

ANNUAL REPORT 2015-16

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.

Seamless Tubes & Technologies (India) Ltd, a group Company amalgamated with the Company.

'Indian Seamless Steels and Alloys Ltd.' (ISSAL) commenced commercial production of Steel Rounds.

1998

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

1999

Merged into Kalyani Seamless Tubes Ltd., (KSTL), a competing Seamless Tube manufacturer with 90,000 MTPA capacity. The combined entity, which retained the name The Indian Seamless Metal Tubes Ltd., not only had a larger capacity (1,58,000 MTPA) but also a much wider size range (from 6 mm to 273 mm).

2004-2005

Steel manufacturing capacity at ISSAL increased from 190,000 MTPA to 250,000 MTPA.

'The Indian Seamless Metal Tubes Ltd.' and 'Indian Seamless Steels and Alloys Ltd.' merged to form 'ISMT Limited'.

Exports cross Rs. 100 Crore mark.

2006 - 2007

Raised USD 20 Million through Foreign Currency Convertible Bonds issue.

Acquired Structo Hydraulics AB (based in Storfors, Sweden), Europe's leading supplier of tubes and engineering products for the hydraulic cylinder industry.

2010

ISMT added a 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.

2011

Exports cross Rs. 500 Crore mark.

Redeemed Foreign currency convertible Bonds (FCCB's) amounting to USD 20 Million along with redemption premium.

2012

Commissioned 40 MW Captive Power Plant located at Chandrapur district (Maharashtra).

COMPANY INFORMATION

Board of Directors

S C Gupta	- Chairman
B R Taneja	- Managing Director
Rajiv Goel	- Whole-time Director & Chief Financial Officer
O P Kakkar	- Director
Deepa Mathur	- Director (w.e.f. August 10, 2015)
Shyam Powar	- Additional Director (w.e.f. November 13, 2015)
K K Rai	- Director (upto November 20, 2015)
J P Sureka	- Director
Ajit Ingle	- Nominee Director of IDBI Bank Limited

Company Secretary

Jaikishan Pahlani	- (w.e.f. February 13, 2016)
Nilesh Jain	- (upto November 30, 2015)

Auditors

M/s. P. G. Bhagwat, Chartered Accountants
J. K. Shah & Co., Chartered Accountants

Cost Auditors

M/s. Dhananjay V. Joshi & Associates, Cost Accountants
M/s. Parkhi Limaye & Co., Cost Accountants

Bankers

Indian Overseas Bank
Bank of Baroda
IDBI Bank Limited
Andhra Bank
Central Bank of India

Bank of India
Bank of Maharashtra
ICICI Bank Limited
State Bank of India
IKB Deutsche Industrie Bank AG

Registered Office

Lunkad Towers,
Viman Nagar, Pune - 411014
Tel: +91-20-4143 4100/ 6602 4901
Fax: +91-20-26630779
E-mail ID: secretarial@ismt.co.in
Website: www.ismt.com
CIN: L27109PN1999PLC016417

Works

Tube - MIDC Industrial Area, **Ahmednagar** - 414111
MIDC Industrial Area, **Baramati** - 413133
Structo Hydraulics AB, Storfors, **Sweden**
Steel - Jejuri-Morgaon Road, **Jejuri** - 412303
Power - Village Kurla, Warora, **Chandrapur** - 422910

Registrar & Share Transfer Agent

Karvy Computershare Private Limited

PHYSICAL SUMMARY

(Tonnes Per Annum)

A. TUBE DIVISION										
Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Production	72854	113982	147180	138571	185976	167187	135782	145429	162276	161181
Sales	74624	115910	145052	141980	183194	165662	132156	144242	159062	163315
Captive	2807	4802	5007	13539	21553	19992	14652	16025	19150	17175
External	71817	111108	140045	128441	161641	145670	117504	128217	139912	146140
of which:										
- Domestic	60058	81074	107783	83695	104355	101499	92363	86422	101208	112833
- Exports	11759	30034	32262	44745	57286	44171	25141	41795	38704	33307

(Tonnes Per Annum)

B. STEEL DIVISION										
Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Production	123601	203932	244888	216319	268638	254070	231395	202392	237914	247351
Sales	122638	208054	246410	214796	267296	256347	227866	201601	244684	245096
Captive	41567	116910	165222	137255	157913	148990	133976	145394	157862	160985
External	81071	91144	81189	77541	109383	107357	93890	56207	86822	84111
of which:										
- Domestic	81052	90938	80995	77497	108975	107174	93390	55865	86320	83510
- Exports	19	206	194	44	408	183	500	342	502	601

KEY PARAMETERS

Rs. in Crore

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Operations :										
Gross Sales	1,331	2,320	2,563	2,513	2,981	2,553	1,914	2,308	2,051	2,049
Net Sales	968	1,463	1,495	1,511	1,879	1,602	1,185	1,285	1,180	1,190
- Tube Sales	566	979	1,072	1,098	1,302	1,071	777	980	827	872
- Steel Sales	402	484	424	413	578	532	408	304	353	318
- Exports	110	282	291	412	501	328	176	354	247	225
- Imports	177	443	566	492	551	364	268	195	60	90
- Exports (% of Total Tube sales)	19.4%	28.8%	27.1%	37.5%	38.5%	30.7%	22.6%	36.1%	29.8%	25.9%
Raw Material (% of Net Sales)	54.6%	55.2%	50.0%	49.9%	51.1%	46.3%	42.3%	50.1%	48.3%	45.0%
Energy Cost (% of Net Sales)	19.6%	20.7%	21.3%	19.6%	18.3%	18.1%	18.1%	13.3%	14.7%	13.9%
Profitability :										
EBIDTA	34	46	103	179	265	275	218	251	226	269
- EBIDTA margin	3.4%	3.0%	6.5%	11.1%	13.5%	16.5%	18.1%	19.1%	18.6%	22.4%
Net Profit / (Loss)	(382)	(221)	(170)	(100)	29	75	75	56	100	130
- Net Profit / (Loss) Margin	-38.1%	-14.6%	-10.8%	-6.2%	1.5%	4.5%	6.2%	4.3%	8.3%	10.8%
Net worth	(64)	279	304	490	582	618	578	529	533	461
Finance :										
Total Debt	1,999	1,578	1,446	1,200	1,087	925	871	895	726	704
Term Debt	1,111	1,119	981	878	972	853	762	795	630	563
Total Finance Costs	280	226	184	153	121	91	79	82	67	76
- Total Finance Costs (% of Net Sales)	19.0%	15.5%	12.3%	10.1%	6.4%	5.7%	6.6%	6.4%	5.6%	6.4%
- Foreign Currency Debt (% Term Debt)	26.4%	38.2%	63.8%	85.2%	78.1%	61.6%	79.7%	78.2%	88.7%	58.4%
Net Block	1,524	1,577	1,340	1,388	1,427	1,361	1,223	1,148	1,021	810
General :										
Average Market Capitalization	118	230	151	317	500	766	636	467	1,289	1,154
Book Value (Rs. Per Share)	(4.35)	19.02	20.78	33.43	39.72	42.16	39.42	36.11	36.41	31.90

Directors' Report

To the Members of ISMT Limited

The Directors have pleasure in presenting the 18th Annual Report and Audited Financial Statements of the Company for the year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

Rs. in Crore

Particulars	Financial Year	
	2015-16	2014-15
Gross Sales	1331.28	2320.15
Profit/ (Loss) before Finance Charges, Depreciation, Amortization & Tax (EBIDTA)	33.65	46.17
Cash Profit/ (Loss)	(300.99)	(250.70)
Gross Profit/ (Loss)	(246.47)	(180.17)
Profit/ (Loss) Before Tax	(372.82)	(220.99)
Taxation	(9.39)	-
Net Profit/ (Loss)	(382.21)	(220.99)
Add : Balance brought forward from Previous Year	(472.19)	(245.27)
Balance carried to Balance Sheet	(854.40)	(472.19)

DIVIDEND

Your Directors are unable to recommend a dividend for the year ended on March 31, 2016 in view of the loss.

RESERVES

No amount was proposed to be transferred to Reserves.

OPERATIONS

The already low production at both the Tube Plants and in the Steel Plant further suffered a large drop during the year on account of continuing cheap imports (mainly from China) and economic slowdown resulting in lower capacity utilization at all three plants.

MARKET

The markets of the Company continued to suffer from excess capacity. Further low priced imports and all time low oil prices led to steep drop in domestic and export markets.

FINANCE

The lenders of the Company had constituted a Joint Lenders Forum (JLF) and undertaken a Corrective Action Plan (CAP) for the Company during the year 2014-15, which could not be effective on account of steep decline in volumes during latter part of the year 2014-15 due to weak domestic / export demand and dumping of Chinese imports. The JLF on June 13, 2015 agreed in principle for restructuring the debt of the Company and initiated various steps as per JLF guidelines culminating into an agreed Restructuring Scheme on January 5, 2016. After Lead Bank's approval, the scheme will require approval of the Independent Evaluation Committee (IEC) before implementation by respective Banks.

REFERENCE TO BIFR

The net worth of the Company has been totally eroded by its accumulated losses as per the audited Financials (Standalone) for the year ended March 31, 2016. As such, the Company has become a Sick Industrial Company in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Consequently, the Board of Directors are statutorily required to file a Reference with the Board for Industrial and Financial Reconstruction (BIFR) in accordance with Section 15(1) and the other applicable provisions under SICA for determination of measures for revival of the Company. The Company is taking necessary steps to comply with the said provisions.

CAPTIVE POWER

The Company had appealed to Appellate Tribunal (APTEL) against MERC order which appeal has been dismissed by the APTEL. The Company's appeal against this order has already been admitted by the Supreme Court. The Company is yet to receive Rs. 39.53 Crore from Maharashtra State Electricity Distribution Company Limited (MSEDCL) towards excess energy charges paid on account of non-availability of banking facility.

SALE OF NON CORE ASSETS

The Company has been aggressively working for sale of its non core assets viz., Port and Power Project in Tamil Nadu and Captive Power Project in Chandrapur District, Maharashtra, for quite some time. Despite engaging Advisors and approaching all the likely prospects, the Company has not succeeded to find a buyer purely because of complete lack of investment appetite.

ANTI DUMPING DUTY

The Company along with Industry have been pursuing with Directorate General of Anti-Dumping & Allied Duties (DGAD) for imposition of Anti-Dumping Duty for last many months. Based on the recommendation of DGAD, Ministry of Finance vide its notification dated May 17, 2016 has imposed a provisional Anti-Dumping Duty on the imports of the seamless tubes and pipes originating in or exported from China. The Company is now pursuing imposition of the final Anti-Dumping Duty.

A unique feature of this provisional duty is that it has been imposed by way of reference price to make the duty really effective. Further, separate prices have been fixed for respective category of tubes.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Shyam Powar was appointed as an Additional Director on November 13, 2015 to hold office until conclusion of the ensuing Annual General Meeting. The term of office of Independent Directors Mr. S. C. Gupta and Ms. Deepa Mathur also ends at the conclusion of the ensuing Annual General Meeting. It is now proposed to appoint Mr. S. C. Gupta, Mr. Shyam Powar and Ms. Deepa Mathur as Independent Directors of the Company for a period of two years.

Mr. K. K. Rai, Independent Director of the Company has resigned w.e.f. November 20, 2015. The Board places on record its sincere appreciation of the services rendered by Mr. K. K. Rai during his tenure as Director of the Company.

In accordance with the provisions of the Companies Act, 2013 ('Act') and the Articles of Association of the Company, Mr. Rajiv

Directors' Report (Contd.)

Goel retires by rotation and being eligible, offers himself for re-appointment.

Mr. Rajiv Goel, whose term as a Whole-time Director expired on November 30, 2015, was re-appointed as a Whole-time Director designated as the Chief Financial Officer of the Company for the period from December 1, 2015 to September 30, 2016 subject to approval of the Members of the Company at the ensuing Annual General Meeting. Further, the Board of Directors has approved his re-appointment as a Whole-time Director of the Company for a further period of one year from October 1, 2016 subject to approval of the Members of the Company at the ensuing Annual General Meeting.

Mr. B.R. Taneja whose term as Managing Director of the Company is upto November 30, 2016, has been re-appointed as Managing Director of the Company for a period of two years w.e.f. December 1, 2016 subject to approval of the Members of the Company at the ensuing Annual General Meeting.

Seven (7) meetings of the Board of Directors were held during the year. Detailed information is given in the Corporate Governance Report.

The Independent Directors of the Company had given declaration pursuant to Section 149 (7) of the Act.

Performance evaluation of Independent Directors, Board, Committees and other individual Directors have been done by the Board of Directors.

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

Mr. Nilesh Jain, Company Secretary, resigned from the services of the Company w.e.f. November 30, 2015. The Board has appointed Mr. Jaikishan Pahlani as Company Secretary of the Company w.e.f. February 13, 2016.

AUDITORS

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

In respect of the Qualified Opinion and Emphasis of Matter by the Auditors on the Standalone and Consolidated Financial Statements, 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

Pursuant to Section 148 of Companies Act, 2013 read with The

Companies (Audit and Auditors) Rules, 2014, your Directors had, on recommendation of the Audit Committee, approved the appointment and remuneration of the following Cost Auditors for the Financial Year 2015-16:

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

The payment of remuneration for FY 2015-16 to the aforesaid Cost Auditors is subject to ratification by the Members in the ensuing Annual General Meeting.

The Cost Audit Report for FY 2014-15 was filed within the prescribed time limit as per the Companies (Cost Records and Audit) Rules, 2014.

SUBSIDIARIES

As on date of this report, the Company continued to have eleven direct and indirect subsidiary companies. A report on the performance and financial position of each of the subsidiary companies is provided in the Financial Statements forming part of this Annual Report.

The Company has framed a Policy for determining Material Subsidiaries which is available on its website www.ismt.com.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

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 attached to this Report.

MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Management Discussion and Analysis and Corporate Governance Report is forming part of this Report.

The Managing Director and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17 (8) of the above Regulations.

Certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance is annexed to this Report.

EXTRACT OF ANNUAL RETURN

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information required under Section 134 (3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 is forming part of this Report as Annexure 'B'.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors make the

Directors' Report (Contd.)

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, 2016 and of the Loss of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis;
- v) That the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy of the Company on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters is available on the website of the Company www.ismt.com

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

Details pertaining to remuneration of Directors and employees required under Section 197(12) of the Companies Act, 2013 read with Rules framed thereunder are forming part of this Report as Annexure 'C'.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Act and Rules made thereunder the Board has appointed M/s. MRM Associates, Company Secretaries in Practice as Secretarial Auditors to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2016. The Report of the Secretarial Auditors in Form MR-3 is forming part of this Report as Annexure 'D'.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under Section 186 of the Act has been mentioned in the Notes to the Financial Statements forming part of this Annual Report.

RISK MANAGEMENT

The Company has constituted a Risk Management Committee to address organization wide risks including credit, security, property, regulatory and other risks. The Committee is assisting the Board in ensuring that there is adequate risk management policy in place capable of addressing those risks.

INTERNAL FINANCIAL CONTROLS

The existing internal financial control systems are being further

enlarged and strengthened to meet the requirements in terms of the new Guidelines.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to Section 135 of the Companies Act, 2013 a CSR Committee constituted by the Board of Directors consists of three Directors including one Independent Director.

In view of losses during three immediately preceding financial years, the Company was not required to spend on CSR activities in the year 2015-16.

AUDIT COMMITTEE AND VIGIL MECHANISM

Pursuant to Section 177 of the Companies Act, 2013 an Audit Committee constituted by the Board of Directors consists of three directors with independent directors forming a majority.

The Whistle Blower Policy/ Vigil Mechanism of the Company was established by the Board of Directors and is available on the website of the Company www.ismt.com.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which were either not on an arm's length or not in the ordinary course of business and further could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Hence, there is no information to be provided in Form AOC-2 while the particulars of all Related Party Transactions in terms of AS-18 are forming part of the financial statements.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website www.ismt.com

GENERAL

1. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
2. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their 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
August 10, 2016

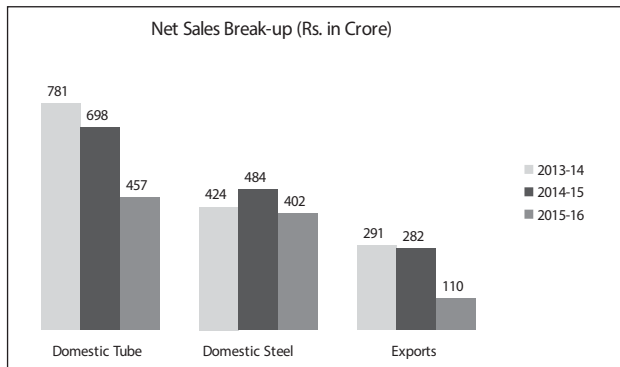
S C Gupta
Chairman

Management Discussion and Analysis

There was further steep drop in demand during the year for both domestic and export segments. The economy did not revive and oil prices stayed all time low during the year. This was further aggravated by continued imports from China.

Company Performance:

Total Revenue	: Rs. 1003.76 Crore
EBDITA	: Rs. 33.65 Crore
Profit/ (Loss) after Tax	: Rs. (382.21) Crore



The Steel sales volumes dropped by 17%. There was also a drop in Seamless Tube volumes by 35% over previous year. Export sales during the year also saw a steep drop by 61% over previous year.

Particulars	Rs. in Crore		
	2015-16	2014-15	% Change
Net Sales	968	1463	(34%)
Domestic			
- Tube	456	697	(35%)
- Steel	402	484	(17%)
Tube Exports	110	282	(61%)

INDUSTRY STRUCTURE AND DEVELOPMENTS

Seamless Tubes Industry

Seamless Tube is a capital intensive industry and deploys high end technology. While the industry competes with other types of pipes and tubes in certain applications, it clearly is a preferred choice when it comes to better surface finish, machine-ability, strength to weight ratio and longer life. Seamless Tubes find applications in Oil and Gas exploration industry, Power Sector, Automotive, Construction Equipment, Bearing, Material handling equipments, Structural Components and host of other Mechanical applications. The seamless Tube consumption is largely dependent on economic developments and with expected long term economic growth, the Company is assured of a secular market in future.

The domestic Boiler and Mining sectors which looked promising for the seamless tubes industry, few years back, failed to pick up due to lack of investments. There has, however, been an up tick in Auto Industry off-take. The Oil Exploration sector globally is

the largest market for Seamless Tubes. Oil prices continued to be below USD 50 per barrel in most of the year resulting in drastic cut back in further exploration activity in United States and other parts of the world and export demand for Seamless Tubes was negligible.

Anti Dumping

Though the absolute volume of exports came down on account of falling demand, China continued to account for bulk of this imports and nearly half of the domestic market. The volume injuries further compounded by import of Seamless Tubes at very low prices and many cases below their cost of production leading to further drop in market prices and all round losses for the industry.

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

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

Particulars	(Tonnes)			
	2014*	2013-14	2012-13	2011-12
Total Imports	292,548	352,804	375,581	439,409
Imports from China	247,131	291,002	259,758	325,865
<i>% of Chinese Imports to Total Imports</i>	84.5%	82.5%	69.2%	74.2%
Total Domestic Demand	476,730	564,729	605,947	748,101
<i>% of Chinese Share to Total Domestic Demand</i>	51.8%	51.5%	42.9%	43.6%

* January 2014 to December 2014

Steel Industry

ISMT is predominantly engaged in the manufacturing of specialty alloy and bearing Steel. The end user segments are largely Bearing, Automotive, Engineering and Forging Customers apart from some customers requiring steel for specialized application. The raw material prices have shown a reducing trend in the later part of the year, however the forex volatility has impacted the prices of imported raw material in the short term.

ISMT has Steel Plant which uses the Electric arc furnace technology to produce high quality Steel.

Captive Power Plant

The operations of the Captive Power Plant remained suspended during the year due to denial of Energy Banking by MSEDCL and non-availability of Coal Linkage. The low and irregular production of Steel and Seamless Tubes also prevented the Power

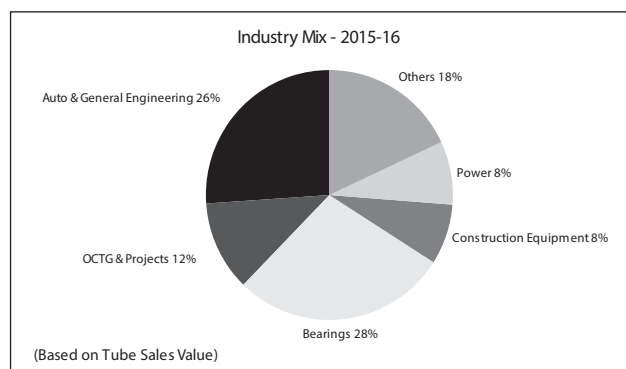
Management Discussion and Analysis (Contd.)

Plant being run on sustained basis.

MARKET

ISMT is a diversified value added Seamless Tube supplier catering to following major industries:

- a. Oil and gas : As casings & Tubings during oil/gas exploration.
- b. Power : In Boilers & Heat Exchangers
- c. Construction Equipment : In mining and earth moving equipments
- d. Automotive & General Engineering : Applications in two wheeler to four wheeler as front forks, axel, Steeling columns, Air bag system etc.
- e. Bearings : Inner and outer races of Bearings
- f. Others : In greenfield projects for fluid transportation, Construction of Stadiums and airports, gas cylinders, crane booms etc.



Your Company continues to be a leading supplier of value added Seamless Tubes to Bearing Industry both in the domestic and international market where the share in total tube sales increased to 28% in current year from 23% in FY 2014-15 and 19% in FY 2013-14. Similarly sales to Auto & General Engineering increased by 6% as compared to previous year. Drop in international oil prices affected sales to oil and gas sector and the same dropped by 4% over previous year. Delay in implementation of power and infrastructure projects resulted in drop in sales by 2% for both, Power and Construction Equipment Industry as compared to previous year.

OPPORTUNITIES & THREATS

Opportunities

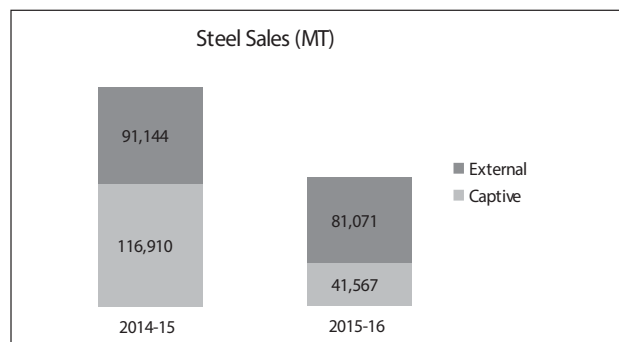
The imposition of provisional Anti-Dumping Duty by way of reference prices will in the short run create additional demand and also reduce pressure on exports. However, the domestic investment climate and demand will have to improve to sustain this on long term basis.

