pune Nagar Road, Pune - 411014 at 11.00 AM

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

FORM B

(Covering letter of the Annual Audit Report to be filed with the Stock Exchanges)

[Pursuant to Clause 31(a) of Listing Agreement]

1. Name of the Company	ISMT Limited
2. Annual Financial Statements for the year ended	March 31, 2013
3. Type of Audit Observation	Matter of Emphasis as well as Qualified opinion
4. Frequency of Observation	<p>a) Pertaining to Standalone Financial Statements :</p> <p>Matter of Emphasis :</p> <p>Observation mentioned in Para (d) of the Audit Report, appeared during the year as well as in the previous year. Observations mentioned in Para (a), (b) and (c) of the Audit Report, appeared for the first time during the year.</p> <p>b) Pertaining to Consolidated Financial Statements :</p> <p>Matter of Emphasis :</p> <p>Observation mentioned in Para (c) of the Audit Report on Consolidated Financial Statements, appeared during the year as well as in the previous year.</p> <p>Observations mentioned in Para (a) and (b) of the Audit Report on Consolidated Financial Statements, appeared for the first time during the year.</p> <p>Qualified opinion :</p> <p>Qualification relating to recognition of deferred tax assets mentioned in the Audit Report on Consolidated Financial Statements appeared during the year as well as in the previous year. Qualification relating to recognition of insurance income mentioned in the Audit Report on Consolidated Financial Statements, appeared for the first time during the year.</p>
Draw attention to relevant Notes in the Annual Financial Statements and Management Response to the qualification in the Directors Report	<p>Management Response to the qualifications are as under :</p> <p>1) The Subsidiary Company's carried forward Deferred Tax Asset was reviewed as on the date of Balance Sheet and the balance amount of Rs. 2.91 Crore would be reviewed in the current year.</p> <p>2) Insurance claim recognized during the year has been realized after the Balance Sheet date.</p>
Additional comments from the Board / Audit Committee chair	Nil

For ISMT Limited

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Vinod Sethi
Audit Committee Chairman

Auditors of the Company :

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

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

Sandeep Rao
Partner
M. No. 47235
Pune, May 28, 2013

Sanjay Dhruva
Partner
M. No. 38480

Certified True Copy**For ISMT LIMITED**

Company Secretary