Threats

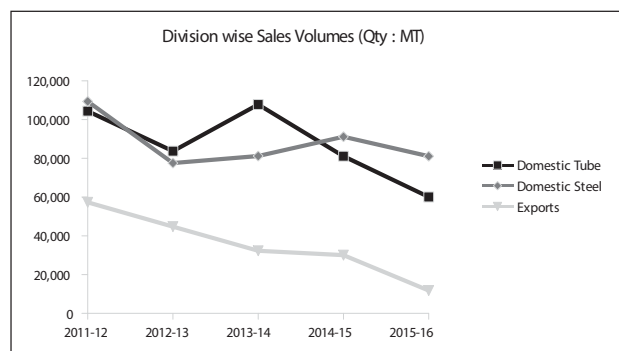
The underutilised capacity due to lack of demand and increasing imports in the domestic Seamless Tube market continue to pose the biggest threat. Denial of energy banking has already impacted the viability of the Captive Power Plant.

SEGMENT-WISE / PRODUCT-WISE PERFORMANCE

Your Company is engaged in manufacturing Seamless Tubes and Engineering Steels. Seamless Tube accounted for 58% of ISMT's total external sales value while Steel accounted for the balance 42%. Captive consumption of steel decreased to 34% against 56% last year on back of lower seamless tube production.



As a result of further weakening of domestic demand scenario & dumping of seamless tubes (mainly from China) the domestic seamless tube sales dropped by 35% over previous year. Domestic steel sales too dropped during the year due to weak demand. Exports sales volumes were substantially affected and dropped drastically due to weak global economic scenario, drop in international oil prices and anti dumping duty by United States.



Management Discussion and Analysis (Contd.)

OUTLOOK

Imposition of provisional Anti Dumping Duty on import of seamless tube into India from China is likely to lead increase in volume of the Company's product in domestic market. Your Company is well poised to take advantage of any economic upturn.

RISKS & CONCERNS

Your Company is exposed to general risks associated with the changes in government policies, natural/man-made disasters, political risks, global economy and oil prices. The Company is exposed to changes in foreign exchange rates and commodity prices. Any change in laws & regulations, whether domestically or internationally could affect the business and financial condition of your Company.

The long term success of a Company largely depends on effectively identifying and analyzing the risks involved. 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 commensurate with the size of the Company and nature of its business, which are constantly assessed and strengthened with updated operating procedures.

FINANCIAL PERFORMANCE

Some of the key financial parameters are as under :

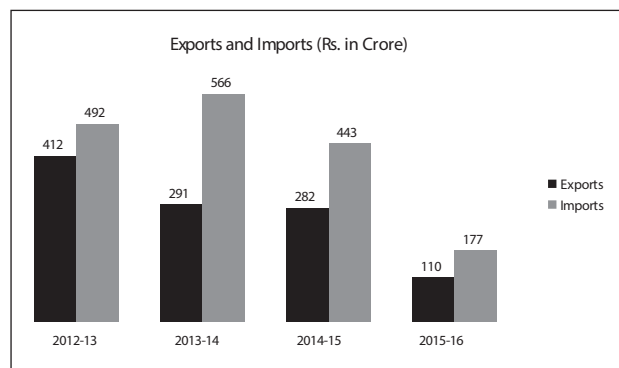
Finance Cost

The Finance cost during the year increased by Rs. 45 crore and stood at 29% of Net Revenue. The prolonged period of economic slowdown, the unabated dumping of seamless tubes in the country and the resultant underutilized capacity coupled with the ongoing dispute on energy banking has resulted into higher leverage and hence increase in finance cost.

During the year Company consumed imported raw material amounting to about Rs. 177 Crore.

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. The Company's forex exposure is managed both through a natural hedge and by contracting appropriate treasury products, with a view to balancing risks while optimizing borrowing costs. Appropriate hedging tools are used under the board approved risk management policy framework. The forex risk is reviewed periodically and managed in line with the objectives laid in the policy.

Foreign Currency Term Loans accounted for over 26% of the Company's outstanding term debt as on March 31, 2016 (as compared to 38% as on March 31, 2015).



During the year the Company was eligible for Rs. 8.50 Crore as incentive under the Mega Project Incentive Scheme of Government of Maharashtra against Rs. 13.49 Crore Previous Year. Under this Scheme the Company is eligible for a total incentive of up to Rs. 195 Crore by 2017.

Working Capital

The Inventory & debtors levels as on the Balance Sheet date has decreased significantly (especially inventory) over corresponding period last year.

Particulars	Rs. in Crore	
	2015-16	2014-15
Inventory	331	410
Stock Turnover (times)	2.93	3.57
Debtor's	154	176
Debtor's Turnover (times)	6.29	8.31

In the current scenario whereby the Company's financials are stressed, the Company is making all possible efforts to keep the inventory and debtor's level at the minimum possible.

Energy Cost

Energy Cost accounted for 20% of the Company's net revenues at Rs. 189 Crore. In the current financial year, operations of the Captive Power Plant remained suspended.

Particulars	2015-16	2014-15	% change
Power consumption (KWH/ Ton of Production)			
- Steel Division	846	849	(0.4%)
- Tube Division	814	744	9%
Avg. Electricity Rate per Unit from MSEDCCL(Rs. / KWH)	8.25	8.07	2%

Management Discussion and Analysis (Contd.)

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

Particulars	2015-16	2014-15	% Change
Furnace oil Consumption <i>(K Ltrs/ Ton of Production)</i>			
- Steel Division	52	36	44%
- Tube Division	95	92	3%
Avg. Furnace Oil rate Rs. per Litre	23.24	35.26	(34%)

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

Significant scope exists for reduction in power and Fuel consumption per unit of production once the capacity utilization at manufacturing plants improve.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The Industrial relations continued to remain peaceful throughout the year. Owing to the reduction in number of employees, the personnel expenses reduced by 12% during the 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, 2016

Particulars	Factory Locations	Others	Total
Managers	185	54	239
Officers & Staff	535	66	601
Workmen	1228	0	1228
Total	1948	120	2068

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

Corporate Governance is a set of principles, systems and processes to be followed by the Directors, Management and employees of the Company for enhancement of shareholder value keeping in view interest of stakeholders at large viz. Shareholders, Customers, Employees, Society, Suppliers, Lenders etc. The Company continues to adopt and practice the principles of good Corporate Governance while ensuring high level of integrity, accountability and transparency at all levels in the organisation. The Company believes that good governance is the foundation for any successful organization and continuously endeavors to improve the standards of governance.

BOARD OF DIRECTORS

The Board of the Directors of the Company has an optimum combination of executive and non-executive directors and comprises of 8 Directors including 3 Independent Directors and 2 executive Directors.

The composition of the Board of Directors, their attendance at the Board Meetings held during the year 2015-16 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, 2016 are as follows:

Name of the Director	Category	Financial Year 2015-16 Attendance at		No. of Directorships in other public companies*	Committee positions in other public companies**	
		Board Meetings	Last AGM		Member	Chairman
Mr. S.C. Gupta	Independent-NED	4	No	6	6	2
Mr. B.R. Taneja	Promoter-ED	7	Yes	-	-	-
Mr. Rajiv Goel	ED	7	Yes	-	-	-
Mr. O.P. Kakkar	NED	6	No	-	-	-
Mr. J.P. Sureka	Promoter NED	6	No	2	3	1
Mr. Ajit Ingle	NED (IDBI Bank Nominee)	5	No	-	-	-
Ms. Deepa Mathur @	Independent-NED	5	Yes	-	-	-
Mr. Shyam Powar #	Independent-NED	2	N.A.	-	-	-
Mr. K.K. Rai ##	Independent-NED	5	Yes	1	2	-

NED: Non-Executive Director ED: Executive Director

* This does not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

** This includes only Audit Committee and Stakeholders Relationship Committee.

@ Appointed as a Director w.e.f. August 10, 2015.

Appointed as a Director w.e.f. November 13, 2015.

Ceased to be a Director w.e.f. November 20, 2015.

During the financial year 2015-16, seven Board Meetings were held as under:

Sr. No.	Date of Meeting
1	May 30, 2015
2	August 10, 2015
3	August 10, 2015
4	September 26, 2015
5	November 13, 2015
6	February 13, 2016
7	February 13, 2016

As on March 31, 2016, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The Board has complete access to all the relevant information available within the Company.

APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

In terms of the Articles of Association of the Company and the relevant provisions of the Companies Act, 2013, Mr. Rajiv Goel, Whole-time Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. B. R. Taneja is proposed to be re-appointed as Managing Director of the Company for a period of two years w.e.f. December 1, 2016.

Mr. Rajiv Goel is being re-appointed as a Whole-time Director for two terms (i) from December 1, 2015 to September 30, 2016 and (ii) from October 1, 2016 to September 30, 2017. In compliance with the relevant provisions of the Companies Act, 2013, the re-appointment of Mr. S C Gupta and Ms. Deepa Mathur as Independent Directors is being placed before the Members at the ensuing Annual General Meeting for their approval.

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

AUDIT COMMITTEE

The terms of reference of the Audit Committee are in conformity with the stipulations in Regulation 18 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and the provisions of Section 177 of the Companies Act, 2013.

Composition, Meetings and Attendance during the year:

The composition of Audit Committee and attendance of each member is as under:

Name of Director	Chairman / Member	Number of Meetings Attended
Ms. Deepa Mathur *	Chairperson (Independent)	3
Mr. J.P. Sureka	Member	4
Mr. S.C. Gupta	Member (Independent)	4
Mr. Shyam Powar @	Member (Independent)	1
Mr. K.K. Rai @@	Member (Independent)	4

* Member w.e.f. August 10, 2015 and Chairperson w.e.f. February 13, 2016.

@ Member w.e.f. November 13, 2015.

@@ Ceased to be a Member w.e.f. November 20, 2015; earlier Chairman of the Committee.

During the year under review, five meetings of Audit Committee were held as under:

Sr. No.	Date of Meeting
1	April 30, 2015
2	May 30, 2015
3	August 10, 2015
4	November 13, 2015
5	February 13, 2016

Mr. K.K. Rai, the Chairman of the Audit Committee at the time of AGM, was present at the last Annual General Meeting held on September 26, 2015.

MANAGERIAL REMUNERATION

a. NOMINATION AND REMUNERATION COMMITTEE:

The Company has a Nomination and Remuneration Committee of Directors.

The terms of reference of the Nomination and Remuneration Committee are in conformity with the stipulations in Regulation 19 of Listing Regulations and the provisions of Section 178 of the Companies Act, 2013.

The composition of Nomination and Remuneration Committee and attendance of each member is as under:

Name of Director	Chairman / Member	Number of Meetings Attended
Mr. Shyam Powar @	Chairman	1
Mr. J.P. Sureka	Member	3
Mr. S.C. Gupta	Member	2
Mr. K.K. Rai @@	Member	2
Ms. Deepa Mathur *	Member	1

@ Member w.e.f. November 13, 2015.

@@ Ceased to be a Member w.e.f. November 20, 2015.

* Member w.e.f. August 10, 2015.

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

Sr. No.	Date of Meeting
1	August 10, 2015
2	November 13, 2015
3	February 13, 2016

The Company does not have any Employee Stock Option Scheme.

b. Remuneration Policy:

- Based on the recommendations of the Nomination and Remuneration Committee, the remuneration of the Whole-time Directors is decided by the Board of Directors which, inter-alia, is based on the criteria such as industry benchmarks, financial performance of the Company, performance of the Whole-time Directors etc.
- The Company pays remuneration by way of salary, perquisites and allowances to Executive Directors. No remuneration was paid by way of commission to any Non-Executive Director.
- Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors decides the payment of remuneration to the Non-Executive Directors. Remuneration to Mr. O.P. Kakkar, Non-Executive Director, was paid till November 30, 2015 as approved by the Central Govt.
- The Company paid sitting fee of Rs. 40,000/- each for attending Board and Audit Committee Meetings and Rs. 20,000/- each for all other committee meetings to the Non-Executive Directors subject to terms of remuneration, if any, paid.
- Performance evaluation of the Independent Directors shall be done by the Board of Directors on such criteria as deemed appropriate by the Board of Directors.
- The Company has framed a Remuneration Policy for Directors. KMPs and Senior Management upon the recommendation of Nomination and Remuneration Committee which was approved by the Board.

c. Remuneration to Directors:

A Statement on the remuneration paid / payable to the

Executive Directors viz. Mr. B.R. Taneja and Mr. Rajiv Goel and sitting fees paid to Non-Executive Directors, during the financial year 2015-16 is given below:

Name of the Director	Salary & Perquisites (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)
Mr. S.C. Gupta	NA	NA	4,20,000
Mr. B.R. Taneja	1,34,00,000 *	-	NA
Mr. Rajiv Goel @	93,81,336 *	-	NA
Mr. O.P. Kakkar @@	24,00,000	-	80,000
Mr. K.K. Rai	NA	NA	4,40,000
Mr. J.P. Sureka	NA	NA	5,20,000
Mr. Ajit Ingle	NA	NA	2,80,000
Mr. Shyam Powar	NA	NA	1,80,000
Ms. Deepa Mathur	NA	NA	3,80,000
TOTAL		NIL	

* out of the above remuneration, Rs. 1.02 Crore is subject to approval of the Central Government.

@ Mr. Rajiv Goel was re-appointed as Whole-time Director for the period from December 1, 2015 to September 30, 2016 subject to approval of the Shareholders and the Central Government.

@@ Remuneration upto November 30, 2015 and sitting fees thereafter.

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

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

Details of Equity Shares of the Company held by its Non-Executive Directors as on March 31, 2016 are given below:

Name of the Director	Number of Equity Shares
Mr. S.C. Gupta	NIL
Mr. O.P. Kakkar	1,11,480
Mr. J.P. Sureka	1,20,380
Mr. Ajit Ingle	NIL
Ms. Deepa Mathur	1,204
Mr. Shyam Powar	47,865

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Composition, Meetings and Attendance during the year:

The composition of Stakeholders Relationship Committee and attendance of each member is as under:

Name of the Director	Chairman/ Member	Number of Meetings Attended
Mr. J.P. Sureka	Chairman	3
Mr. S.C. Gupta	Member	2
Ms. Deepa Mathur *	Member	1
Mr. Shyam Powar *	Member	1
Mr. K.K. Rai **	Member	2

* Member w.e.f. November 13, 2015.

** Ceased to be a Member w.e.f. November 20, 2015

During the year under review, three meetings of Stakeholders Relationship Committee were held as under:

Sr. No.	Date of Meeting
1.	May 30, 2015
2.	August 10, 2015
3.	February 13, 2016

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has a Corporate Social Responsibility Committee (CSR) of Directors as per Section 135 of the Companies Act, 2013.

Composition and Meetings during the year:

The composition of the CSR Committee is as under:

Name of the Director	Chairman/ Member
Mr. O.P. Kakkar	Chairman
Mr. S.C. Gupta	Member
Mr. J.P. Sureka	Member

No meeting of Corporate Social Responsibility Committee was held during the year 2015-16 in view of continued losses since 2012-13.

INDEPENDENT DIRECTORS MEETING

The Independent Directors met on August 10, 2016 to discuss:

1. The performance of Non-Independent Directors and the Board as a whole.
2. The performance of Executive Directors.
3. The quality, quantity and timeliness of flow of information between the Company Management and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties.

All the Independent Directors were present at the Meeting.

COMPLIANCE OFFICER

Mr. Nilesh Jain, Company Secretary was the Compliance officer of the Company upto November 30, 2015. Mr. Jaikishan Pahlani, Company Secretary w.e.f. February 13, 2016 is the Compliance Officer of the Company for ensuring compliance with the requirements of the Listing Agreement with the Stock Exchanges/ SEBI Listing Regulations 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, 2016.

Details of investor complaints received and redressed during the Financial Year 2015-16 are as follows:

Number of complaints pending at the beginning of the year	Nil
Number of complaints received during the year	3
Number of complaints disposed off during the year	3
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 also available on the website of the Company.

CEO/ CFO CERTIFICATION

In accordance with Regulation 17 (8) of the Listing Regulations, the MD 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
2014-15	AGM	26.09.2015	Hyatt Regency, Weikfield IT Park, Pune -411014	11.00 A.M.	2
2013-14	AGM	26.09.2014	Hyatt Regency, Weikfield IT Park, Pune -411014	10.00 A.M.	4
2012-13	AGM	12.08.2013	Hyatt Regency, Weikfield IT Park, Pune -411014	11.00 A.M.	-

All special resolutions moved at the Annual General Meeting for year 2013-14 and 2014-15 were passed with requisite majority by way of e-voting and poll.

No Special Resolution was passed in 2015-16 through 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.
- None of the Directors have any relation inter-se.
- The quarterly internal audit reports are placed before the Audit Committee.
- The Company has established Vigil Mechanism and Whistle Blower Policy. It is hereby affirmed that no personnel has been denied access to the Audit Committee.
- Familiarisation Programmes for Independent Directors and various policies are placed on the Company's website www.ismt.com.

MEANS OF COMMUNICATION

The quarterly results are normally published in one English daily newspaper and one vernacular (Marathi) daily newspaper. The quarterly results and other details are also displayed on the Company's website www.ismt.com.

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

DESIGNATED EXCLUSIVE E-MAIL ID OF THE COMPANY

The Company has the following E-mail Id exclusively for investor servicing: secretarial@ismt.co.in

GENERAL SHAREHOLDER INFORMATION

AGM Date and Time	September 27, 2016 at 11.30 a.m.
Venue	Hotel Hindustan International, S. No. 33/1/1, Plot No. 2H, Neco Garden Road, Viman Nagar, Pune – 411014
Financial Year	April 01, 2015 to March 31, 2016
Dividend Payment date	Not Applicable
Listed on Stock Exchange	BSE and NSE
Security Code (BSE)	532479
Security Code (NSE)	ISMTLTD
ISIN Number allotted to Equity Shares	INE732F01019
Registered Office	Lunkad Towers, Viman Nagar, Pune - 411 014.

The Company has paid annual listing fees for the Financial Year

2016 - 17 to both the Stock Exchanges where the shares of the Company are listed.

STOCK MARKET DATA AND SHARE PRICE PERFORMANCE**BSE LIMITED:**

Month	Market price (Rs.)		BSE 500 INDEX	
	High	Low	High	Low
April 2015	13.70	9.12	11567.6	10613.36
May 2015	9.60	8.65	11072.84	10411.97
June 2015	9.18	8.00	11054.86	10354.81
July 2015	9.78	8.00	11340.45	10912.86
August 2015	10.98	6.51	11438.18	10031.72
September 2015	7.79	7.00	10577.34	9931.88
October 2015	8.49	7.10	10994.76	10495.71
November 2015	7.50	6.82	10747.69	10264.44
December 2015	11.59	6.85	10646.36	10110.55
January 2016	10.60	7.12	10691.89	9567.77
February 2016	8.30	6.26	10077.14	9011.98
March 2016	7.79	6.60	10211.26	9239.71

NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE):
(Rs.)

Month	High	Low
April 2015	14.00	09.00
May 2015	09.65	08.50
June 2015	09.45	07.95
July 2015	09.75	08.50
August 2015	10.75	07.25
September 2015	07.85	06.95
October 2015	08.40	07.10
November 2015	07.45	06.70
December 2015	11.60	06.90
January 2016	10.55	07.10
February 2016	08.30	06.50
March 2016	08.20	06.20

Source: BSE & NSE websites.

REGISTRAR AND SHARE TRANSFER AGENT

In Compliance of the SEBI Order dated March 22, 2016 the Company has appointed **Karvy Computershare Private Limited (Karvy) as Registrar & Share Transfer Agent (RTA) in place of Sharepro Services (India) Pvt. Ltd.** to handle

dematerialisation of shares and physical share transfers as well as other share related activities of the Company. Karvy has Commenced acting as RTA of the Company w.e.f. June 24, 2016.

The Shareholders may contact the RTA at the following address:

Karvy Computershare Private Limited
 Karvy Selenium, Tower B, Plot 31-32, Gachibowli,
 Financial District, Nanakramguda, Hyderabad - 500 032
 Tel: +91 40 67162222 FAX: +91 40 23001153
 Email: einward.ris@karvy.com
 Web: www.karvycomputershare.com

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.

Pursuant to Regulation 40(9) of the Listing Regulations, 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, 2016

Shareholding of Nominal Value of Rs	No. of Shareholders	% to total no. of shareholders	No. of Shares held	% to Total
Upto 5,000	122709	96.39	19718612	13.46
5,001 10,000	2094	1.65	3206024	2.19
10,001 20,000	1175	.92	3408184	2.33
20,001 30,000	504	.40	2528664	1.73
30,001 40,000	189	.15	1338204	0.91
40,001 50,000	159	.13	1493757	1.02
50,001 1,00,000	246	.19	3470439	2.37
1,00,001 And above	221	.17	111337499	75.99
Total	127297	100.00	146501383	100.00

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT PURSUANT TO REGULATION 17 OF THE LISTING REGULATIONS

As required by Regulation 17 (5) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 of Conduct is available on the Company's website.

As per Regulation 26, this is to confirm that the Company has

DEMATERIALISATION OF SHARES AND LIQUIDITY

87% of total Equity Capital is held in demat form with NSDL and CDSL as on March 31, 2016.

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

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

CORPORATE FILING AND DISSEMINATION SYSTEM

The financial and other information filed by the Company with BSE (through BSE Listing Centre) and NSE (through NEAPS), from time to time is available on the website of BSE Limited at www.bseindia.com and website of NSE at www.nseindia.com.

UNCLAIMED / OUTSTANDING DIVIDEND ON EQUITY SHARES:

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

Investors are requested to browse the said website to find out the outstanding amount, if any, and claim the same from the Company, before transfer to the Investor Education and Protection Fund as per the provisions of the Companies Act, 2013.

PLANT LOCATIONS

The Company has manufacturing facilities at:

1. MIDC Industrial Area, Ahmednagar - 414111
2. MIDC Industrial Area, Baramati - 413133
3. Jejuri Morgaon Road, Jejuri - 412303
4. Village Kurla, Warora, Chandrapur - 422910

ADDRESS FOR CORRESPONDENCE

ISMT Limited, Lunkad Towers, Viman Nagar, Pune - 411 014, Maharashtra.

For and on behalf of the Board of Directors

S C Gupta
Chairman

Pune, August 10, 2016

received from Senior Management Team of the Company and all Members of the Board, declarations of compliance with Code of Conduct for the financial year 2015-16.

For the purpose of this declaration, Senior Management Team comprises of employees in the Vice President and above Cadre as on March 31, 2016.

For ISMT Limited

Pune
August 10, 2016

B. R. Taneja
Managing Director

**MD / CFO CERTIFICATION TO THE BOARD
[Under Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]**

To
The Board of Directors
ISMT Limited

We, B.R. Taneja, Managing Director and Rajiv Goel, Chief Financial Officer of ISMT Limited, to the best of our knowledge and belief, certify that:

- (A) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2016 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) 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.
- (B) 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.

(C) 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.

- (D) We have indicated to the Auditors and the Audit Committee:
- (1) There are no significant changes in internal control over financial reporting during the financial year ended March 31, 2016;
 - (2) All significant changes in accounting policies during the financial year ended March 31, 2016 and that the same have been disclosed in the notes to the financial statements; and
 - (3) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

B.R. Taneja
Managing Director

Pune, May 27, 2016

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 March 31, 2016, as stipulated in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

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, in all material respect, with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that 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

J.K. Shah
Partner
Membership No. 3662

Pune, August 10, 2016

Mumbai, August 10, 2016

Annexure 'A' to the Directors' Report

Extract of Annual Return as on the financial year ended on March 31, 2016

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

I. REGISTRATION AND OTHER DETAILS:

(i) CIN	L27109PN1999PLC016417
(ii) Registration Date	01/09/1999
(iii) Name of the Company	ISMT LIMITED
(iv) Category / Sub-Category of the Company	Public Company Limited by Shares
(v) Address of the Registered office and contact details	Lunkad Towers, Viman Nagar, Pune - 411014 Maharashtra (INDIA) Tel : 020-41434100
(vi) Whether listed company	Yes
(vii) Name, Address and Contact details of Registrar and Transfer Agent	Sharepro Services (India) Pvt. Ltd. # 13, AB Samhita Warehousing Complex, 2nd Floor, Saki Naka Telephone Exchange Lane, Off. Andheri Kurla Road, Saki Naka, Andheri East, Mumbai - 400 072 Tel. : 022-67720300 / 400; Fax : 022-28591568 E-mail : sharepro@shareproservices.com

Karvy Computershare Private Limited has been appointed as Registrar and Transfer Agent w.e.f. June 24, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company :

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Seamless Hollows and Tubes	3499/3490	58.49%
2	Steel	3302	41.51%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *
1	ISMT Enterprises SA	6, Place De Nancy, L -2212, Luxembourg	NA	Subsidiary	99.62
2	Tridem Port and Power Company Private Limited	MMPDA Towers, 2nd Floor, 184, Royapettah High Road, Chennai 600014	U10101TN2007PTC070594	Subsidiary	100
3	Indian Seamless Inc.	Suite 1700, One Riverway, Houston, TX 77056, USA	NA	Subsidiary	100
4	Structo Hydraulics AB	Box 1003, SE - 68829 Storfors, Sweden	NA	Subsidiary	100
5	ISMT Europe AB	Box 1, SE - 68821 Storfors, Sweden	NA	Subsidiary	100
6	Structo (UK) Limited	2nd Floor, Blenheim House, 86, London Road, Leicester LE2 0QR United Kingdom	NA	Subsidiary	100
7	Nagapattinam Energy Private Limited	MMPDA Towers, 2nd Floor, 184, Royapettah High Road, Chennai 600014	U40100TN2008PTC069515	Subsidiary	100

Extract of Annual Return as on the financial year ended on March 31, 2016 (Cont.)

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

S. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *
8	PT ISMT Resources	Wisma Metropolitan II, 6th Floor, JI Jenderal Sudirman Kav, Jakarta 12920	NA	Subsidiary	100
9	Best Exim Private Limited	Lunkad Towers, Viman Nagar, Off Pune Nagar Road, Pune - 411014	U51399PN2004PTC019783	Subsidiary	100
10	Success Power and Infraprojects Private Limited	Lunkad Towers, Viman Nagar, Pune-411014	U40108PN1996PTC099133	Subsidiary	100
11	Marshal Microwave Infrastructure Development Company Private Limited	Lunkad Towers, Viman Nagar, Pune Nagar Road, Pune-411014	U45203PN2007PTC129795	Subsidiary	100

* Representing Aggregate % of shares held by the Company and/or its subsidiaries.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	4976833	0	4976833	3.40	4951033	0	4951033	3.38	-0.02
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	70255982	566550	70822532	48.34	70077299	566550	70643849	48.22	-0.12
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(1) :-	75232815	566550	75799365	51.74	75028332	566550	75594882	51.60	-0.14
(2) Foreign									
a) NRI-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2) :-									
Total shareholding of Promoters (A)=(A)(1)+(A)(2)	75232815	566550	75799365	51.74	75028332	566550	75594882	51.60	-0.14
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	8889	66806	75695	0.05	8889	66806	75695	0.05	0.00
b) Banks / FI	1984472	9376	1993848	1.36	1984472	9376	1993848	1.36	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	4725971	15500	4741471	3.24	3225971	15500	3241471	2.21	-1.03
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	6719332	91682	6811014	4.65	5219332	91682	5311014	3.62	-1.03

Extract of Annual Return as on the financial year ended on March 31, 2016 (Cont.)

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	11211946	186385	11398331	7.78	12018632	182985	12201617	8.33	0.55
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals	0	0	0	0.00	0	0	0	0.00	0.00
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	18361731	10528748	28890479	19.72	20959295	10399792	31359087	21.40	1.68
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	14639476	70627	14710103	10.04	12987004	49900	13036904	8.90	-1.14
c) Others (specify)									
i) Trusts	65833	5213278	5279111	3.60	65833	5213178	5279011	3.60	0.00
ii) Non-Residents	1052693	2560287	3612980	2.47	1179681	2539187	3718868	2.54	0.07
Sub-total (B)(2):-	45331679	18559325	63891004	43.61	47210445	18385042	65595487	44.78	1.16
Total Public Shareholding (B)=(B)(1)+ (B)(2)	52051011	18651007	70702018	48.26	52429777	18476724	70906501	48.40	0.14
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	127283826	19217557	146501383	100.00	127458109	19043274	146501383	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Indian Seamless Enterprises Limited	55533788	37.91	37.70	55533788	37.91	99.04	0.00
2	Vishkul Leather Garments Private Limited	13562453	9.26	0.00	13383770	9.14	0.00	-0.12
3	Misrilall Mines Private Limited	601197	0.41	0.00	601197	0.41	0.00	0.00
4	Tulika Estate & Holding Private Limited	543023	0.37	0.00	543023	0.37	0.00	0.00
5	Satya Leasing Company Limited	304027	0.21	0.00	304027	0.21	0.00	0.00
6	Prismo (India) Limited	210872	0.14	0.00	210872	0.14	0.00	0.00
7	Shentracon Finalease Private Limited	24802	0.02	0.00	24802	0.02	0.00	0.00
8	Misrilall Properties Private Limited	23527	0.02	0.00	23527	0.02	0.00	0.00
9	Shentracon Holdings Private Limited	18543	0.01	0.00	18543	0.01	0.00	0.00
10	Lighto Technologies Private Limited	300	0.00	0.00	300	0.00	0.00	0.00
11	Ashok Kumar Jain (HUF)	2536181	1.73	0.00	2536181	1.73	0.00	0.00
12	B R Taneja	9033	0.01	0.00	9033	0.01	0.00	0.00
13	Salil Baldev Taneja	234040	0.16	0.00	233040	0.16	0.00	0.00
14	B R Taneja (HUF)	81760	0.06	0.00	81760	0.06	0.00	0.00
15	Jagdish Prasad Sureka	40448	0.03	0.00	40448	0.03	0.00	0.00
16	Tara Jain	1414848	0.97	0.00	1414848	0.97	0.00	0.00
17	Ramesh Sureka	132155	0.09	0.00	132155	0.09	0.00	0.00

Extract of Annual Return as on the financial year ended on March 31, 2016 (Cont.)

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
18	Savitri Devi Sureka	99386	0.07	0.00	99386	0.07	0.00	0.00
19	Raj K Sureka	85754	0.06	0.00	85754	0.06	0.00	0.00
20	Sanjay Sureka	77423	0.05	0.00	72423	0.04	0.00	-0.01
21	Alka P Mehta	73473	0.05	0.00	73473	0.05	0.00	0.00
22	Aayushi Jain	41424	0.03	0.00	41424	0.03	0.00	0.00
23	Mini Sureka	20450	0.01	0.00	650	0.00	0.00	-0.01
24	Priti Sureka	20213	0.01	0.00	20213	0.01	0.00	0.00
25	Akshay Jain	10313	0.01	0.00	10313	0.01	0.00	0.00
26	Rohin Raj Sureka	10000	0.01	0.00	10000	0.01	0.00	0.00
27	Avishi Sureka	10000	0.01	0.00	10000	0.01	0.00	0.00
28	Jagdish Prasad Sureka (HUF)	79932	0.05	0.00	79932	0.05	0.00	0.00
	Total	75799365	51.74	37.70	75594882	51.60	99.04	-0.14

(iii) Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	75799365	51.74		
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	#	#	#	#
3	At the End of the year	75594882	51.60		

Following are the details of datewise shareholding change

Sl. No.	Name	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015/ end of year (31.03.2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Vishkul Leather Garments Private Limited	13562453	9.26	01.04.2015				
				10.07.2015	-8000	Transfer	13554453	9.25
				17.07.2015	-42949	Transfer	13511504	9.22
				24.07.2015	-110500	Transfer	13401004	9.15
				31.07.2015	-16234	Transfer	13384770	9.14
				07.08.2015	-1000	Transfer	13383770	9.14
		13384770	9.14	31.03.2016				
2	Salil Baldev Taneja	234040	0.16	01.04.2015				
				25.09.2015	-1000	Transfer	233040	0.16
		233040	0.16	31.03.2016				

Extract of Annual Return as on the financial year ended on March 31, 2016 (Cont.)

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

Sl. No.	Name	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015/ end of year (31.03.2016)	% of total shares of the Company				No. of shares	% of total shares of the Company
3	Mini Sureka	20450	0.01	01.04.2015				
				07.08.2015	-4000	Transfer	16450	0.01
				16.10.2015	-10000	Transfer	6450	0.00
				06.11.2015	-1800	Transfer	4650	0.00
				27.11.2015	-4000	Transfer	650	0.00
		31.03.2015			650	0.00		
4	Sanjay Sureka	77423	0.05	01.04.2015				
				27.11.2015	-5000	Transfer	72423	0.04
		77423	0.04	31.03.2016				

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

Sl. No.	Name of the shareholder	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015/ end of year (31.03.2016)	% total shares of the Company				No. of shares	% of total shares of the Company
1	Jiten Kirtanlal Shah	7418640	5.06	01.04.2015	0	NA	NA	NA
		7418640	5.06	31.03.2016				
2	ISSAL Employee Welfare Fund	5000000	3.41	01.04.2015	0	N.A.	N.A.	N.A.
		5000000	3.41	31.03.2016				
3	East Coast Securities Limited	4722676	3.22	01.04.2015	0	N.A.	N.A.	N.A.
		4722676	3.22	31.03.2016				
4	Life Insurance Corporation of India	1983208	1.35	01.04.2015	0	N.A.	N.A.	N.A.
		1983208	1.35	31.03.2016				
5	Maharashtra Seamless Ltd.	1445000	0.99	01.04.2015	0	N.A.	N.A.	N.A.
		1445000	0.99	31.03.2016				
6	GVN Fuels Ltd.	1414146	0.97	01.04.2015	0	N.A.	N.A.	N.A.
		1414146	0.97	31.03.2016				
7	Daniel Vyappar Private Limited	1342889	0.92	01.04.2015	0	N.A.	N.A.	N.A.
		1342889	0.92	31.03.2016				
8	Pushpanjali Investrade Pvt. Ltd.	1063715	0.73	01.04.2015	0	N.A.	N.A.	N.A.
		1063715	0.73	31.03.2016				
9	Concord Trexim Pvt. Ltd.	1260764	0.86	01.04.2015	0	N.A.	N.A.	N.A.
		1260764	0.86	31.03.2016				

Extract of Annual Return as on the financial year ended on March 31, 2016 (Cont.)

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

Sl. No.	Name of the shareholder	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015)/ end of year (31.03.2016)	% total shares of the Company				No. of shares	% of total shares of the Company
10	Paragkumar Kishorkumar Shah	923919	0.63	01.04.2015				
				10.10.2015	-9799	Transfer	914120	0.62
				17.10.2015	-48260	Transfer	865860	0.59
				24.10.2015	-65971	Transfer	799889	0.55
				31.10.2015	-51330	Transfer	748559	0.51
				07.11.2015	-55282	Transfer	693277	0.47
				21.11.2015	-19672	Transfer	673605	0.46
				28.11.2015	-19402	Transfer	654203	0.45
				05.12.2015	-371475	Transfer	282728	0.19
				12.12.2015	-282728	Transfer	0	0.00
		0	0.00	31.03.2016				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2015)/ end of year (31.03.2016)	% total shares of the Company				No. of shares	% of total shares of the Company
1	S. C. Gupta - Independent Director	0	0.00	01.04.2015	0	N.A.	N.A.	N.A.
		0	0.00	31.03.2016				
2	B. R. Taneja - Managing Director	90793	0.06	01.04.2015	0	N.A.	N.A.	N.A.
		90793	0.06	31.03.2016				
3	Rajiv Goel - Whole-time Director & CFO	2000	0.00	01.04.2015	0	N.A.	N.A.	N.A.
		2000	0.00	31.03.2016				
4	O. P. Kakkar - Non-Executive Director	85824	0.06	01.04.2015				
				20.08.2015	656	acquisition	86480	0.06
				21.08.2015	25000	acquisition	111480	0.08
		111480	0.08	31.03.2016				
5	J. P. Sureka - Non-Executive Director	120380	0.08	01.04.2015	0	N.A.	N.A.	N.A.
		120380	0.08	31.03.2016				
6	Ajit Ingle - Nominee Director	0	0.00	01.04.2015	0	N.A.	N.A.	N.A.
		0	0.00	31.03.2016				
7	Deepa Mathur- Independent Director*	1204	0.00	10.08.2015	0	N.A.	N.A.	N.A.
		1204	0.00	31.03.2016				
8	Shyam Powar- Independent Director**	47865	0.03	13.11.2015	0	N.A.	N.A.	N.A.
		47865	0.03	31.03.2016				
9	K K Rai- Independent Director #	0	0.00	01.04.2015	0	N.A.	N.A.	N.A.
		0	0.00	20.11.2015				
10	Jaikishan Pahlani - Company Secretary	0	0.00	13.02.2016	0	N.A.	N.A.	N.A.
		0	0.00	31.03.2016				
11	Nilesh Jain, Company Secretary \$	0	0.00	01.04.2015	0	N.A.	N.A.	N.A.
		0	0.00	30.11.2015	0			

* Appointed as a Director w.e.f. August 10, 2015

** Appointed as a Director w.e.f. November 13, 2015

Ceased to be a Director w.e.f. November 20, 2015

\$ ceased to be Company Secretary w.e.f. November 30, 2015

Extract of Annual Return as on the financial year ended on March 31, 2016 (Cont.)

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

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment
Rs. in Crore

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,097.27	78.66	0	2,175.93
ii) Interest due but not paid	21.34	0	0	21.34
iii) Interest accrued but not due	0.83	0	0	0.83
Total (i+ii+iii)	2,119.44	78.66	0	2,198.10
Change in Indebtedness during the financial year				
Addition (+) / Reduction (-)	163.80	-15.47	0	148.33
Net Change	163.80	-15.47	0	148.33
Indebtedness at the end of the financial year				
i) Principal Amount	2,129.37	63.19	0	2,192.56
ii) Interest due but not paid	153.27	0	0	153.27
iii) Interest accrued but not due	0.60	0	0	0.60
Total (i+ii+iii)	2,283.24	63.19	0	2,346.43

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		B.R.Taneja - MD	Rajiv Goel - WTD & CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,16,00,000	87,53,336	2,03,53,336
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	18,00,000	-	18,00,000
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	"Commission - as % of profit - others, specify..."	-	-	-
5	Others, please specify	-	-	-
	Total (A)	1,34,00,000	87,53,336	2,21,53,336
	Ceiling as per the Act	In view of inadequacy of profit, remuneration is paid/payable as per the Central Government approval		

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

Extract of Annual Return as on the financial year ended on March 31, 2016 (Cont.)

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

B. Remuneration to other directors:**(Amount in Rs.)**

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Deepa Mathur	S.C. Gupta	K.K. Rai (from 01.04.2015 to 20.11.2016)	J.P. Sureka	Ajit Ingle	Shyam Powar	O.P. Kakkar	
1	Independent Directors Fee for attending board / committee meetings Commission Others, please specify	3,80,000 - - -	4,20,000 - - -	4,40,000 - - -	- - - -	- - - -	1,80,000 - - -	80,000 - - -	15,00,000 - - -
	Total (1)	3,80,000	4,20,000	4,40,000	-	-	1,80,000	80,000	15,00,000
2	Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify :- Remuneration	- - - -	- - - -	- - - -	5,20,000 - - -	2,80,000 - - -	- - - -	- - - 24,00,000	8,00,000 - - 24,00,000
	Total (2)	-	-	-	5,20,000	2,80,000	-	24,00,000	32,00,000
	Total (B)=(1+2)	3,80,000	4,20,000	4,40,000	5,20,000	2,80,000	1,80,000	24,00,000	47,00,000
	Total Managerial Remuneration (A+B)	-	-	-	-	-	-	-	2,68,53,336
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA	NA	*	NA

* O. P. Kakkar was paid remuneration up to November 30, 2015 as per approval received from the Central Government and was paid sitting fees thereafter.

C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager**(Amount in Rs.)**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Jaikishan Pahlani, Company Secretary (From 13-02-2016 to 31-03-2016)	Nilesh Jain Company, Secretary (From 01-04-2015 to 30-11-2015)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,41,186	8,61,002	10,02,188
2	Stock Option			
3	Sweat Equity			
4	Commission - as % of profit others, specify...			
5	Others, please specify: (Contribution to Provident Fund and Superannuation Fund)	16,265	85,123	1,01,388
	Total	1,57,451	9,46,125	11,03,576

Extract of Annual Return as on the financial year ended on March 31, 2016 (Cont.)

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	"Brief Description"	Details of Penalty / Punishment/ Compounding fees imposed	"Authority [RD / NCLT/ COURT]"	"Appeal made, if any (give Details)"
A. COMPANY Penalty Punishment Compounding					
B. DIRECTORS Penalty Punishment Compounding			NIL		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding					

Annexure 'B' to the Directors' Report

Information required under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and forming part of the Director's Report for the year ended on March 31, 2016 :

(A) Conservation of Energy

- (i) The steps taken or impact on conservation of energy :
1. Higher rating motors replaced with suitable rating motors in Hot Mill at Ahmednagar Tube Plant
 2. Introduction of cooling blower and auto logic for reducing the blower speed in idle time at Ahmednagar Tube Plant
 3. Replacement of HPMV / HPSV lights with LED lights at Ahmednagar Tube Plant
 4. Maintaining proper furnace pressure resulting in reduction in fuel consumption at Baramati Tube Plant
 5. Optimization of rolling temperature in RTHF at Baramati Tube Plant
 6. Provided ABB drive (ACVF) for recirculating Pump house (RCPH) pumps motor at Jejuri Steel Plant
 7. LED lighting in the plant instead of sodium vapour lamps at Jejuri Steel Plant

- (ii) The steps taken by the company for utilising alternate sources of energy : NIL

- (iii) The capital investment on energy conservation equipments :

ABB make AC variable frequency drive for 180MW motor at Jejuri Steel Plant

(B) Technology absorption

- (i) the efforts made towards technology absorption :
1. Development of tubes through Cold Pilger route for grade 13CR and EN1A at Ahmednagar Tube Plant
 2. Established rolling of T9 / T91 steel grade from PQF Mill at Baramati Tube Plant
 3. Development of new Grade 11SMn30 / EN 1A for FAG application at Jejuri Steel Plant

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

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

Measures were undertaken to reduce both fixed and variable costs in the current scenario of reduced plant operations.

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable

- (iv) as part of the Company's overall strategy, throughout the year the Company remained focused on developing value added products for all its market segments including Energy, OCTG, Bearing, Auto and Mining Sectors. R & D activities also focused on process cost reductions. The expenditure incurred on Research and Development are detailed below:

(Rs. in Crore)

Sr. No.	Particulars	2015-16	2014-15
i)	Capital	0.05	0.04
ii)	Recurring	0.69	0.51
	Total	0.74	0.55
	Total R & D as a % of Turnover	0.08%	0.04%

(C) Foreign exchange earnings and Outgo

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

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

Annexure 'C' to the Director's Report

DETAILS PERTAINING TO REMUNERATION PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULES MADE THEREUNDER

- 1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2015-16, Ratio of the remuneration of each Director to median remuneration of employees of the Company for the financial year 2015-16:

Sr. No.	Name of Directors/ KMP and Designation	Remuneration of Directors/ KMP for financial year 2015-16 (Rs.)	% increase in remuneration in the Financial Year 2015-16	Ratio of the remuneration of each Director to median remuneration of employees
1	B. R. Taneja, Managing Director	1,34,00,000	19%	35:1
2	Rajiv Goel Whole-time Director & Chief Financial Officer	93,81,336	-	25:1
3	O. P. Kakkar, Non Executive Director #	24,00,000	NIL	9:1
4	Nilesh Jain, Company Secretary *	9,46,125	NIL	N.A.
5	Jaikishan Pahlani, Company Secretary**	1,57,451	N.A.	N.A.

Mr. O.P. Kakkar was paid remuneration upto November 30, 2015.

* Mr. Nilesh Jain was Company Secretary for part of the Financial Year 2015-16 i.e. upto November 30, 2015.

** Mr. Jaikishan Pahlani was appointed as Company Secretary of the Company w.e.f. February 13, 2016.

- 2) The median remuneration of employees of the Company during the financial year was Rs. 3.82 Lakh p. a.
- 3) In the financial year under review, there was a decrease of 1.11 % in the median remuneration of employees.
- 4) There were 2,068 permanent employees on the rolls of the Company as on March 31, 2016.
- 5) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year 2015-16 was 6 %. The percentile increase in the managerial remuneration for the same financial year was 19 %. The increase in remuneration is in line with the industry benchmarks.
- 6) Statement showing the names of the top ten employees in terms of remuneration drawn and employees who were in receipt of remuneration aggregating to Rs. 8.50 Lakh per month and above:

Sr. No.	Name of the Employee	Designation	Remuneration	Qualifications	Experience (Years)	Date of commencement of employment	Age (Yrs)	Last employment held
1	B R Taneja	Managing Director	13,400,000	B.E. (Mechanical)	55	December 01, 2005	80	The Indian Seamless Metal Tubes Limited
2	Rajiv Goel	Whole time Director and Chief Financial Officer	9,381,336	B. Com (Hons), FCA, FCS	37	December 01, 2005	62	The Indian Seamless Metal Tubes Limited
3	Pankaj Kumar Wahi	Executive Vice President (Finance & Accounts)	5,794,133	B. Com (Hons), ACMA, ACS	26	February 11, 2010	49	Reliance Global Management Services Limited
4	Kishore Bharambe	President (Tube Operations)	5,442,437	B.E. (Mechanical), PGDBA	27	March 27, 2002	51	The Indian Seamless Metal Tubes Limited
5	Pratap Dhaybar	Director (Steel Operations)	3,766,827	B.E. (Mechanical)	36	June 04, 2001	60	Mahindra Ugine Steel Company Limited
6	Ramesh Kumar Rathi	Executive Vice President (Internal Audit)	3,408,065	B.Sc., LLB, ACA	27	February 22, 2005	55	J K Industries Limited
7	Rakesh Duda	Director (Corporate HR)	3,261,556	B.E. (Electrical)	35	April 1, 2011	62	Jai Prakash Associates
8	Balram Agarwal	Executive Vice President (Works)	3,142,349	B.E. (Mechanical), PGDBA	22	August 01, 2013	49	Remi Metals Gujrat Limited
9	K Durga Rao	Executive Vice President (Projects)	3,064,750	DME, AMIME, MBA	24	October 1, 2009	46	Rasoya Proteins Limited (Power)
10	Dinesh Deo	Vice President (Works)	3,048,767	B.E. (Mechanical)	25	February 04, 2014	47	Saint Gobain Sekurit India Limited

Notes:

1. Nature of employment is contractual for all the above employees.
2. Remuneration includes salary and allowance (contribution to Provident Fund & Superannuation Fund), House Rent Allowance, Leave Travel Allowance, Medical Reimbursement and other allowances payable as per Rules of the Company.
3. None of the employees is covered under Rule 5(3)(viii) of The Companies(Appointment and Remuneration of Managerial Pers(sonel) Rules, 2014 of Section 197 of the Companies Act, 2013.
- 7) It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

Annexure 'D' to the Director's Report

Secretarial Audit Report for The Financial Year Ended March 31, 2016

To,
The Members,
ISMT LIMITED
Lunkad Towers, Viman Nagar,
Pune – 411014.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ISMT LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2016, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi) As informed to us none of the other laws are applicable specifically to the Company.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.
- iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect from December 01, 2015)
During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has not taken any actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**For MRM ASSOCIATES
COMPANY SECRETARIES**

CS M B KASODEKAR
PARTNER

Membership No. F 2756 C. P. No: 1681
Unique Code of Partnership Firm: P2001MH006700

Pune, August 01, 2016

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Directors' Report (Contd.)

Annexure A

To,
The Members,
ISMT LIMITED
Lunkad Towers, Viman Nagar,
Pune – 411014.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For MRM ASSOCIATES
COMPANY SECRETARIES**

CS M B KASODEKAR
PARTNER

Membership No. F 2756 C. P. No: 1681
Unique Code of Partnership Firm: P2001MH006700

Pune, August 01, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ISMT LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of ISMT LIMITED ("the company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit

procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

- 1] The Company has outstanding Minimum Alternate Tax (MAT) entitlement of Rs. 82.05 Crore as on March 31, 2016. Taking into consideration the loss during the current financial year and carried forward losses under the Income Tax Act, 1961 in our opinion, there is no convincing evidence that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of loss for the year and overstatement of the reserves by Rs. 82.05 Crore and its consequential effect on the Earnings per Share of the company.
- 2] The company, through its subsidiary, has invested Rs. 48.43 Crore in Structo Hydraulics AB, Sweden (SHAB). Net receivable, after taking into consideration the provision made against the same, to the company from SHAB against the supplies made is Rs. 10.09 Crore and Rs. 16.58 crore is receivable from SHAB due to invocation of Bank Guarantee and outstanding Bank Guarantee given by the company in respect of loans availed by SHAB is Rs. 16.58 Crore. SHAB has been incurring cash losses and its net worth is also eroded. No provision for diminution in value of investment and net receivable is made by the company as explained in Note No. 3.18 forming part of the financial statements. We are unable to comment on the same and ascertain its impact, if any, on the financial statements in respect of the above matters.
- 3] The company had recognized claim in earlier year, of which outstanding balance as on March 31, 2016 is Rs. 39.53 Crore, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. Based on legal advice, the company is in the process to file an appeal against the order of APTEL in the Supreme Court. The

realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion, the recognition of above claim, being contingent asset in nature, is not in conformity with AS-29, Provisions, Contingent Liabilities and Contingent Assets. Recognition of the above claim has resulted in overstatement of Reserves by Rs. 39.53 Crore. Refer Note No. 3.2 (ii) forming part of the financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

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

The company has accumulated losses and its net worth has been fully eroded, the company has incurred a net cash loss during the current and previous years and the company's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty about the company's ability to continue as a going concern. However, the financial statements of the company have been prepared on a going concern basis for the reasons stated in the Note No. 3.19 forming part of the financial statements.

Note No. 1.24 regarding remuneration to the Managing Director and Executive Director of the company amounting to Rs. 1.02 Crore provided for in the financial statements is subject to approval of the Central Government.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by The Companies (Auditor's Report) Order, 2016 issued by the Central Government of India (Ministry of Corporate Affairs) in terms of sub section (11) of Section 143 of the Companies Act, 2013, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.

- (c) The company has no branch offices whose accounts are audited by branch auditors.
- (d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (e) In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (f) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the company.
- (g) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (h) The qualifications relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (i) with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i Refer Note No. 3.1(i)(a) on Contingent Liabilities disclosing the impact of pending litigation on the financial position of the company.
 - ii. The company does not have any long-term contracts including derivative contracts, having any material foreseeable losses, for which provision was required.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

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

Sandeep Rao
Partner
Membership No. 47235
Pune: May 27, 2016

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

J.K. Shah
Partner
Membership No. 3662
Mumbai: May 27, 2016

Annexure to the Independent Auditors' Report

Referred to in paragraph 1 under the heading "Report on Other legal and Regulatory Requirements" of our report on even date:

- (i) 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 intervals considering the size of the company and nature of asset. As informed to us, no material discrepancies have been noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the Company.
- (ii) 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 discrepancies noticed on physical verification between physical stock and the book records were not material and have been properly dealt with in the books of account.
- (iii) As per the records of the company, it has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.
- (v) The company has not accepted any Deposit from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) a) According to the records of the company, the company is not regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Value added Tax, Custom Duty, Excise Duty, Value added tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at March 31, 2016 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.
- (viii) According to the information and explanation given to us, the company has defaulted in repayment of dues to banks and Governments. Details of defaults are mentioned in Annexure- II. The Company does not have any debenture holders.
- (ix) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) and according to the information and explanations 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.
- (x) Based upon the audit procedures performed by us and according to the information and explanations given to us, no fraud on or by the company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act except to the extent referred in Annexure III to this report.
- (xii) In our opinion and according to the information and explanations given to us, the company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act wherever applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

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

Sandeep Rao
Partner
Membership No. 47235
Pune: May 27, 2016

J.K. Shah
Partner
Membership No. 3662
Mumbai: May 27, 2016

Annexure - I

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

Rs. in Crore

Nature of Statute	Nature of Dues	Amount Disputed	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales Tax	0.09	Tribunal
		6.41	Dy. Commissioner (Appeals)
		0.01	High Court, Bombay
		0.19	Joint Commissioner
Maharashtra Sales Tax Act, 1959	Sales Tax	0.03	Tribunal
		0.47	High Court, Bombay
		5.76	Dy. Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty	12.25	CESTAT
		6.80	High Court, Bombay
		1.06	Commissioner
		0.06	Joint Commissioner
		0.08	Asst. Commissioner
		1.48	Add. Commissioner
Customs Act, 1962	Custom Duty	1.49	Dy. Commissioner
		0.77	Asst. Commissioner
		1.73	CESTAT
Income Tax Act, 1961	Income Tax	0.70	ITAT Mumbai
		3.75	CIT, Pune

Annexure II

a) Delay in repayment of installments due including interest during the year:

Rs. in Crore

Name of the Lenders/ Government	0-30 Days	31-60 Days	61-90 Days	More then 91 Days	Total
Bank of Baroda	2.38	-	2.54	10.08	15.00
Bank of India	0.08	8.36	19.67	3.71	31.82
Bank of Maharashtra	3.70	0.30	0.30	-	4.30
Central Bank of India	9.69	3.46	-	-	13.15
ICICI Bank Limited	-	-	2.17	-	2.17
IDBI Bank Limited	-	1.25	0.18	-	1.43
IKB Deutsche Industrie Bank AG	-	-	0.84	0.15	0.99
Indian Overseas Bank	0.03	0.20	5.97	15.43	21.63
State Bank of India	0.08	0.03	-	-	0.11
Maharashtra Sales Tax Department	3.54	-	-	-	3.54
TOTAL	19.50	13.60	31.67	29.37	94.14

b) Installments due including interest outstanding as at March 31, 2016:

Rs. in Crore

Name of the Lenders/ Government	0-30 Days	31-60 Days	61-90 Days	More then 91 Days	Total
Andhra Bank	4.36	1.58	-	16.82	22.76
Bank of Baroda	10.17	4.05	0.04	25.23	39.49
Bank of India	5.33	11.81	-	42.95	60.09
Bank of Maharashtra	3.83	8.66	3.44	34.67	50.60
Central Bank of India	3.81	0.67	3.03	2.47	9.98
ICICI Bank Limited	7.06	0.92	-	12.81	20.79
IDBI Bank Limited	3.21	1.33	1.37	8.51	14.42
IKB Deutsche Industrie Bank AG	-	-	-	18.82	18.82
Indian Overseas Bank	1.81	4.80	-	5.97	12.58
State Bank of India	0.87	1.71	30.31	3.33	36.22
TOTAL	40.45	35.53	38.19	171.58	285.75

Annexure III

Details of Managerial Remuneration paid / provided in excess of requisite approval:

Rs. in Crore

Designation	Amount paid / provided	Amount paid / provided in excess of the limit prescribed	Amount due as recoverable from Balance Sheet	Steps taken for recovery
Managing Director Remuneration: Paid	1.26	-	Nil	-
	0.08	0.08	-	*
Executive Director Remuneration: Paid	0.62	0.62	0.62	#
	0.32	0.32	-	*
Total	2.28	1.02	0.62	

* Pending for approval of Shareholders and the Central Government.

Pending for approval of the Central Government.

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of ISMT Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial

control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion:

According to the information and explanation given to us and based on our audit, the following deficiencies have been identified in operative effectiveness of the Company's internal financial control over financial reporting as at March 31, 2016 :

In our opinion, the Company has an internal financial controls system over financial reporting design, which needs to be enhanced to make it more comprehensive. Based on selective verification of process manual and related control matrices made available to us towards the end of the financial year under audit and thereafter, in our opinion, considering the internal control over financial reporting criteria established by the company as per the essential components of internal control stated in the Guidance Note, the operating effectiveness of such process controls and appropriate documentation thereof needs to be strengthened to make the same commensurate with the size of the Company and nature of its business.

A 'deficiency' in internal financial control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

We have considered the deficiencies identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of the Company, and these deficiencies does not affect our opinion on the standalone financial statements of the Company.

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

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

Sandeep Rao
Partner
Membership No. 47235
Pune: May 27, 2016

J.K. Shah
Partner
Membership No. 3662
Mumbai: May 27, 2016

BALANCE SHEET AS AT MARCH 31, 2016

Rs. in Crore

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	1.1	73.25	73.25
Reserves and Surplus	1.2	<u>(136.92)</u>	<u>205.45</u>
		(63.67)	278.70
NON-CURRENT LIABILITIES			
Long Term Borrowings	1.3	819.51	967.17
Deferred Tax Liabilities (Net)	1.4	-	-
Long Term Provisions	1.5	<u>6.54</u>	<u>6.34</u>
		826.05	973.51
CURRENT LIABILITIES			
Short Term Borrowings	1.6	888.13	458.38
Trade Payables	1.7		
Micro and Small Enterprises		0.03	0.10
Others		218.09	477.12
Other Current Liabilities	1.8	573.38	510.05
Short Term Provisions	1.9	<u>2.87</u>	<u>3.21</u>
		1,682.50	1,448.86
		<u>2,444.88</u>	<u>2,701.07</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	1.10	1,519.40	1,569.55
Capital Work-in-Progress		<u>5.01</u>	<u>7.83</u>
		1,524.41	1,577.38
Non-Current Investments	1.11	52.79	52.79
Long Term Loans and Advances	1.12	129.70	111.34
Other Non Current Assets	1.13	<u>83.18</u>	<u>92.57</u>
		265.67	256.70
CURRENT ASSETS			
Inventories	1.14	331.25	410.00
Trade Receivables	1.15	153.69	176.14
Cash and Bank Balances	1.16	33.46	119.14
Short Term Loans and Advances	1.17	31.52	22.48
Other Current Assets	1.18	<u>104.88</u>	<u>139.23</u>
		654.80	866.99
		<u>2,444.88</u>	<u>2,701.07</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

J. K Shah

Partner

M. No. 3662

B.R. Taneja

Managing Director

Rajiv Goel

Chief Financial Officer

Jaikishan Pahlani

Company Secretary

Pune, May 27, 2016

Pune, May 27, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Rs. in Crore

Particulars	Note No.	2015-16	2014-15
INCOME			
REVENUE FROM OPERATIONS			
Sale of Products	1.19	1,331.28	2,320.15
Less : Inter Segment Transfers		232.55	674.97
Inter Division Transfers		24.57	38.08
		1,074.16	1,607.10
Less: Excise Duty		105.72	144.04
Net Sales		968.44	1,463.06
Other Operating Revenue	1.20	24.09	43.27
Less: Excise Duty		0.85	1.83
		23.24	41.44
REVENUE FROM OPERATIONS (NET)		991.68	1,504.50
Other Income	1.21	12.08	11.39
TOTAL REVENUE		1,003.76	1,515.89
EXPENSES			
Cost of Materials Consumed	1.22	477.62	733.10
Purchases of Traded Goods		0.04	16.24
Changes in Inventories of Finished Goods and Work-in-Progress	1.23	51.52	58.86
Employee Benefits Expense	1.24	106.30	120.81
Finance Costs	1.25	280.13	235.45
Depreciation, Amortisation and Obsolescence	1.26	71.83	74.00
Other Expenses	1.27	334.62	540.71
Exceptional Item			
i) Foreign Exchange Loss		45.08	7.52
ii) Others		9.44	(49.81)
(Refer Note No 3.3 of Notes to Accounts)			
TOTAL EXPENSES		1,376.58	1,736.88
PROFIT / (LOSS) BEFORE TAX		(372.82)	(220.99)
TAX EXPENSES			
MAT Credit – written off		9.39	-
PROFIT / (LOSS) FOR THE YEAR		(382.21)	(220.99)
Earning per Equity Share (Face Value of Rs. 5/- each)		(26.09)	(15.08)
(Refer Note No 3.16 of Notes to Accounts)			
Significant Accounting Policies	2		
Notes to Accounts	3		

As per our report of even date
For **M/s P.G. Bhagwat**
Firm Registration No. 101118W
Chartered Accountants

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

Sandeep Rao
Partner
M. No.47235

J. K Shah
Partner
M. No. 3662

B.R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Jaikishan Pahlani
Company Secretary
Pune, May 27, 2016

Pune, May 27, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Rs. in Crore

Particulars		2015-16		2014-15	
i)	CASH FLOW FROM OPERATING ACTIVITIES :				
	Net Profit / (Loss) Before Tax		(372.82)		(220.99)
	Adjustments for :				
	Depreciation , Amortisation and Obsolescence	71.83		74.00	
	Depreciation written back	-		(103.71)	
	Finance Costs	280.13		226.08	
	Interest Income	(4.35)		(10.05)	
	Unrealised Exchange Loss	13.88		-	
	Provision for Doubtful Debts	9.90		47.24	
	Bad Debts / Clamis written off	1.97		14.81	
	Provision for Wealth Tax	0.05		0.05	
			<u>373.41</u>		<u>248.42</u>
	Operating Cash Profit before Working Capital Changes		0.59		27.43
	Adjustments for :				
	Trade and Other Receivables	66.00		148.28	
	Inventories (Increase) / Decrease	78.75		62.13	
	Trade Payables and Other Liabilities	(419.62)		(168.73)	
			(274.87)		41.68
	Taxes Paid		(0.63)		(1.09)
	Net Cash flow from Operating Activities		(274.91)		68.02
ii)	CASH FLOW FROM INVESTING ACTIVITIES :				
	Purchase of Fixed Assets	(7.38)		(6.44)	
	Sale of Fixed Assets	-		0.01	
	Interest Received	8.13		7.73	
	Investment	-		(0.04)	
	Net Cash used in Investing Activities		0.75		1.26
iii)	CASH FLOW FROM FINANCING ACTIVITIES :				
	Dividend Payments (including Tax thereon)	(0.30)		(0.62)	
	Proceeds from /(Repayment of) Borrowings	383.15		152.90	
	Interest Paid	(148.43)		(216.91)	
	Net Cash from Financing Activities		234.42		(64.63)
	Net Increase / (Decrease) in Cash and Cash Equivalents		(39.74)		4.65
	Cash and Cash Equivalents at the beginning of the year (Refer Note No.1.16)		<u>50.03</u>		<u>45.38</u>
	Cash and Cash Equivalents at the end of the year (Refer Note No.1.16)		<u>10.29</u>		<u>50.03</u>
	Net Increase / (Decrease) in Cash & Cash Equivalents		(39.74)		4.65

As per our report of even date

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

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

Sandeep Rao
 Partner
 M. No.47235

J. K Shah
 Parther
 M. No. 3662

B.R. Taneja
 Managing Director

Rajiv Goel
 Chief Financial Officer

Jaikishan Pahlani
 Company Secretary
 Pune, May 27, 2016

Pune, May 27, 2016

Notes to Financial Statement for the year ended March 31, 2016

NOTE NO. 1.1 SHARE CAPITAL

Particulars	Rs. in Crore	
	As at March 31, 2016	As at March 31, 2015
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 Equity Shares having par value of Rs. 5 /- each. Holder of Equity Shares is entitled to one vote per share.

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	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, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Seamless Enterprises Limited	55,533,788	37.91%	55,533,788	37.91%
Vishkul Leather Garments Private Limited.	13,383,770	9.14%	13,562,453	9.26%
Jiten Kirtanlal Shah	7,418,640	5.06%	7,418,640	5.06%

During the period of five years immediately preceding the balance sheet date, there are no shares issued without payment being received in cash, issued as bonus shares and shares bought back by the Company.

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)
NOTE NO. 1.2 RESERVES AND SURPLUS
Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
i) Capital Reserve	6.94	6.94
ii) Capital Redemption Reserve	80.60	80.60
iii) Revaluation Reserve		
Opening Balance	209.68	-
Addition during the year	-	210.46
Less : Transfer to General Reserve	3.14	0.78
(Refer Note No. 3.13 of Notes to Accounts)	206.54	209.68
iv) Amalgamation Reserve		
Opening Balance	15.75	20.24
Less : Transfer to General Reserve	4.23	4.49
(Refer Note No. 3.13 of Notes to Accounts)	11.52	15.75
v) Reserve for Contingencies	1.91	1.91
vi) General Reserve		
Opening Balance	402.60	397.33
Add : Transfer from Revaluation Reserve	3.14	0.78
Add : Transfer from Amalgamation Reserve	4.23	4.49
	409.97	402.60
vii) Hedge Reserve Account		
Opening Balance	(30.32)	(20.73)
Addition during the year	-	(30.32)
Less : Transferred to Statement of Profit and Loss	30.32	20.73
(Refer Note No. 3.10 of Notes to Accounts)	-	(30.32)
viii) Foreign Currency Monetary Item Translation Difference Account		
Opening Balance	(9.52)	(9.78)
Addition during the year	-	(1.64)
Less : Transferred to Statement of Profit and Loss	9.52	1.90
(Refer Note No. 3.10 of Notes to Accounts)	-	(9.52)
ix) Surplus		
Opening Balance	(472.19)	(245.27)
Add : Profit / (Loss) for the year	(382.21)	(220.99)
Less : Adjustment to Carrying Value of Assets	-	(5.93)
Closing Balance	(854.40)	(472.19)
	<u>(136.92)</u>	<u>205.45</u>

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

NOTE NO. 1.3 LONG TERM BORROWINGS

Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
SECURED LOANS :		
Term Loans from Banks		
i) Rupee Loans	630.54	630.66
ii) Foreign Currency Loans	161.84	305.64
	792.38	936.30
UNSECURED LOANS :		
i) Interest Free Incentive and Sales Tax Loan	19.38	24.12
ii) Others - From Associate Company (Refer Note No. 3.11 of Notes to Accounts)	7.75	6.75
	819.51	967.17

SECURITY

- i) Term Loans of Rs. 771.60 Crore (including current maturities of Rs.143.90 Crore)(Previous Year Rs 720.19 Crore including current maturities of Rs. 74.06 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loan lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (iv). These loans are further stipulated to be secured by a second charge ranking pari passu by way of hypothecation with other term lenders on the current assets of the Company on which the first pari passu charge is stipulated to be covered in favour of consortium of banks as mentioned in Note No. 1.6.
- ii) Term Loans of Rs. 141.33 Crore (including current maturities of Rs.57.11 Crore) (Previous Year Rs. 177.99 Crore including current maturities of Rs. 68.18 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loans lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (iv).
- iii) Term Loans of Rs. 93.69 Crore (including current maturities of Rs. 46.37 Crore) (Previous Year Rs. 114.20 Crore including current maturities of Rs.45.38 Crore) are stipulated to be secured by exclusive charge on the equipment financed. Out of above, term loan of Rs.76.95 Crore is further stipulated to be secured with the land appurtenant thereto.
- iv) Term Loans of Rs. 103.88 Crore (including current maturities of Rs. 70.74 Crore) (Previous Year Rs. 106.98 Crore including current maturities of Rs. 34.92 Crore) are stipulated to be secured by first charge ranking pari passu on the Company's immovable properties and movable fixed assets relating to Captive Power Projects of the Company located in Chandrapur district.
- v) Term Loan of Rs. Nil Crore (including current maturities of Rs. Nil) (Previous Year Rs. 39.49 Crore including current maturities of Rs. Nil) is secured by first charge ranking pari passu by hypothecation in respect of current assets of the Company present and future and are further secured by a second pari passu charge on the Company's immovable properties and all movable fixed assets both present and future as referred in Note No.(i) above.
- vi) Further out of the above term loans from banks, loans amounting to Rs.405.50 Crore are secured by unencumbered properties located at Ahmednagar and Jejuri and also guaranteed by the Managing Director of the Company.
- vii) Maturity Schedule

Rs. in Crore

Particulars	1-2 year	2-3 year	3-4 year	Beyond 4 years
a) Term Loans-from Banks (Secured Loan)	185.44	209.19	113.78	283.97
b) Sales Tax Loan	5.07	5.07	5.06	4.18

- viii) Unsecured interest free Loan from Associate Company is towards promoter's contribution and as such there are no specific terms of repayment.

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)
NOTE NO. 1.4 DEFERRED TAX LIABILITIES (Net)
Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
i) Deferred Tax Liabilities		
Depreciation	231.97	214.99
	<u>231.97</u>	<u>214.99</u>
ii) Deferred Tax Assets		
a) Accumulated Tax Losses*	26.49	24.57
b) Unabsorbed Tax Depreciation	183.16	170.60
c) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss	22.32	19.82
	<u>231.97</u>	<u>214.99</u>
Deferred Tax Liabilities (Net)	<u>NIL</u>	<u>NIL</u>

* Deferred Tax Asset in respect of carried forwards losses are claimed to the extent of Deferred Tax Liability under prudence.

NOTE NO. 1.5 LONG TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits		
Leave Encashment	6.54	6.34
	<u>6.54</u>	<u>6.34</u>

NOTE NO. 1.6 SHORT TERM BORROWINGS
Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
SECURED		
Loans Repayable on Demand		
Working Capital Borrowings From Banks		
i) Rupee Loans	856.81	411.19
ii) Foreign Currency Loans	-	2.19
UNSECURED		
Working Capital Borrowings From Bank		
Rupee Loan	31.32	45.00
	<u>888.13</u>	<u>458.38</u>

SECURITY

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

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

NOTE NO. 1.7 TRADE PAYABLES

Particulars	As at March 31, 2016	As at March 31, 2015
Payables to Micro and Small Enterprises (Refer Note No. 3.8 of Notes to Accounts)	0.03	0.10
Other Trade Payables		
i) Acceptances	113.90	329.17
ii) Others	104.19	147.95
	218.09	477.12
	218.12	477.22

NOTE NO. 1.8 OTHER CURRENT LIABILITIES

Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
CURRENT MATURITIES OF LONG TERM DEBT		
Secured		
i) Rupee Loans	186.66	60.56
ii) Foreign Currency Loans	131.46	161.98
	@ 318.12	222.54
Current Maturities of Finance Lease Obligations	-	0.02
Unsecured		
Interest Free Sales Tax Loan	4.75	2.79
Interest accrued but not due on borrowings	0.60	0.83
Interest accrued and due on borrowings *	153.27	21.34
Unclaimed dividends #	2.32	2.63
Other Payables		
i) Acceptances- Capital	-	0.09
ii) Other Payables – Capital	4.67	5.61
iii) Advances From Customers	5.89	9.54
iv) Provision for Expenses	18.12	27.30
v) Other Liabilities ##	65.64	217.36
	573.38	510.05

Delay in No. of Days	2015-16		2014-15	
	Principal @	Interest *	Principal @	Interest *
00 - 30 Days	17.54	22.92	23.29	10.72
31 - 60 Days	3.91	31.62	8.30	10.46
61 - 90 Days	38.15	0.04	6.46	0.16
More than 90 Days	72.89	98.69	-	-
Total	132.49	153.27	38.05	21.34

Over due amount of interest and principal instalments as on March 31, 2016 are disclosed based on the terms of sanction of loans. (Refer Note No. 3.20 of Note to Accounts).

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

Other Liabilities includes Buyer's Credit - Others Rs. 48.17 Crore (Previous Year Rs 195.79 Crore).

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)
NOTE NO. 1.9 SHORT TERM PROVISIONS
Rs. in Crore

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Provision for Employee Benefits		
i) Gratuity	0.78	0.04
ii) Leave Encashment	0.11	0.10
iii) Superannuation	1.98	3.07
	2.87	3.21

NOTE NO. 1.10 FIXED ASSETS
Rs. in Crore

Particulars	Original Cost				Depreciation and Amortisation				Net Book Value	
	as at April 01, 2015	Additions	Disposals	as at March 31, 2016	as at April 01, 2015	charge for the year	On disposals/ adjustments	as at March 31, 2016	as at March 31, 2016	as at March 31, 2015
Tangible Assets										
Land-Freehold @	9.19	-	-	9.19	-	-	-	-	9.19	9.19
Land-Leasehold #	217.49	-	-	217.49	1.69	3.23	-	4.92	212.57	215.80
Buildings @	131.63	1.83	-	133.46	43.21	5.85	-	49.06	84.40	88.42
Plant and Machinery @	1,875.89	19.79	-	1,895.68	624.93	62.01	-	686.94	1,208.74	1,250.96
Furniture and Fixtures @	5.00	-	-	5.00	3.78	0.39	-	4.17	0.83	1.22
Office Equipment @	12.39	0.06	-	12.45	11.82	0.12	-	11.94	0.51	0.57
Vehicles	1.52	-	-	1.52	1.43	0.01	-	1.44	0.08	0.09
Assets Under Lease										
Plant and Machinery	6.96	-	-	6.96	3.66	0.22	-	3.88	3.08	3.30
Total A	2,260.07	21.68	-	2,281.75	690.52	71.83	-	762.35	1,519.40	1,569.55
Intangible Assets										
Technical Know-How	4.13	-	-	4.13	4.13	-	-	4.13	-	-
Computer Software	3.79	-	-	3.79	3.79	-	-	3.79	-	-
Total B	7.92	-	-	7.92	7.92	-	-	7.92	-	-
Total A+B	2,267.99	21.68	-	2,289.67	698.44	71.83	-	770.27	1,519.40	1,569.55
Previous Year	2,042.07	231.18	5.26	2,267.99	727.53	77.53	106.62	698.44	1,569.55	1,314.54

Refer Note No. 3.13 of Notes to Accounts

- i) Additions to Plant and Machinery include Exchange Difference of Rs. 15.15 Crore (Previous Year Rs. 5.67 Crore).
- ii) Depreciation for the year includes Rs.Nil Crore charged to Retained Earnings (Previous Year Rs. 5.93 Crore) and depreciation on disposals and adjustments include excess provision for depreciation written back of Rs. Nil Crore (Previous Year Rs. 103.71 Crore). (Refer Note No. 3.3 of Notes to Accounts)

@ Includes assets of Captive Power Plant held for sale as below (Refer Note No. 3.22 of Notes to Accounts)

Rs. in Crore

Particulars	2015-16			2014-15		
	Original Cost	Accumulated Depreciation	Net Book Value	Original Cost	Accumulated Depreciation	Net Book Value
Land-Freehold	7.11	-	7.11	7.11	-	7.11
Buildings	6.98	3.07	3.91	6.98	1.74	5.24
Plant and Machinery	274.58	37.83	236.75	264.44	31.67	232.77
Furniture and Fixtures	0.19	0.12	0.07	0.19	0.10	0.09
Office Equipment	0.14	0.13	0.01	0.14	0.12	0.02
Total	289.00	41.15	247.85	278.86	33.63	245.23

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

NOTE NO. 1.11 NON CURRENT INVESTMENTS

Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Long Term Investments – At Cost		
Trade (unquoted)		
Investment in Equity Instruments of Subsidiaries		
i) ISMT Enterprises S.A., Luxembourg 8,06,757 (Previous Year 8,06,757) Equity Shares of Euro 10 each fully paid (Refer Note No. 3.18 of Notes to Accounts)	48.43	48.43
ii) Tridem Port and Power Company Private Limited 25,80,300 (Previous Year 25,80,300) Equity Shares of Rs 10 each fully paid	2.58	2.58
iii) Indian Seamless Inc. U.S.A. 3,17,900 (Previous Year 3,17,900) Equity Shares of USD 1 each fully paid	1.78	1.78
	<u>52.79</u>	<u>52.79</u>
Aggregate amount of unquoted investments	<u>52.79</u>	<u>52.79</u>

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

Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Advances to Related Parties		
Subsidiary Companies (Refer Note No. 3.11 of Notes to Accounts)	121.34	104.21
Others		
i) Capital Advances	5.60	4.23
ii) Security Deposits	2.76	2.90
	<u>129.70</u>	<u>111.34</u>

NOTE NO. 1.13 OTHER NON-CURRENT ASSETS

Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
i) MAT Credit Receivable	82.05	91.44
ii) Refunds Due From Government Authorities	1.13	1.13
iii) Trade Receivables Outstanding for a period exceeding six months Considered Doubtful	57.14	47.24
Less: Provision for Doubtful Debts	<u>57.14</u>	<u>47.24</u>
	-	-
	<u>83.18</u>	<u>92.57</u>

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)
NOTE NO. 1.14 INVENTORIES

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

Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
i) Raw Materials	50.17	74.92
ii) Work-in-Progress	110.31	138.74
iii) Finished Goods	55.87	78.96
iv) Stores, Spares and Consumables	114.90	117.38
	<u>331.25</u>	<u>410.00</u>

NOTE NO. 1.15 TRADE RECEIVABLES

(Net of bills discounted with Banks)

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured		
i) Outstanding for a period exceeding six months Considered Good	20.43	7.34
ii) Others Considered Good	133.26	168.80
	<u>153.69</u>	<u>176.14</u>

NOTE NO. 1.16 CASH AND BANK BALANCES

Particulars	As at March 31, 2016	As at March 31, 2015
Cash and Cash Equivalents		
i) Balances with Banks	10.24	49.98
ii) Cash on Hand	0.05	0.05
	<u>10.29</u>	<u>50.03</u>
Other Bank Balances		
Deposits with Banks	23.17	69.11
	<u>33.46</u>	<u>119.14</u>
Balances with Banks include:		
i) Unclaimed Dividend	2.33	2.63
ii) Unclaimed Interest on Debentures	0.02	0.19
Deposits with Banks include:		
i) Margin Money Deposits against Guarantees / Letter of Credit / with less than 12 months maturity	22.86	66.50
ii) Margin Money Deposits against Guarantees / Letter of Credit / with more than 12 months maturity	0.31	1.15

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

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

Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Others		
i) Security Deposits	6.79	6.66
ii) Advances recoverable in Cash or in Kind	24.73	15.82
	<u>31.52</u>	<u>22.48</u>

NOTE NO. 1.18 OTHER CURRENT ASSETS

Particulars	As at March 31, 2016	As at March 31, 2015
Balances with Government Authorities		
i) Balance with Custom, Excise and Sales Tax	8.38	26.03
ii) Export Incentives and Other Statutory Refunds	79.42	92.97
iii) Taxes paid (net of provisions)	9.08	8.49
Others	8.00	11.74
	<u>104.88</u>	<u>139.23</u>

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)**NOTE NO. 1.19 REVENUE FROM OPERATIONS (GROSS)****SALE OF PRODUCTS****Rs. in Crore**

Particulars	2015-16	2014-15
i) Tube #	644.85	1,099.60
ii) Steel	686.43	1,220.55
Gross Sales	<u>1,331.28</u>	<u>2,320.15</u>

includes traded goods sold of Rs. 0.07 Crore (Previous Year Rs.15.73 Crore) .

NOTE NO. 1.20 OTHER OPERATING REVENUE (GROSS)

Particulars	2015-16	2014-15
Other Operating Revenues		
i) Sale of Scrap (Gross)	35.16	72.60
Less : Inter Segment Transfers	<u>25.58</u>	<u>52.83</u>
	9.58	19.77
ii) Export Incentives	6.01	10.01
iii) Mega Project Incentives	8.50	13.49
	<u>24.09</u>	<u>43.27</u>

NOTE NO. 1.21 OTHER INCOME

Particulars	2015-16	2014-15
i) Interest Income #	4.35	10.05
ii) Miscellaneous Income	7.73	1.34
	<u>12.08</u>	<u>11.39</u>

includes interest from Banks Rs. 3.69 Crore (Previous Year Rs.6.15 Crore) .

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

NOTE NO. 1.22 COST OF RAW MATERIAL CONSUMED

Rs. in Crore

Particulars	2015-16	2014-15
Opening Stock	74.92	71.13
Add : Purchases made during the year	452.87	736.89
	<u>527.79</u>	<u>808.02</u>
Less : Closing Stock	50.17	74.92
Total Raw Material Consumed	<u><u>477.62</u></u>	<u><u>733.10</u></u>

DETAILS OF RAW MATERIAL CONSUMED

Particulars	2015-16	2014-15
Tube Segment		
Steel - Round Bars	354.56	668.76
Less : Inter Segment Transfers included in above	206.15	600.07
Net Consumption	<u>148.41</u>	<u>68.69</u>
Steel Segment		
i) Pig Iron, DRI and Scrap	309.75	629.91
ii) Ferro Alloys	42.20	81.52
	<u>351.95</u>	<u>711.43</u>
Less : Inter Segment Transfer	22.74	47.02
Net Consumption	<u>329.21</u>	<u>664.41</u>
Total Raw Material Consumed	<u><u>477.62</u></u>	<u><u>733.10</u></u>

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

Particulars	2015-16	2014-15
Closing Stock		
i) Finished Goods	55.87	78.96
ii) Work-in-Progress	110.31	138.74
	<u>166.18</u>	<u>217.70</u>
Opening Stock		
i) Finished Goods	78.96	103.92
ii) Work-in-Progress	138.74	172.64
	<u>217.70</u>	<u>276.56</u>
(Increase)/Decrease in Inventories		
i) Finished Goods	23.09	24.96
ii) Work-in-Progress	28.43	33.90
	<u>51.52</u>	<u>58.86</u>

PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

Particulars	2015-16	2014-15
i) Tube	89.91	113.06
ii) Steel	20.40	25.68
	<u>110.31</u>	<u>138.74</u>

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)**NOTE NO. 1.24 EMPLOYEE BENEFITS EXPENSE****Rs. in Crore**

Particulars	2015-16	2014-15
i) Salaries, Wages, Bonus and Allowances #	91.45	102.70
ii) Contributions to Provident Fund & Other Funds	9.09	10.67
iii) Staff Welfare Expenses	5.76	7.44
	<u>106.30</u>	<u>120.81</u>

Salaries, Wages, Bonus and Allowances includes remuneration payable to the Managing Director and Executive Director amounting to Rs. 1.02 Crore (Previous Year of Rs. 0.91 Crore) is subject to approval of the Central Government.

NOTE NO. 1.25 FINANCE COSTS

Particulars	2015-16	2014-15
D) Interest Expenses		
a) Term Loans	123.89	87.28
b) Working Capital and Others	126.46	<u>114.67</u>
	250.35	201.95
ii) Cash Discount	2.35	1.42
iii) Other Finance Costs	10.96	22.71
iv) Exchange Difference regarded as an adjustment to Interest Cost	16.47	9.37
	<u>280.13</u>	<u>235.45</u>

NOTE NO. 1.26 DEPRECIATION, AMORTISATION AND OBSOLESCENCE

Particulars	2015-16	2014-15
i) Depreciation for the year	71.83	71.60
ii) Amortisation of Miscellaneous Expenditure	-	0.05
iii) Loss on Obsolescence of Assets	-	2.35
	<u>71.83</u>	<u>74.00</u>

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)**NOTE NO. 1.27 OTHER EXPENSES****Rs. in Crore**

Particulars	2015-16	2014-15
i) Materials		
a) Stores and Spares	25.85	39.87
b) Consumables	39.27	71.36
	65.12	111.23
ii) Energy		
a) Power Charges	136.84	210.16
b) Fuel	38.44	77.91
c) Gases	14.16	15.00
d) Coal- Indigenous	0.05	0.12
	189.49	303.19
iii) Direct Manufacturing		
a) Processing Charges	5.54	9.48
b) Other Direct Expenses	17.51	35.04
c) Repairs & Maintenance to Plant and Machinery	3.09	4.60
d) Repairs to Factory Building	0.20	0.26
e) Machine Rentals	0.30	0.29
	26.64	49.67
iv) Selling & Distribution		
a) Freight Charges	14.74	34.51
b) Commission on Sales	5.90	6.30
c) Selling and Other Expenses	2.74	1.96
	23.38	42.77
v) Excise Duty on Stock of Finished Goods	(1.37)	(0.98)
vi) Administrative Expenses		
a) Rent	1.21	1.43
b) Rates and Taxes	0.53	0.72
c) Travelling	2.43	3.73
d) Communication	1.02	1.35
e) Repairs & Maintenance - Others	0.64	0.66
f) Insurance	1.05	1.19
g) Equipment Lease Rentals	0.68	0.70
h) Miscellaneous Expenses	23.80	25.05
(Refer Note No. 3.17 of Notes to Accounts)	31.36	34.83
	334.62	540.71

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)**NOTE NO. 2 : SIGNIFICANT ACCOUNTING POLICIES****2.1 General**

- i) The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India and comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provision of the Companies Act, 2013.
- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

2.2 Revenue Recognition**i) Sales**

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

ii) Export Incentives

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

2.3 Fixed Assets: Tangible

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

2.4 Depreciation

- i) Leasehold Land – Cost of Leasehold Land / Revalued cost of Leasehold Land is amortized over lease period.
- ii) Depreciation on Plant & Machinery other than Captive Power Plant is provided on its useful life estimated by the management on Written Down Value method. For these classes of assets, based on the technical evaluation carried out by the external experts, the management has estimated the useful lives in the range of 8 years to 65 years.
- iii) Depreciation on Building and Plant & Machinery of Captive Power Plant is provided as per the useful life specified in Part ‘C’ of Schedule II of the Companies Act, 2013 on Straight Line Method.
- iv) Depreciation on Furniture & Fixtures, Office Equipment and Vehicle is provided as per the useful life specified Part ‘C’ of Schedule II of the Companies Act, 2013 on Written Down Value Method.

2.5 Intangibles

Intangible assets are stated at costs less accumulated amortisation.

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

2.6 Leased Assets**i) Finance Lease**

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

ii) Operating Lease

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

2.7 Inventories

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

ii) Valuation

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

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

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

ii) Defined Benefit Plan

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

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

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

2.9 Research & Development

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

2.10 Long Term Investments

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

2.11 Foreign Currency Transactions

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

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

2.12 Miscellaneous Expenditure

- i) Preliminary Expenses in the nature of public issue expenses and expenses in respect of increase in authorized capital are amortized over a period of ten years.
- iii) 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, 2016 (Contd.)
NOTE NO.3 NOTES TO ACCOUNTS
3.1 CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)
Rs in Crore

Particulars	As on March 31, 2016	As on March 31, 2015
i) Contingent Liabilities		
a) Claims against the Company not acknowledged as debt		
Sales Tax	13.16	12.16
Income Tax disputed by the Company	4.45	4.45
Excise and Customs Duty	28.53	28.64
Others	155.72	58.23
b) Corporate Guarantees *	16.58	46.95
c) Bills discounted on behalf of third party	67.18	119.13
ii) Commitments		
Capital Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	14.24	18.49

* Given on behalf of Structo Hydraulics AB, Sweden of Rs.16.58 Crore (USD 2.50 Million) (Previous Year of Rs.31.30 Crore (USD 5 Million) and Indian Seamless Inc.,USA of Rs.Nil (Previous Year Rs.15.65 Crore (USD 2.5 Million) in respect of loans availed by them.

3.2 i) Considering the uncertainty related to realisation, the following items are not considered to accrue till they are settled / sanctioned / received as the case may be: a) Insurance claims except specific claims stated separately b) Interest on receivables c) Electricity Refund (Additional Supply Charges).

ii) Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding non implementation of Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company had appealed to Appellate Tribunal (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016 . Based on legal advice, the Company, will file an appeal against the order of the APTEL in the Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore up to March 31, 2014, of which amount outstanding as on March 31, 2016 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non availability of banking facility. There was no further accrual during the current financial year on account of temporary suspension of operation of power plant.

3.3 Exceptional Item - Others includes
Rs. in Crore

Particulars	2015-16	2014-15
i) Financial Restructuring Expenses	2.92	-
ii) Legal and other related expenses incurred on International Litigation	6.52	6.66
iii) Provision for Doubtful Debts #	-	47.24
iv) Excess provision for depreciation written back *	-	(103.71)
	<u>9.44</u>	<u>(49.81)</u>

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

Pursuant to the Companies Act, 2013, becoming effective April 1, 2014, the Company has reworked depreciation with reference to the estimated useful life of the aforesaid Plant & Machinery based on technical evaluation and for other fixed assets based on the life prescribed under Part C of Schedule II of the Companies Act, 2013. As a result, the charge of depreciation for the year 2014 -15 is lower by Rs.32.37 Crore. Further, in terms of Note 7(b) of Schedule II of the Companies Act, 2013, in respect of assets whose life is already exhausted, carrying value as at April 1, 2014 of Rs. 5.93 Crore has been adjusted against the retained earnings in 2014 -15.

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

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

3.4 As per Accounting Standard 17, the Company has two segment viz “Seamless Tube and Steel”.

- 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.
- Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under “Unallocable Assets / Liabilities”.

SEGMENT INFORMATION

Rs. in Crore

Particulars		As on March 31, 2016				As on March 31, 2015			
		Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
i)	Segment Revenue								
	Total External Sales (Gross)	620.28	453.88		1,074.16	1,061.52	545.58		1,607.10
	Add : Inter Segment Transfers (Gross)	-	232.55		232.55	-	674.97		674.97
	: Inter Division Transfers (Gross)	24.57	-		24.57	38.08	-		38.08
		<u>644.85</u>	<u>686.43</u>		<u>1,331.28</u>	<u>1,099.60</u>	<u>1,220.55</u>		<u>2,320.15</u>
	Less : Excise Duty	56.57	77.72		134.29	86.36	136.16		222.52
		<u>588.28</u>	<u>608.71</u>		<u>1,196.99</u>	<u>1,013.24</u>	<u>1,084.39</u>		<u>2,097.63</u>
	Less : Inter Segment Transfers (Net)	-	206.71		206.71	-	600.66		600.66
	Inter Division Transfers (Net)	21.84	-		21.84	33.91	-		33.91
	Net Sales	<u>566.44</u>	<u>402.00</u>		<u>968.44</u>	<u>979.33</u>	<u>483.73</u>		<u>1,463.06</u>
ii)	Segment Results								
	Profit Before Finance Costs , Foreign Exchange Loss and Taxes	(66.11)	29.61	(1.67)	(38.17)	(45.76)	21.97	(1.64)	(25.43)
	Less : Finance Costs				280.13				226.08
	: Amortisation and Obsolescence				-				2.40
	: Foreign Exchange Loss				45.08				16.89
	: Others (Refer Note No. 3.3)				9.44				(49.81)
	Profit / (Loss) Before Tax				<u>(372.82)</u>				<u>(220.99)</u>
	Less : Tax Expenses				9.39				-
	Profit / (Loss) After Tax				<u>(382.21)</u>				<u>(220.99)</u>
iii)	Other Information								
	Total Segment Assets	1,430.61	413.03	-	1,843.64	1,579.88	437.37	-	2,017.25
	Total Segment Liabilities	143.21	125.85	-	269.06	199.86	319.05	-	518.91
	Total cost incurred for acquiring Segment Assets (excluding revaluation of Leasehold Land)	8.70	0.50	9.65	18.85	4.00	0.37	(6.35)	(1.98)
	Segment Depreciation	50.15	14.16	7.52	71.83	49.11	15.13	7.36	71.60
	Non - Cash Expenses	11.46	0.41	-	1.87	60.98	1.08	-	62.06
	Total Unallocable Assets								
	Investments				52.79				52.79
	Other Assets				548.45				631.02
					<u>601.24</u>				<u>683.81</u>
	Total Unallocable Liabilities								
	Long Term Borrowings				819.51				967.17
	Short Term Borrowings				888.13				458.37
	Other Liabilities				531.85				477.91
					<u>2,239.49</u>				<u>1,903.45</u>

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)
Rs. in Crore
3.5

Particulars	2015-16	2014-15
i) CIF Value of Imports		
a) Capital Goods	0.38	-
b) Stores Spares & Consumables	12.40	40.93
c) Raw Materials	138.62	330.36

Particulars	2015 - 16		2014 - 15	
	Rs. in Crore	%	Rs. in Crore	%
ii) Particulars in respect of Consumption of Raw Materials				
a) Indigenous	313.55	65.65	338.99	46.24
b) Imported	164.07	34.35	394.11	53.76
	477.62	100.00	733.10	100.00

Particulars	2015 - 16		2014 - 15	
	Rs. in Crore	%	Rs. in Crore	%
iii) Particulars in respect of Consumption of Stores and Spares, Consumables				
a) Indigenous	51.82	79.58	62.77	56.43
b) Imported	13.30	20.42	48.46	43.57
	65.12	100.00	111.23	100.00

Rs. in Crore

Particulars	2015-16	2014-15
iv) Earning in Foreign Currency		
a) FOB Value of Exports	104.67	263.13
b) Freight on Exports	5.11	18.56

Particulars	2015-16	2014-15
v) Expenditure in Foreign Currency		
a) Interest	15.79	27.01
b) Commission on Export Sales	5.15	5.83
c) Travelling	0.19	0.52
d) Legal Fees	6.62	6.77
e) Quality Claims	2.07	13.43
f) Others	0.35	1.43

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

- 3.6 Pending reconciliation / confirmations from Trade Receivables / Trade Payables, adjustments for differences, if any, would be made at the time of reconciliation or on receipt of confirmation. The management is of the opinion that the impact of such adjustments, if any, is not likely to be significant.
- 3.7 Disclosure regarding exposure of the Company in respect of outstanding foreign currency transactions as on the date of Balance Sheet and which are not hedged by a derivative instruments or otherwise.

Particulars	2015-16		2014-15	
	Foreign Currency in Million	Rs. in Crore	Foreign Currency in Million	Rs. in Crore
i) Secured Loans				
a) US Dollars	40.65	269.65	68.50	428.72
b) Euros	4.46	33.51	6.72	45.35
ii) Receivables				
a) US Dollars	4.30	26.40	17.00	105.79
b) Euros	10.32	72.18	10.57	71.53
c) Australian Dollar	0.02	0.10	0.09	0.43
d) GBP	-	-	0.01	0.04
iii) Payables				
a) US Dollar	12.96	85.95	47.61	298.02
b) Euros	0.13	0.99	0.38	2.56
c) GBP	-	-	0.00	0.04
iv) Interest Payable				
a) US Dollar	0.09	0.60	0.13	0.83
b) Euros	-	0.00	-	0.00

3.8 Dues to Micro, Small and Medium Enterprises

Disclosure as required by the Micro, Small and Medium Enterprises Act, 2006 (Act) is as given below, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Particulars	Rs. in Crore	
	2015-16	2014-15
i) Principal amount remaining unpaid as on March 31,	0.03	0.10
ii) Interest due thereon as on March 31,	0.24	0.19
iii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during the year.	-	-
iv) Interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	-	-
v) Interest accrued and remaining unpaid as at March 31,	0.24	0.19
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.	0.25	0.21

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

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

Particulars	Rs. in Crore	
	2015-16	2014-15
Not later than one year	0.12	0.62
Later than one year and not later than five years	0.07	0.19
Later than five years	-	-

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

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

- 3.10 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 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 15.15 Crore Loss (Previous Year Rs.1.92 Crore Loss).
 - b) Exchange difference loss amortised during the year Rs. 9.52 Crore (Previous Year Rs. 1.90 Crore) from "Foreign Currency Monetary Item Translation Difference Account" and charged to the Statement of Profit and Loss and balance in the "Foreign Currency Monetary Item Translation Difference Account" as on March 31, 2016 is Rs. Nil Crore (Previous Year Rs. 9.52 Crore).
- ii) Had the Company not exercised the option under AS-11 as stated in para 3.10 (i) the Loss (net of tax) for the year would have been higher by Rs.5.72 Crore (Previous Year Rs.3.43 Crore), Gross Fixed Assets would have been lower by Rs.170.48 Crore (Previous Year Rs. 155.33 Crore) and consequently the Reserves and Surplus would have been Lower by Rs.91.77 Crore (Previous Year Rs.112.11 Crore).
- iii) The Company had adopted the Hedge Accounting policy and principles set out in Accounting Standard (AS) 30- "Financial Instrument Recognition and Measurement". As a result of non fulfillment of hedge effectiveness, from September, 2015 quarter onwards Foreign Exchange Gain / (Loss) including exchange difference recognized as an adjustment to interest cost on designated borrowings in foreign currency and highly probable forecast transactions of revenue streams has been charged to statement of profit and Loss. Amount of unrealised exchange loss including exchange difference recognized as an adjustment to interest cost and foreign currency receivables and payables aggregating to Rs. 22.49 Crore has been recognised in statement of profit and Loss.

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

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

- | | |
|-----------------------------|--|
| a) Key Management Personnel | i) Mr. B.R. Taneja - Managing Director
ii) Mr. Rajiv Goel - Chief Financial Officer
iii) Mr. O.P. Kakkar - Non-Executive Director |
| b) Subsidiary Companies | i) ISMT Enterprises SA, Luxembourg
ii) Structo Hydraulics AB, Sweden
iii) ISMT Europe AB, Sweden
iv) Structo (UK) Limited, United Kingdom
v) Tridem Port and Power Company Private Limited.
vi) Nagapattinam Energy Private Limited.
vii) Best Exim Private Limited.
viii) Success Power and Infraprojects Private Limited
ix) Marshal Microwave Infrastructure Development Company Private Limited.
x) PT ISMT Resources, Indonesia
xi) Indian Seamless Inc, USA. |
| c) Associate Companies | i) Indian Seamless Enterprises Limited
ii) Taneja Aerospace and Aviation Limited
iii) Structo Hydraulics India Private Limited
iv) Lighto Technologies Private Limited . |
| d) Details of Transaction | i) Key Management Personnel
Remuneration for the year Rs. 2.52 Crore
(Previous Year Rs.2.38 Crore)
ii) Subsidiary and Associate Companies |

Details of Transactions	Rs. in Crore			
	Subsidiary Companies		Associate Companies	
	2015-16	2014-15	2015-16	2014-15
Sale of Finished Goods	54.59	174.32	7.57	6.02
Purchases	0.59	0.61	-	0.42
Commission on Sales	4.30	2.58	-	-
Lease Rent Paid	-	-	0.30	0.30
Quality Claims / Reimbursement of Expenses	3.28	14.34	(0.24)	(0.25)
Rent Paid	0.01	0.01	-	-
Inter Corporate Deposits (Net)	-	-	(0.50)	(8.05)
Interest Received	-	-	-	0.46
Interest Paid	-	-	0.18	0.13
Provision for Doubtful Debts	4.89	47.24	-	-
Investments	-	0.04	-	-
Loans and Advances Given	17.12	3.08	-	-
Unsecured Loan Received	-	-	1.00	6.75
Outstanding as at Balance Sheet date				
Receivables (net of provisions)	20.31	55.56	7.52	0.23
Payables	-	-	0.51	1.66
Advance Receivable	121.34	104.21	-	-
Advance Payable	-	-	1.00	1.50
Unsecured Loan Payable	-	-	7.75	6.75

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

- a) Sale of finished goods to Subsidiary Companies include sales to Indian Seamless Inc, USA Rs. 12.74 Crore (Previous Year Rs. 108.10 Crore), Structo Hydraulics AB Rs. 13.43 Crore (Previous Year Rs. 24.39 Crore), ISMT Europe AB Rs. 28.42 Crore (Previous Year Rs. 41.83 Crore). Sales of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs. 7.57 Crore (Previous Year Rs. 6.02 Crore).
- b) Purchases from Subsidiary Companies include scrap purchased from Structo Hydraulics AB Rs. 0.59 Crore (Previous Year Rs. 0.61 Crore). Purchases from Associate Companies include spares purchased from Taneja Aerospace and Aviation Limited Rs. Nil Crore (Previous Year Rs.0.42 Crore) .
- c) Commission on sales paid to Subsidiary Companies include paid to ISMT Europe AB, Rs. 3.56 Crore (Previous Year Rs. 1.56 Crore) and Indian Seamless Inc, USA Rs. 0.74 Crore (Previous Year Rs. 1.02 Crore).
- d) Lease rent paid to Associate Companies include paid to and Indian Seamless Enterprises Limited Rs. 0.30 Crore (Previous Year Rs. 0.30 Crore).
- e) Quality claims of Subsidiary Companies include paid to Structo Hydraulics AB Rs. 1.24 Crore (Previous Year Rs. 2.38 Crore), ISMT Europe AB Rs. 0.09 Crore (Previous Year Rs.1.12 Crore), Indian Seamless Inc, USA Rs. 0.05 Crore (Previous year Rs.7.20 Crore) and reimbursement of expenses paid to Indian Seamless Inc, USA Rs. 1.90.Crore (Previous Year Rs.3.64 Crore) on account of overseas freight and other clearing charges.
- 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 received from (net) Associate Company Taneja Aerospace and Aviation Limited Rs. (0.50) Crore (Previous Year Rs. (8.05) Crore) .
- h) Interest received from Associate Company Taneja Aerospace and Aviation Limited Rs. Nil Crore (Previous Year Rs. 0.46 Crore) .
- i) Interest paid to Associate Company Taneja Aerospace and Aviation Limited Rs. 0.18 Crore (Previous Year Rs.0.13 Crore) .
- j) Investment in Subsidiary Companies include in Tridem Port and Power Company Private Limited Rs. Nil Crore (Previous Year Rs. 0.04 Crore) .
- k) Advances given to Subsidiary Company Tridem Port and Power Company Private Limited Rs. 0.54 Crore (Previous Year Rs. 3.08 Crore) for its Port and Power Project and Rs. 16.58 Crore (Previous Year Nil) paid on behalf of Structo Hydraulics AB ,Sweden against Stand by Letter of Credit invoked by the lender of Structo Hydraulics AB.
- l) Unsecured Loan received from Associate Company Indian Seamless Enterprises Limited Rs.1.00 Crore (Previous Year Rs.6.75 Crore) .
- m) Provision for doubtful debts includes Rs. Nil Crore (Previous Year Rs 47.24 Crore) is relating to Subsidiary Company Structo Hydraulics AB, Indian Seamless Inc, USA Rs. 4.85 (Previous Year Rs. Nil Crore) Crore, ISMT Europe AB Rs. 0.04 Crore (Previous Year Rs. Nil Crore) .

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

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

i) Defined Contribution Plan:

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

Particulars	Rs. in Crore	
	2015-16	2014-15
a) Employer's Contribution to Provident Fund and Employee Pension Scheme	4.88	5.33
b) Employer's Contribution to Superannuation Fund	1.88	2.96

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

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

Gratuity (Funded)

Rs. in Crore

		2015-16		2014-15	
ii) Defined Benefit Plan:					
a) Changes in present value of Defined Benefit Obligations:					
	Present value of obligation as at beginning of the Year	27.24		24.82	
	Current Service Cost	1.73		1.61	
	Interest Cost	2.05		2.06	
	Actuarial (gain)/loss	(0.56)		0.55	
	Benefits paid	(2.09)		(1.80)	
	Present Value of Obligation as at end of the Year	28.37		27.24	
b) Changes in fair value of Plan Assets:					
	Fair value of Plan Assets as at beginning of the Year	27.20		24.69	
	Expected return on Plan Assets	2.33		2.16	
	Actuarial gain/(loss)	(0.83)		0.26	
	Employer Contribution	0.08		0.13	
	Benefits paid	(1.19)		(0.04)	
	Fair value of plan Assets as at end of the Year	27.59		27.20	
c) Actual Return on Plan Assets:					
	Expected return on Plan Assets	2.33		2.16	
	Actuarial gain/(loss) on Plan Assets	(0.83)		0.26	
	Actual return on Plan Assets	1.50		2.42	
Particulars	2015-16		2014-15		
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)	
d) Amounts recognized in the Balance Sheet in respect of:					
	Fair Value of Plan Assets as at end of the Year	27.59	-	27.20	-
	Present Value of Obligation as at end of the Year	28.37	6.66	27.24	6.44
	Net Liability	0.78	6.66	0.04	6.44
e) Expenses recognised in the Statement of Profit and Loss (under the head "Employee Benefits Expense") Refer Note No. 1.24					
	Current Service Cost	1.73	0.65	1.61	0.60
	Interest Cost	2.05	0.43	2.06	0.49
	Expected return on Plan Assets	(2.33)	-	(2.16)	-
	Actuarial (Gain)/ Loss	0.28	0.87	0.30	0.60
	Expense Recognised in the Statement of Profit and Loss	1.73	1.95	1.81	1.69

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

Particulars	2015-16	2014-15
f) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the Year		
Government of India Securities	2.93%	3.04%
Corporate Bonds	0.83%	2.13%
Special Deposit Scheme	0.29%	0.29%
Insurer Managed Funds	93.19%	89.70%
Others	2.76%	4.84%
Total	100.00%	100.00%

Particulars	2015-16		2014-15	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
g) Principal Actuarial Assumptions used as at the Balance Sheet date :				
Discount Rate	7.90%	7.90%	7.80%	7.80%
Expected Rate of Return on Plan Assets	8.75%	-	8.75%	-
Salary Escalation Rate	6.00%	6.00%	6.00%	6.00%

3.13 The Company had revalued its Leasehold Land located at Ahmednagar and Baramati in 2014-15. Additions so made, due to revaluation, in the leasehold lands amounting to Rs. 210.46 Crore has been credited to Revaluation Reserve. Depreciation provided on the revalued amount of Rs. 3.14 Crore (Previous Year Rs. 0.78 Crore) has been transferred from Revaluation Reserve to General Reserve. Similarly additional depreciation attributable to fair value adjustments consequent to Scheme of Arrangement sanctioned by the Hon'ble High Court, Bombay between The Indian Seamless Metal Tubes Limited and the Company amounting to Rs. 4.23 Crore (Previous Year Rs. 4.49 Crore) has been transferred from Amalgamation Reserve to General Reserve.

3.14 The Company has Minimum Alternate Tax (MAT) credit entitlement , which is allowed to be carried forward for a period of ten years under the Income Tax Act ,1961 from the year in which MAT was paid and would lapse thereafter. Accordingly, the unabsorbed MAT credit as on March 31, 2016 of Rs. 9.39 Crore lapsed during the year is charged to statement of Profit and Loss and the balance unabsorbed MAT credit as on March 31, 2016 of Rs. 82.05 Crore shall be provided in the statement of Profit and Loss to the extent of lapse of MAT credit in the respective years.

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	
	March 31, 2016	March 31, 2015	2015-16	2014-15
Loans and Advances in the nature of Loans				
Associate				
Taneja Aerospace and Aviation Limited	-	-	-	6.55

3.16 Earnings per Share
Rs. in Crore

Particulars	2015-16	2014-15
i) Profit / (Loss) After Tax	(382.21)	(220.99)
ii) Net Profit / (Loss) for the year attributable to Equity Shareholders	(382.21)	(220.99)
iii) Weighted Average Number of Equity Shares	14,65,01,383	14,65,01,383
iv) Earnings Per Share (Rs.) (Basic and Diluted)	(26.09)	(15.08)

Notes to Financial Statement for the year ended March 31, 2016 (Contd.)

3.17 Miscellaneous Expenses includes

Rs. in Crore

Particulars	2015-16	2014-15
i) Repairs & Maintenance – Other Buildings	0.005	0.001
ii) Directors Sitting Fees	0.23	0.14
iii) Auditors Remuneration		
a) Statutory Audit Fees	0.24	0.24
b) Taxation Matters	0.02	0.02
c) Out of Pocket Expenses	0.02	0.02
	0.28	0.28
iv) Provision for Doubtful Debts	9.90	-
v) Bad Debts	-	14.81
vi) Claim written off	1.97	-

3.18 The Company through its subsidiary Company, ISMT Enterprises SA, Luxembourg has invested Rs. 48.43 Crore in Structo Hydraulics AB, Sweden (SHAB). The Company had given a corporate guarantee /Stand by Letter of Credit of Rs. 33.16 Crore (USD 5 Million) in respect of loan availed by SHAB, of which an amount of Rs. 16.58 Crore (USD 2.50 Million) has been invoked by the lender of SHAB and the Company is seeking requisite approvals from the regulatory authorities for treating the said payment as equity investment in SHAB. The receivable on account of sales made to SHAB is Rs. 57.33 Crore against which a provision for doubtful debts is made of Rs. 47.24 Crore in financial year 2014-15 and the net balance of Rs. 10.09 Crore is collectible. No provision however has been made in respect of temporary diminution in the value of investment made in ISMT Enterprises SA, which is in the nature of forward integration and considered Strategic and Long Term.

3.19 Consequent upon erosion of more than 50 % of Peak Net Worth of the Company as at March 31, 2015, the Company had reported the same to Board of Industrial and Financial Restructuring on November 19, 2015. The Company has continued to incur losses during current year on account of adverse market conditions in both domestic and export markets. A provisional anti-dumping duty has already been levied by Government on import of tubes from China. The Company is taking various corrective steps-All round reduction of fixed and variable costs; Restructuring of its debts in line with the available cash flows and sale of non-core assets. The Company has therefore continued to prepare its financial statements on Going Concern basis.

3.20 The lenders of the Company had constituted a Joint Lenders Forum (JLF) and undertaken a Corrective Action Plan (CAP) for the Company during the year 2014-15, which could not be effective on account of steep decline in volumes during latter part of the year 2014-15 due to weak domestic / export demand and dumping of Chinese imports. The JLF on June 13 , 2015 agreed in principle for restructuring the debt of the Company and initiated various steps as per JLF guidelines culminating into an agreed Restructuring Scheme on January 5, 2016. After Lead Bank's approval, the scheme will require approval of the Independent Evaluation Committee (IEC) before implementation by respective Banks .

3.21 Tridem Port and Power Company Private Limited (TPPCL), the wholly owned subsidiary of the Company, along with its subsidiaries had proposed to set up a thermal power project along with its captive port at Tamil Nadu. However, on account of subsequent adverse developments, the group has decided not to pursue these projects. No provision has, however, been considered necessary for the amount invested in Fixed Assets including Capital Work-in-Progress of the said project, since in the opinion of the management, the group expects to realise not less than its carrying amount of assets.

3.22 The Company had set up a modern 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra. Though the CPP has not been operational for last two years and held for disposal, in view of the management, the net realisable value of the CPP is not less than its carrying amount.

3.23 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

J. K Shah
Partner
M. No. 3662

B.R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Jaikishan Pahlani
Company Secretary
Pune, May 27, 2016

Pune, May 27, 2016

Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ISMT LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ISMT Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its Associate Company comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit

procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

- a) The Holding Company has outstanding Minimum Alternate Tax (MAT) entitlement of Rs. 82.05 Crore as on March 31, 2016. Taking into consideration the loss during the current financial year and carried forward losses under the Income Tax, 1961, in our opinion, there is no convincing evidence that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of loss for the year and overstatement of the reserves by Rs. 82.05 Crore and its consequential effect on the Earnings per Share of the Group.
- b) The Holding Company had recognized claim in earlier year, of which outstanding balance as on March 31, 2016 is Rs. 39.53 Crore, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Holding Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. Based on legal advice, the Holding Company is in the process to file an appeal against the order of APTEL in the Supreme Court. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with AS-29, Provisions, Contingent Liabilities and Contingent Assets. Recognition of the above claim has resulted in overstatement of Reserves by Rs. 39.53 Crore. Refer Note No. 3.2 (ii) forming part the consolidated financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Associate Company as at March 31, 2016 and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

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

The Group has accumulated losses and its net worth has been fully eroded, the company has incurred a net cash loss during the current and previous year and the Group's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty about the Group's ability to continue as a going concern. However, the consolidated financial statements of the Group have been prepared on a going concern basis for the reasons stated in the Note No.3.18 forming part the consolidated financial statements.

Note No.1.24 regarding remuneration to the Managing Director and Executive Director of the Holding Company amounting to Rs. 1.02 Crore, provided for in the consolidated financial statements is subject to approval of the Central Government.

Our opinion is not qualified in respect of these matters.

Other Matters

- a) We did not audit the financial statements/ financial information of subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 334.04 Crore as at March 31, 2016, total revenues of Rs. 88.97 Crore and net cash flows amounting to Rs. 0.24 Crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- b) We did not audit the financial statements/ financial information of a subsidiary, whose financial statements/ financial information reflect total assets of Rs. 0.01 Crore as at March 31, 2016, total revenues of Rs. NIL and net cash flows amounting to Rs. 0.01 Crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information are unaudited and have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statement/ financial information. In our opinion and according to information and explanation given to us by the management, these financial statements / financial information are not material to the group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and

belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure I".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, Refer Note No. 3.1 (i) of the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts for which provision was required.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

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

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

Sandeep Rao
Partner
Membership No. 47235
Pune: May 27, 2016

J.K. Shah
Partner
Membership No. 3662
Mumbai: May 27, 2016

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of ISMT Limited ("the Holding Company"), its subsidiary Companies and Associate Company which are companies incorporated in India, as at March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Group and its Associate company for the year ended and as on that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company, its subsidiary companies and Associate Company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting:

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide

reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting:

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion:

According to the information and explanation given to us and based on our audit, the following deficiencies have been identified in operative effectiveness of the Holding Company's internal financial control over financial reporting as at March 31, 2016:

In our opinion, the Company has an internal financial controls system over financial reporting design, which needs to be enhanced to make it more comprehensive. Based on selective verification of process manual and related control matrices made available to us towards the end of the financial year under audit and thereafter, in our opinion, considering the internal control over financial reporting criteria established by the Company as per the essential components of internal control stated in the Guidance Note, the operating effectiveness of such process controls and appropriate documentation thereof needs to be strengthened to make the same commensurate with the size of the Company and nature of its business.

A 'deficiency' in internal financial control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

We have considered the deficiencies identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 Consolidated financial statements of the Group and its Associate Company and these deficiencies does not affect our opinion on the consolidated financial statements of the Group.

Other Matter:

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 5 subsidiary companies and 1 Associate company, incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For M/s P G Bhagwat

Firm's Registration No. 101118W
Chartered Accountants

Sandeep Rao

Partner
Membership No. 47235
Pune: May 27, 2016

For J. K. Shah & Co.

Firm's Registration No. 109606W
Chartered Accountants

J.K. Shah

Partner
Membership No. 3662
Mumbai: May 27, 2016

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

Rs. in Crore

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	1.1	73.25	73.25
Reserves and Surplus	1.2	(190.52)	170.51
		(117.27)	243.76
MINORITY INTEREST			
		-	-
NON-CURRENT LIABILITIES			
Long Term Borrowings	1.3	850.25	1,008.94
Deferred Tax Liabilities (Net)	1.4	-	-
Long Term Provisions	1.5	7.96	7.84
		858.21	1,016.78
CURRENT LIABILITIES			
Short Term Borrowings	1.6	907.76	483.07
Trade Payables	1.7		
Micro and Small Enterprises		0.03	0.10
Others		219.75	479.60
Other Current Liabilities	1.8	580.05	532.85
Short Term Provisions	1.9	2.88	3.23
		1,710.47	1,498.85
		2,451.41	2,759.39
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
1.10			
Tangible Assets		1,563.76	1,617.53
Intangible Assets		-	0.01
Capital Work-in-Progress		94.11	96.94
		1,657.87	1,714.48
Goodwill on Consolidation		37.67	37.68
Non-Current Investment	1.11	-	0.04
Long Term Loans and Advances	1.12	8.41	10.29
Other Non Current Assets	1.13	83.23	92.64
		91.64	102.97
CURRENT ASSETS			
Inventories	1.14	343.18	427.39
Trade Receivables	1.15	147.11	191.49
Cash and Bank Balances	1.16	35.05	120.98
Short Term Loans and Advances	1.17	31.77	22.88
Other Current Assets	1.18	107.12	141.52
		664.23	904.26
		2,451.41	2,759.39
Significant Accounting Policies	2		
Notes to Accounts	3		

As per our report of even date

For M/s P.G. Bhagwat

Firm Registration No. 101118W

Chartered Accountants

For J.K. Shah & Co.

Firm Registration No. 109606W

Chartered Accountants

Sandeep Rao

Partner

M. No.47235

J. K Shah

Partner

M. No. 3662

B.R. Taneja

Managing Director

Rajiv Goel

Chief Financial Officer

Jaikishan Pahlani

Company Secretary

Pune, May 27, 2016

Pune, May 27, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Rs. in Crore

Particulars	Note No.	2015-16	2014-15
INCOME			
REVENUE FROM OPERATIONS			
Sale of Products	1.19	1,412.12	2,512.91
Less : Inter Segment Transfers		232.55	674.97
Inter Division Transfers		24.57	38.08
Sales to Subsidiary / Parent Company		57.77	174.32
		1,097.23	1,625.54
Less: Excise Duty		105.72	144.04
Net Sales		991.51	1,481.50
Other Operating Revenue	1.20	24.09	43.28
Less: Excise Duty		0.85	1.83
		23.24	41.45
REVENUE FROM OPERATIONS (NET)		1,014.75	1,522.95
Other Income	1.21	12.70	16.40
TOTAL REVENUE EXPENSES:		1,027.45	1,539.35
Cost of Materials Consumed	1.22	485.06	735.50
Purchases of Traded Goods		0.04	16.24
Changes in Inventories of Finished Goods and Work-in-Progress	1.23	54.52	59.76
Employee Benefits Expense	1.24	120.08	135.92
Finance Costs	1.25	282.44	239.47
Depreciation, Amortisation and Obsolescence	1.26	75.11	79.26
Other Expenses	1.27	341.73	547.17
Exceptional Item			
i) Foreign Exchange Loss		44.41	14.26
ii) Others		9.44	(97.05)
(Refer Note No 3.3 of Notes to Accounts)			
TOTAL EXPENSES		1,412.83	1,730.53
PROFIT / (LOSS) BEFORE TAX		(385.38)	(191.18)
TAX EXPENSES			
Current Tax		0.04	0.02
MAT Credit – written off		9.39	-
Deferred Tax - Current Year		-	(3.10)
Less : Share of Minority Interest		(0.03)	(0.04)
Less : Share of Associate (Rs. 0.32 lacs, Previous Year Rs.0.32 lacs)		-	-
PROFIT / (LOSS) FOR THE YEAR		(394.78)	(188.06)
Earning per Equity Share (Face Value of Rs. 5/- each)		(26.95)	(12.84)
(Refer Note No 3.15 of Notes on Accounts)			
Significant Accounting Policies	2		
Notes to Accounts	3		

As per our report of even date

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

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

Sandeep Rao
Partner
M. No.47235

J. K Shah
Partner
M. No. 3662

B.R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Jaikishan Pahlani
Company Secretary
Pune, May 27, 2016

Pune, May 27, 2016

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Rs. in Crore

Particulars	2015-16	2014-15
i) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) Before Taxation	(385.38)	(191.18)
Adjustments for :		
Depreciation, Amortisation and Obsolescence	75.11	79.26
Depreciation written back	-	(103.71)
Finance Costs	282.44	230.10
Interest Income	(4.37)	(10.07)
Loss/(Profit) on Sale of Fixed Assets (Net)	(0.12)	0.05
Provision for Doubtful Debts/Claims	13.34	-
Bad Debt/Claims written off	1.97	14.81
Provision for Wealth Tax	0.05	0.05
Unrealised Exchange Loss/ Foreign Currency Translation Reserve	7.89	19.58
	376.31	230.07
Operating Cash Profit before Working Capital Changes	(9.07)	38.89
Adjustments for :		
Trade and Other Receivables	101.59	111.94
Inventories (Increase) / Decrease	84.21	66.86
Trade Payables and Other Liabilities	(421.05)	(148.05)
	(235.25)	30.75
Taxes Paid	(0.45)	(0.78)
Net Cash Flow from Operating Activities	(244.77)	68.86
ii) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(4.32)	(7.68)
Sale of Fixed Assets	0.52	1.04
Interest Received	8.15	7.75
Net Cash used in Investing Activities	4.35	1.11
iii) CASH FLOW FROM FINANCING ACTIVITIES :		
Dividend Payments (including Tax thereon)	(0.30)	(0.62)
Proceeds from /(Repayment of) Borrowings	351.54	137.73
Interest Paid	(150.81)	(219.41)
Net Cash from Financing Activities	243.11	(82.30)
Net Increase / (Decrease) in Cash and Cash Equivalents	(39.99)	(12.33)
Cash and Cash Equivalents at the beginning of the year (Refer Note No.1.16)	51.87	64.20
Cash and Cash Equivalents at the end of the year (Refer Note No.1.16)	11.88	51.87
Net Increase / (Decrease) in Cash & Cash Equivalents	(39.99)	(12.33)

As per our report of even date

For **M/s P.G. Bhagwat**

Firm Registration No. 101118W

Chartered Accountants

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

Firm Registration No. 109606W

Chartered Accountants

Sandeep Rao

Partner

M. No.47235

J. K Shah

Partner

M. No. 3662

B.R. Taneja

Managing Director

Jaikishan Pahlani

Company Secretary

Pune, May 27, 2016

Rajiv Goel

Chief Financial Officer

Pune, May 27, 2016

Notes to Consolidated Financial Statement for the year ended March 31, 2016

NOTE NO. 1.1 SHARE CAPITAL

Particulars	Rs. in Crore	
	As at March 31, 2016	As at March 31, 2015
Authorised		
i) 17,50,00,000 (Previous Year 17,50,00,000) Equity Shares of Rs.5/- each	87.50	87.50
ii) Unclassified Shares	71.00	71.00
	158.50	158.50
Issued, Subscribed and Paid up:		
14,65,01,383 (Previous Year 14,65,01,383) Equity Shares of Rs 5/- each fully paid	73.25	73.25
	73.25	73.25

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

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	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, 2016		As at March 31, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Seamless Enterprises Limited	55,533,788	37.91%	55,533,788	37.91%
Vishkul Leather Garments Private Limited.	13,383,770	9.14%	13,562,453	9.26%
Jiten Kirtanlal Shah	7,418,640	5.06%	7,418,640	5.06%

During the period of five years immediately preceding the balance sheet date, there are no shares issued without payment being received in cash, issued as bonus shares and shares bought back by the Company.

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)
NOTE NO. 1.2 RESERVES AND SURPLUS
Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
i) Capital Reserve	6.94	6.94
ii) Revaluation Reserve		
Opening Balance	217.23	9.30
Addition during the year	-	210.46
Less : Transfer to General Reserve	4.47	2.53
(Refer Note No. 3.12 of Notes to Accounts)	212.76	217.23
iii) Capital Redemption Reserve	80.60	80.60
iv) Amalgamation Reserve		
Opening Balance	15.75	20.24
Less : Transfer to General Reserve	4.23	4.49
(Refer Note No. 3.12 of Notes to Accounts)	11.52	15.75
v) Reserve for Contingencies	1.91	1.91
vi) General Reserve		
Opening Balance	404.35	397.33
Add : Transfer from Revaluation Reserve	4.47	2.53
Add : Transfer from Amalgamation Reserve	4.23	4.49
	413.05	404.35
vii) Foreign Currency Translation Reserve	(22.73)	(16.70)
viii) Hedge Reserve Account		
Opening Balance	(30.32)	(20.73)
Addition during the year	-	(30.32)
Less : Transferred to Statement of Profit and Loss	30.32	20.73
(Refer Note No. 3.9 of Notes to Accounts)	-	(30.32)
ix) Foreign Currency Monetary Item Translation Difference Account		
Opening Balance	(9.52)	(9.78)
Addition during the year	-	(1.64)
Less : Transferred to Statement of Profit and Loss	9.52	1.90
(Refer Note No. 3.9 of Notes to Accounts)	-	(9.52)
x) Surplus		
Opening Balance	(499.73)	(305.60)
Add : Profit /(Loss) for the year	(394.78)	(188.06)
Add : Share of Loss of Minority Interest absorbed	(0.06)	(0.04)
Less : Adjustment to Carrying Value of Assets	-	(6.03)
Closing Balance	(894.57)	(499.73)
	(190.52)	170.51

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)

NOTE NO. 1.3 LONG TERM BORROWINGS

Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
SECURED LOANS :		
Term Loans from Banks		
i) Rupee Loans	630.54	630.66
ii) Foreign Currency Loans	184.38	338.71
	814.92	969.37
UNSECURED LOANS :		
i) Interest Free Incentive and Sales Tax Loan	19.38	24.12
ii) Others - From Associate Company	7.75	6.75
iii) Others	8.20	8.70
	850.25	1,008.94

SECURITY

Parent Company

- i) Term Loans of Rs. 771.60 Crore (including current maturities of Rs.143.90 Crore) (Previous Year Rs 720.19 Crore including current maturities of Rs. 74.06 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loan lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (iv). These loans are further stipulated to be secured by a second charge ranking pari passu by way of hypothecation with other term lenders on the current assets of the Company on which the first pari passu charge is stipulated to be covered in favour of consortium of banks as mentioned in Note No. 1.6.
- ii) Term Loans of Rs. 141.33 Crore (including current maturities of Rs.57.11 Crore) (Previous Year Rs. 177.99 Crore including current maturities of Rs. 68.18 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loans lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (iv).
- iii) Term Loans of Rs. 93.69 Crore (including current maturities of Rs. 46.37 Crore) (Previous Year Rs. 114.20 Crore including current maturities of Rs.45.38 Crore) are stipulated to be secured by exclusive charge on the equipment financed. Out of above, term loan of Rs.76.95 Crore is further stipulated to be secured with the land appurtenant thereto.
- iv) Term Loans of Rs. 103.88 Crore (including current maturities of Rs. 70.74 Crore) (Previous Year Rs. 106.98 Crore including current maturities of Rs. 34.92 Crore) are stipulated to be secured by first charge ranking pari passu on the Company's immovable properties and movable fixed assets relating to Captive Power Projects of the Company located in Chandrapur district.
- v) Term Loan of Rs. Nil Crore (including current maturities of Rs. Nil) (Previous Year Rs. 39.49 Crore including current maturities of Rs. Nil) is secured by first charge ranking pari passu by hypothecation in respect of current assets of the Company present and future and are further secured by a second pari passu charge on the Company's immovable properties and all movable fixed assets both present and future as referred in Note No.(i) above.
- vi) Further out of the above term loans from banks, loans amounting to Rs.405.50 Crore are secured by unencumbered properties located at Ahmednagar and Jejuri and also guaranteed by the Managing Director of the Company.

Subsidiary Companies

Structo Hydraulics AB :

Term Loans of Rs. 22.54 Crore (including current maturities of Rs. 0.92 Crore) (Previous Year Rs. 33.98 Crore including current maturities of Rs. 0.92 Crore) are secured by Company's Fixed Assets and Receivables.

Indian Seamless Inc.,USA :

Term Loans of Rs. NIL Crore (Previous Year Rs. 15.58 Crore including current maturities of Rs.15.58).

- vii) Maturity Schedule

Particulars	Rs. in Crore			
	1-2 year	2-3 year	3-4 year	Beyond 4 years
a) Term Loans from Banks (Secured Loan)	186.36	210.11	114.7	303.75
b) Sales Tax Loan	5.07	5.07	5.06	4.18

- viii) Unsecured interest free Loan from Associate Company is towards promoter's contribution and as such there are no specific terms of repayment.

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)**NOTE NO. 1.4 DEFERRED TAX LIABILITIES (Net)****Rs. in Crore**

Particulars	As at March 31, 2016	As at March 31, 2015
i) Deferred Tax Liabilities		
a) Depreciation	234.08	217.03
	<u>234.08</u>	<u>217.03</u>
ii) Deferred Tax Assets		
a) Accumulated Tax Losses*	28.60	26.61
b) Unabsorbed Tax Depreciation	183.16	170.60
c) Deduction eligible in future period in respect of expenses already debited to Statement of Profit and Loss	22.32	19.82
	<u>234.08</u>	<u>217.03</u>
Deferred Tax Liabilities (Net)	<u>-</u>	<u>-</u>

* Deferred Tax Asset in respect of carried forwards losses are claimed to the extent of Deferred Tax Liability under prudence.

NOTE NO. 1.5 LONG TERM PROVISIONS

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits		
Leave Encashment	7.96	7.84
	<u>7.96</u>	<u>7.84</u>

NOTE NO. 1.6 SHORT TERM BORROWINGS

Particulars	As at March 31, 2016	As at March 31, 2015
SECURED		
Loans Repayable on Demand		
Working Capital Borrowings From Banks		
i) Rupee Loans	856.81	411.19
ii) Foreign Currency Loans	19.63	26.88
UNSECURED		
Working Capital Borrowings From Bank		
Rupee Loan	31.32	45.00
	<u>907.76</u>	<u>483.07</u>

SECURITY**Parent Company**

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

Subsidiary Companies

Structo Hydraulics AB

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

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)**NOTE NO. 1.7 TRADE PAYABLES****Rs. in Crore**

Particulars	As at March 31, 2016	As at March 31, 2015
Payables to Micro and Small Enterprises	0.03	0.10
Other Trade Payables		
i) Acceptances	113.90	329.17
ii) Others	105.85	150.43
	219.75	479.60
	219.78	479.70

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

Particulars	As at March 31, 2016	As at March 31, 2015
CURRENT MATURITIES OF LONG TERM DEBT		
Secured		
i) Rupee Loans	186.66	60.56
ii) Foreign Currency Loans	132.44	178.49
	@ 319.10	239.05
Current Maturities of Finance Lease Obligations		
Unsecured		
Interest Free Sales Tax Loan	4.75	2.79
Interest accrued but not due on borrowings	0.60	0.83
Interest accrued and due on borrowings	* 154.72	22.86
Unclaimed dividends #	2.32	2.63
Other Payables		
i) Acceptances- Capital	-	0.09
ii) Other Payables – Capital	4.67	5.61
iii) Advances From Customers	5.89	9.54
iv) Provision for Expenses	19.24	28.02
v) Other Liabilities # #	68.76	221.41
	580.05	532.85

Delay in No. of Days	2015-16		2014-15	
	Principal @	Interest *	Principal @	Interest *
00 - 30 Days	17.54	22.92	23.29	12.24
31 - 60 Days	3.91	31.62	8.30	10.46
61 - 90 Days	38.15	0.04	6.46	0.16
More than 90 Days	72.89	98.69	-	-
Total	132.49	153.27	38.05	22.86

Over due amount of interest and principal instalments as on March 31, 2016 are disclosed based on the terms of sanction of loans. (Refer Note No. 3.20 of Note to Accounts).

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

Other Liabilities includes Buyer's Credit - Others Rs. 48.17 Crore (Previous Year Rs 195.79 Crore).

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)
NOTE NO. 1.9 SHORT TERM PROVISIONS
Rs. in Crore

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Provision for Employee Benefits		
i) Gratuity	0.79	0.06
ii) Leave Encashment	0.11	0.10
iii) Superannuation	1.98	3.07
	2.88	3.23

NOTE NO. 1.10 FIXED ASSETS
Rs. in Crore

Particulars	Original Cost				Depreciation and Amortisation				Net Book Value	
	As at March 31, 2015	Additions	Disposals	As at March 31, 2016	As at March 31, 2015	Charge for the year	On disposals / adjustment	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets										
Land-Freehold @	25.91	0.05	0.39	25.57	-	-	-	-	25.57	25.91
Land-Leasehold #	217.49	-	-	217.49	1.69	3.23	-	4.92	212.57	215.80
Buildings @	154.54	1.82	0.01	156.35	51.60	6.93	-	58.53	97.82	102.94
Plant and Machinery @	1,940.34	19.80	-	1,960.14	672.74	64.19	-	736.93	1,223.21	1,267.60
Furniture and Fixtures @	5.16	-	-	5.16	3.86	0.41	-	4.27	0.89	1.30
Office Equipment @	12.88	0.06	-	12.94	12.27	0.13	-	12.40	0.54	0.61
Vehicles	1.52	-	-	1.52	1.45	-	-	1.45	0.07	0.07
Assets Under Lease										
Plant and Machinery	6.96	-	-	6.96	3.66	0.21	-	3.87	3.09	3.30
Total A	2,364.80	21.73	0.40	2,386.13	747.27	75.10	-	822.37	1,563.76	1,617.53
Intangible Assets										
Goodwill	33.79	-	-	33.79	33.79	-	-	33.79	-	-
Technical Know-How	4.13	-	-	4.13	4.13	-	-	4.13	-	-
Computer Software	3.89	-	-	3.89	3.88	0.01	-	3.89	-	0.01
Total B	41.81	-	-	41.81	41.80	0.01	-	41.81	-	0.01
Total A + B	2,406.61	21.73	0.40	2,427.94	789.07	75.11	-	864.18	1,563.76	1,617.54
Previous Year	2,195.73	231.35	20.47	2,406.61	826.92	82.48	120.33	789.07	1,617.54	1,368.81

Refer Note No. 3.12 of Notes to Accounts

- i) Additions to Plant and Machinery include Exchange Difference of Rs. 15.15 Crore (Previous Year Rs. 5.67 Crore).
- ii) Depreciation for the year includes Rs.Nil Crore charged to Retained Earnings (Previous Year Rs. 6.03 Crore) and depreciation on disposals and adjustments include excess provision for depreciation written back of Rs. Nil Crore (Previous Year Rs. 103.71 Crore). (Refer Note No. 3.3 of Notes to Accounts)
- @ Includes assets of Captive Power Plant and tridem port and Power Company Privet Limited held for sale as below (Refer Note No. 3.21 and 3.22 of Notes to Accounts).

Particulars	2015-16			2014-15		
	Original Cost	Accumulated Depreciation	Net Book Value	Original Cost	Accumulated Depreciation	Net Book Value
Land-Freehold	23.47	-	23.47	23.82	-	23.82
Buildings	6.98	3.07	3.91	6.98	1.74	5.24
Plant and Machinery	274.58	37.83	236.75	264.44	31.67	232.77
Furniture and Fixtures	0.36	0.22	0.14	0.36	0.18	0.18
Office Equipment	0.34	0.33	0.01	0.34	0.32	0.02
Software	0.10	0.10	-	0.10	0.09	0.01
Total	305.83	41.55	264.28	296.04	34.00	262.04

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)**NOTE NO. 1.11 NON CURRENT INVESTMENT****Rs. in Crore**

Particulars	As at March 31, 2016	As at March 31, 2015
Long Term Investments – At Cost		
Trade (unquoted)		
Investment in Equity Instruments of Associates		
Structo Hydraulics India Private Limited	-	0.04
Nil (Previous Year 49,994) Equity Shares of Rs. 10 each fully paid	-	-
	<u>-</u>	<u>0.04</u>
Aggregate amount of unquoted investments	<u>-</u>	<u>0.04</u>

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

Particulars	As at March 31, 2016	As at March 31, 2015
i) Capital Advances	5.65	7.39
ii) Security Deposits	2.76	2.90
	<u>8.41</u>	<u>10.29</u>

NOTE NO. 1.13 OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2016	As at March 31, 2015
i) MAT Credit Receivable	82.05	91.44
ii) Refunds Due From Government Authorities	1.13	1.13
iii) Trade Receivables		
Outstanding for a period exceeding six months		
Considered Doubtful	10.13	-
Less: Provision for Doubtful Debts	<u>10.13</u>	-
	-	-
iv) Expenses to the extent not written off or adjusted		
Preliminary Expenses	0.05	0.07
	<u>83.23</u>	<u>92.64</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)
NOTE NO. 1.14 INVENTORIES

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

Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
i) Raw Materials	56.13	83.34
ii) Work-in-Progress	112.13	141.55
iii) Finished Goods	60.02	85.12
iv) Stores, Spares and Consumables	114.90	117.38
	<u>343.18</u>	<u>427.39</u>

NOTE NO. 1.15 TRADE RECEIVABLES

(Net of bills discounted with Banks)

Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured		
i) Outstanding for a period exceeding six months Considered Good	20.78	9.52
ii) Others Considered Good	126.33	181.97
	<u>147.11</u>	<u>191.49</u>

NOTE NO. 1.16 CASH AND BANK BALANCES
Rs. in Crore

Particulars	As at March 31, 2016	As at March 31, 2015
Cash and Cash Equivalents		
i) Balances with Banks	11.82	51.81
ii) Cash on Hand	0.06	0.06
	<u>11.88</u>	<u>51.87</u>
Other Bank Balances		
Deposits with Banks	23.17	69.11
	<u>35.05</u>	<u>120.98</u>
Balances with Banks include:		
i) Unclaimed Dividend	2.33	2.63
ii) Unclaimed Interest on Debentures	0.02	0.19
Deposits with Banks include:		
i) Margin Money Deposits against Guarantees / Letter of Credit / with less than 12 months maturity	22.86	66.50
ii) Margin Money Deposits against Guarantees / Letter of Credit / with more than 12 months maturity	0.31	1.15

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)**NOTE NO. 1.17 SHORT TERM LOANS AND ADVANCES
(UNSECURED, CONSIDERED GOOD)**

Particulars	Rs. in Crore	
	As at March 31, 2016	As at March 31, 2015
Others		
i) Security Deposits	6.84	6.71
ii) Advances recoverable in Cash or in Kind	24.93	16.17
	<u>31.77</u>	<u>22.88</u>

NOTE NO. 1.18 OTHER CURRENT ASSETS

Particulars	Rs. in Crore	
	As at March 31, 2016	As at March 31, 2015
Balances with Government Authorities :		
i) Balance with Custom, Excise and Sales Tax	8.50	26.03
ii) Export Incentives and Other Statutory Refunds	79.42	92.97
iii) Taxes paid (net of provisions)	9.38	9.02
Others	9.81	13.48
Expenses to the extent not written off or adjusted		
Preliminary Expenses	0.01	0.02
	<u>107.12</u>	<u>141.52</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)**NOTE NO. 1.19 REVENUE FROM OPERATIONS (GROSS)****SALE OF PRODUCTS****Rs. in Crore**

Particulars	2015-16	2014-15
i) Tube #	725.69	1,292.36
ii) Steel	686.43	1,220.55
Gross Sales	<u>1,412.12</u>	<u>2,512.91</u>

includes traded goods sold of Rs. 0.07 Crore (Previous Year Rs.15.73 Crore) .

NOTE NO. 1.20 OTHER OPERATING REVENUE (GROSS)

Particulars	2015-16	2014-15
Other Operating Revenues		
i) Sale of Scrap (Gross)	35.16	73.39
Less : Inter Segment Transfers	<u>25.58</u>	<u>53.81</u>
	9.58	19.58
ii) Export Incentives	6.01	10.01
iii) Mega Project Incentives	8.50	13.49
iv) Commission received	-	0.20
	<u>24.09</u>	<u>43.28</u>

NOTE NO. 1.21 OTHER INCOME

Particulars	2015-16	2014-15
i) Interest Income #	4.37	10.07
ii) Miscellaneous Income (Refer Note No. 3.14 of Notes to Accounts)	8.33	6.33
	<u>12.70</u>	<u>16.40</u>

includes interest from Banks Rs. 3.71 Crore (Previous Year Rs. 6.17 Crore) .

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)**NOTE NO. 1.22 COST OF RAW MATERIAL CONSUMED****Rs. in Crore**

Particulars	2015-16	2014-15
Opening Stock	83.34	83.37
Add : Purchases made during the year	457.85	735.47
	<u>541.19</u>	<u>818.84</u>
Less : Closing Stock	56.13	83.34
Total Raw Material Consumed	485.06	735.50

DETAILS OF RAW MATERIAL CONSUMED

Particulars	2015-16	2014-15
Tube Segment		
Steel - Round Bars	419.77	836.02
Less : Inter Segment Transfers included in above	263.92	764.93
Net Consumption	<u>155.85</u>	<u>71.09</u>
Steel Segment		
a) Pig Iron, DRI and Scrap	309.75	629.91
b) Ferro Alloys	42.20	81.52
	<u>351.95</u>	<u>711.43</u>
Less : Inter Segment Transfer	22.74	47.02
Net Consumption	<u>329.21</u>	<u>664.41</u>
Total Raw Material Consumed	485.06	735.50

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

Particulars	2015-16	2014-15
Closing Stock		
i) Finished Goods	60.02	85.12
ii) Work-in-Progress	112.13	141.55
	<u>172.15</u>	<u>226.67</u>
Opening Stock		
i) Finished Goods	85.12	111.67
ii) Work-in-Progress	141.55	174.76
	<u>226.67</u>	<u>286.43</u>
(Increase)/Decrease in Inventories		
i) Finished Goods	25.10	26.55
ii) Work-in-Progress	29.42	33.21
	<u>54.52</u>	<u>59.76</u>

PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

Particulars	2015-16	2014-15
i) Tube	91.73	115.87
ii) Steel	20.40	25.68
	<u>112.13</u>	<u>141.55</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)**NOTE NO. 1.24 EMPLOYEE BENEFITS EXPENSE****Rs. in Crore**

Particulars	2015-16	2014-15
i) Salaries, Wages, Bonus and Allowances #	103.36	115.95
ii) Contributions to Provident Fund and Other Funds	10.69	12.34
iii) Staff Welfare Expenses	6.03	7.63
	<u>120.08</u>	<u>135.92</u>

Salaries, Wages, Bonus and Allowances includes remuneration payable to the Managing Director and Executive Director amounting to Rs. 1.02 Crore (Previous Year of Rs. 0.91 Crore) is subject to approval of the Central Government.

NOTE NO. 1.25 FINANCE COSTS

Particulars	2015-16	2014-15
i) Interest Expenses		
a) Term Loans	125.01	88.80
b) Working Capital and Others	<u>127.44</u>	<u>116.48</u>
	252.45	205.28
ii) Cash Discount	2.35	1.42
iii) Other Finance Costs	11.17	23.40
iv) Exchange Difference regarded as an adjustment to Interest Cost	16.47	9.37
	<u>282.44</u>	<u>239.47</u>

NOTE NO. 1.26 DEPRECIATION, AMORTISATION AND OBSOLESCENCE

Particulars	2015-16	2014-15
i) Depreciation for the year	75.11	76.45
ii) Amortisation of Miscellaneous Expenditure	-	0.05
iii) Loss on Obsolescence of Assets	-	2.76
	<u>75.11</u>	<u>79.26</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)**NOTE NO. 1.27 OTHER EXPENSES****Rs. in Crore**

Particulars	2015-16	2014-15
i) Materials		
a) Stores and Spares	27.03	41.09
b) Consumables	39.27	71.36
	66.30	112.45
ii) Energy		
a) Power Charges	137.54	211.07
b) Fuel	38.44	77.91
c) Gases	14.26	15.15
d) Coal- Indigenou	0.05	0.12
	190.29	304.25
iii) Direct Manufacturing		
a) Processing Charges	6.51	10.22
b) Other Direct Expenses	16.58	32.89
c) Repairs Maintenance to Plant and Machinery	3.34	4.82
d) Repairs to Factory Building	0.20	0.26
e) Machine Rentals	0.45	0.49
	27.08	48.68
iv) Selling and Distribution		
a) Freight Charges	15.84	35.60
b) Commission on Sales	1.60	4.17
c) Selling and Other Expenses	2.78	2.23
	20.22	42.00
v) Excise Duty on Stock of Finished Goods	(1.37)	(0.98)
vi) Administrative Expenses		
a) Rent	1.38	1.75
b) Rates and Taxes	0.65	0.89
c) Travelling	2.61	3.95
d) Communication	1.14	1.55
e) Repairs and Maintenance - Others	0.64	0.71
f) Insurance	1.42	1.42
g) Equipment Lease Rentals	0.68	0.70
h) Loss on Sale of Assets	-	0.05
i) Miscellaneous Expenses	30.69	29.75
(Refer Note No. 3.16 of Notes to Accounts)	39.21	40.77
	341.73	547.17

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (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, 2016
- b) The Financial Statements of the Group have been prepared in accordance with the Accounting Standards as specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provision of the Companies Act, 2013.

ii) Principles of Consolidation

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

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

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

Sr. No.	Name of the Company	Country of Incorporation
i)	* ISMT Enterprises SA	Luxembourg
ii)	* Tridem Port and Power Company Private Limited	India
iii)	* Structo Hydraulic AB	Sweden
iv)	* Structo Hydraulic India Private Limited – Associate Company	India
v)	* ISMT Europe AB	Sweden
vi)	* Structo (UK) Limited	UK
vii)	* Nagapattinam Energy Private Limited	India
viii)	* Best Exim Private Limited	India
ix)	* Marshal Microware Infrastructure Development Private Limited	India
x)	* Success Power and Infraprojects Private Limited	India
xi)	*@ PT ISMT Resources	Indonesia
xii)	* Indian Seamless Inc.	USA

@ Compiled by the Management as on March 31, 2016.

* 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%.
- b) Reporting dates of all Subsidiary Companies and Associate Company is March 31, 2016 except for PT ISMT Resources; it is December 31, 2015.

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)

OTHER ACCOUNTING POLICIES:

2.1 Revenue Recognition

a) Sales

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

b) Export Incentives

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

2.2 Fixed Assets

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

2.3 Depreciation

Parent Company

- i) Leasehold land – Cost of Leasehold Land / Revalued cost of Leasehold Land amortized over lease period.
- ii) Depreciation on Plant & Machinery other than Captive Power Plant is provided on its useful life estimated by the management on Written Down Value method. For these classes of assets, based on the technical evaluation carried out by the external experts, the management has estimated the useful lives in the range of 8 years to 65 years.
- iii) Depreciation on Building and Plant & Machinery of Captive Power Plant is provided as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on Straight Line Method.
- iv) Depreciation on Furniture & Fixtures, Office Equipment and vehicle is provided as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on Written Down Value Method.

Subsidiary Companies

Structo Hydraulics AB:

Depreciations are done linearly over the assets estimated useful life, since it reflects the expected usage of assets future economic benefits. The depreciation is recognized as an expense in the income statement.

The following depreciation periods are applied:

Tangible Assets: -	
Buildings	45 years
Equipments, Tools, Fixtures & Fittings	3-5 years
Plant & Machinery and Equipment	3-30 years

Structo (UK) Limited:

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life. Computer Equipment and Furniture – 33% on reducing balance.

ISMT Europe AB:

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

Tangible Assets: -

Computer Hardware and Software	5 years
Equipment	5 years

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

Depreciation on Furniture & Fixtures, Office Equipment is provided as per useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on straight line method.

2.4 Intangibles

Parent Company

Intangible assets are stated at costs less accumulated amortisation.

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

Subsidiary Companies

Structo Hydraulics AB:

Goodwill is amortised over a period of 10 years.
Tridem Port and Power Company Private Limited
Software is amortised over a period of 5 years.

2.5 Leased assets

i) Finance Lease

Lease rentals in respect of finance lease are segregated into cost of the Assets and finance components by applying an implicit internal rate of return. The cost

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)

component is amortised over the useful life of the Asset and the finance component is recognised in the Statement of Profit and Loss.

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

2.6 Inventories**Parent Company**

- i) **Classification:**
Scrap generated from Tube Segment is classified as raw material as the same is mostly used by Steel Segment.
- ii) **Valuation**
 - a) Raw Materials are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.
 - b) Semi-finished and finished goods are valued at lower of cost or net realisable value. Cost includes raw material on weighted average basis, labour cost, manufacturing expenses, production overheads and depreciation.
 - c) Stores, Spares and Coal are valued at cost determined on weighted average basis, except for those which have a longer usable life, which are valued on the basis of their remaining useful life.
- iii) Inventories include goods in transit under the appropriate heads.

Subsidiary Companies**Structo Hydraulic AB**

Inventory is valued at the lower of original cost and net realizable value. Obsolescence risk has been considered. The original costs are estimated according to weighted average prices.

The purchase cost regarding the Company's own manufacturing semi-finished and finished products consists of direct manufacturing costs and reasonable overheads for indirect manufacturing costs.

ISMT Europe AB and Indian Seamless Inc.USA

Inventory is valued at the lower of original cost on a first in first out principle and market value respectively. Obsolescence risk have been considered.

2.7 Employee Benefits: -**Parent Company****i) Defined Contribution Plan**

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

ii) Defined Benefit Plan

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

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

Subsidiary Companies**Structo Hydraulic AB and ISMT Europe AB**

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

Tridem Port & Power Company Pvt. Limited

Liabilities in respect of retirement benefits to employees such as Leave Encashment and Gratuity are provided on accrual basis.

2.8 Research & Development

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

2.9 Long Term Investments

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

2.10 Foreign Currency transactions**Parent Company**

- i) All transactions in foreign currency are recorded by applying the exchange rate prevailing at the time of the transaction.
- ii) The Company designates borrowing in foreign currency, other than those utilized for capital expenditure and identified Long Term Loans, as hedge instrument to hedge its foreign currency risk of its firm commitment and highly probable or forecasted revenue transaction to be accounted as cash flow hedge. The unrealized exchange gains or losses on transactions related to foreign

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)

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 the statement of Profit and Loss over balance life of the long term monetary item, however the period of amortization does not extend beyond March 31, 2020.
 - iv) All other exchange differences are dealt with in the Statement of Profit and Loss.
 - v) In respect of forward exchange contracts, the difference between the forward rate and the spot rate is recognized income or expense over the contract period. Gains or losses on cancellation or renewal of forward exchange contracts are recognized as income or expenses.
 - vi) Non-monetary items such as investments are carried at the historical cost using the exchange rate on the date of the transaction.

Subsidiary Companies

Monetary foreign currency items have been converted using the rate of the Balance Sheet date. Exchange rate differences on such items are included in the operating result.

Non-monetary items are carried at the historical cost using the exchange rate on the date of the transaction.

2.11 Miscellaneous Expenditure

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

2.12 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition of

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

2.13 Income Tax

Parent Company / Tridem Port and Power Company Private Limited / Nagapattinam Energy Private Limited / Best Exim Private Limited / Marshal Microware Infrastructure Development Private Limited / Success Power and Infraprojects Private Limited.

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

Other Subsidiary Companies

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

2.14 Government Incentives

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

2.15 Impairment of Assets

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

2.16 Contingent Liabilities

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

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (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)"

Particulars	Rs. in Crore	
	As on March 31, 2016	As on March 31, 2015
i) Contingent Liabilities		
Parent Company		
a) Claims against the Company not acknowledged as debt		
Sales Tax	13.16	12.16
Income Tax disputed by the Company	4.45	4.45
Excise Duty	28.53	28.64
Others	155.72	58.23
b) Corporate Guarantees *	16.58	46.95
c) Bills discounted on behalf of third party	67.18	119.13
Subsidiary Companies		
a) Claims against the Company not acknowledged as debt		
Others	9.38	9.38
b) Corporate Guarantees	8.36	7.41
ii) Commitments		
a) Capital Commitments		
Parent Company		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	14.24	18.49
b) Other Commitments		
Subsidiary Company		
Commitments in respect of shipping of minimum 25000 M.T. per month of coal and co-operations fee payable for the same. However, the commitment is applicable from allotment of the coal mine.		

* Given on behalf of Structo Hydraulics AB, Sweden of Rs.16.58 Crore (USD 2.50 Million) (Previous Year of Rs.31.30 Crore (USD 5 Million) and Indian Seamless Inc.,USA of Rs.Nil (Previous Year Rs.15.65 Crore (USD 2.5 Million) in respect of loans availed by them.

- 3.2 i) Considering the uncertainty related to realisation, the following items are not considered to accrue till they are settled / sanctioned / received as the case may be : a) Insurance claims except specific claims stated separately b) Interest on receivables c) Electricity Refund (Additional Supply Charges).
- ii) Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding non implementation of Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company had appealed to Appellate Tribunal (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016 . Based on legal advice, the Company, will file an appeal against the order of the APTEL in the Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore up to March 31, 2014, of which amount outstanding as on March 31,2016 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non availability of banking facility. There was no further accrual during the current financial year on account of temporary suspension of operation of power plant.

3.3 Exceptional Item -Others include

Particulars	Rs. in Crore	
	2015-16	2014-15
i) Financial Restructuring Expenses	2.92	-
ii) Legal and other related expenses incurred on International Litigation	6.52	6.66
iii) Excess provision for depreciation written back *	-	(103.71)
	<u>9.44</u>	<u>(97.05)</u>

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

Pursuant to the Companies Act, 2013, becoming effective April 1, 2014, the Company has reworked depreciation with reference to the estimated useful life of the aforesaid Plant & Machinery based on technical evaluation and for other fixed assets based on the life prescribed under Part C of Schedule II of the Companies Act, 2013. As a result, the charge of depreciation for the year 2014 -15 is lower by Rs.32.37 Crore. Further, in terms of Note 7(b) of schedule II of the Companies Act, 2013, in respect of assets whose life is already exhausted, carrying value as at April 1, 2014 of Rs. 5.93 Crore has been adjusted against the retained earnings in 2014 -15.

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)

3.4 As per Accounting Standard 17, the Group has two segment viz “Seamless Tube and Steel”. Structo group is considered as Seamless Tube Segment and Tridem group is considered under unallocable as business activities are not commenced.

- 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.
- Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under “Un-allocable Assets / Liabilities “.

Segment Information

Rs. in Crore

Particulars	As on March 31,2016				As on March 31,2015			
	Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
i) Segment Revenue								
Total External Sales (Gross)	643.35	453.88		1,097.23	1,079.96	545.58		1,625.54
Add : Inter Segment Transfers (Gross)	-	232.55		232.55	-	674.97		674.97
: Inter Division Transfers (Gross)	24.57	-		24.57	38.08	-		38.08
: Subsidiary / Parent Company	57.77	-		57.77	174.32	-		174.32
	<u>725.69</u>	<u>686.43</u>		<u>1,412.12</u>	<u>1,292.36</u>	<u>1,220.55</u>		<u>2,512.91</u>
Less : Excise Duty	56.57	77.72		134.29	86.36	136.16		222.52
	<u>669.12</u>	<u>608.71</u>		<u>1,277.83</u>	<u>1,206.00</u>	<u>1,084.39</u>		<u>2,290.39</u>
Less : Inter Segment Transfers(net)	-	206.71		206.71	-	600.66		600.66
Inter Division Transfers (net)	21.84	-		21.84	33.91	-		33.91
Subsidiary / Parent Company	57.77	-		57.77	174.32	-		174.32
Net Sales	<u>589.51</u>	<u>402.00</u>		<u>991.51</u>	<u>997.77</u>	<u>483.73</u>		<u>1,481.50</u>
ii) Segment Results								
Profit/(Loss) Before Finance Costs , Foreign Exchange Loss and Taxes	(77.03)	29.61	(1.67)	(49.09)	(52.01)	21.97	(1.64)	(31.68)
Less : Finance Costs				282.44				239.47
Amortisation and Obsolescence				-				2.82
Foreign Exchange Loss				44.41				14.26
: Others (Refer Note No. 3.3)				9.44				(97.05)
Profit / (Loss) Before Tax				<u>(385.38)</u>				<u>(191.18)</u>
Less : Tax Expenses				9.43				<u>(3.08)</u>
Profit / (Loss) After Tax				<u>(394.81)</u>				<u>(188.10)</u>
Less : Share of Minority Interest				(0.03)				<u>(0.04)</u>
Profit / (Loss) After Minority Interest				<u>(394.78)</u>				<u>(188.06)</u>
iii) Other Information								
Total Segment Assets	1,452.26	413.03	-	1,865.29	1,653.24	437.37	-	2,090.61
Total Segment Liabilities	152.96	125.85	-	278.81	226.63	319.05	-	545.68
Total cost incurred for acquiring Segment Assets (excluding revaluation of Leasehold Land)	8.36	0.50	9.65	18.51	12.65	0.37	(6.35)	6.67
Segment Depreciation	53.43	14.16	7.52	75.11	53.96	15.13	7.36	76.45
Non - Cash Expenses	14.90	1.41	-	15.31	13.74	1.08	-	14.82
Total Unallocable Assets								
Goodwill on Consolidation				37.67				37.68
Other Assets				548.44				631.03
Investments				-				0.04
				<u>586.11</u>				<u>668.75</u>
Total Unallocable Liabilities								
Long Term Borrowings				850.25				1,008.94
Short Term Borrowings				907.76				483.07
Other Liabilities				531.85				477.91
				<u>2,289.86</u>				<u>1,969.92</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)

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

Rs. in Crore

Particulars	2015-16	2014-15
Expenditure incurred during Construction period :		
a) Employee Benefits Expense	-	0.16
b) Borrowing cost capitalised as per AS-16 "Borrowing Costs "	-	0.72
	<u>-</u>	<u>0.88</u>

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

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

Particulars	2015-16		2014-15	
	Foreign Currency in Million	Rs. in Crore	Foreign Currency in Million	Rs. in Crore
Parent Company				
i) Secured Loans				
a) US Dollars	40.65	269.65	68.50	428.72
b) Euros	4.46	33.51	6.72	45.35
ii) Receivables				
a) US Dollars	4.30	26.40	17.00	105.79
b) Euros	10.32	72.18	10.57	71.53
c) Australian Dollar	0.02	0.10	0.09	0.43
d) GBP	-	-	0.01	0.04
iii) Payables				
a) US Dollar	12.96	85.95	47.61	298.02
b) Euros	0.13	0.99	0.38	2.56
c) SEK	-	-	0.00	0.04
iv) Interest Payable				
a) US Dollars	0.09	0.60	0.13	0.83
b) Euros	-	0.00	-	-
Subsidiary Company				
i) Secured Loans				
US Dollars	2.50	16.54	5.00	31.17
ii) Receivables				
Euros	2.72	20.50	3.06	20.53
iii) Payables				
a) US Dollar	-	-	0.01	0.04
b) Euros	12.99	97.90	12.17	64.33
iv) Interest Payable				
US Dollars	0.13	0.88	0.01	0.09

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

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)

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

Particulars	Rs. in Crore	
	2015-16	2014-15
Parent Company		
a) Not later than one year	0.12	0.62
b) Later than one year and not later than five years	0.07	0.19
c) Later than five years	-	-
Subsidiary Company		
a) Not later than one year	0.12	0.15
b) Later than one year and not later than five years	-	0.04
c) 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	-	-	-	-
(Previous Year)	0.03	-	-	0.03
PV	-	-	-	-
(Previous Year)	0.01	-	-	0.01

3.9 Parent Company

- i) The Company had adopted Accounting Standard-11 "The effects of changes in Foreign Exchange Rates", read with notifications issued by the Ministry of Corporate Affairs dated March 31, 2009, May 11, 2011 and December 29, 2011 and exercised the option to recognize exchange difference on long term monetary items related to Fixed Assets to the cost of Fixed Assets and the other long term monetary items (other than those covered under " Cash Flow Hedge ") to "Foreign Currency Monetary Item Translation Difference Account". Accordingly the Company has accounted exchange differences as under :
- Exchange difference related to acquisition of Capital Assets has been adjusted to respective Fixed Asset cost Rs 15.15 Crore Loss (Previous Year Rs.1.92 Crore Loss).
 - Exchange difference loss amortised during the year Rs. 9.52 Crore (Previous Year Rs. 1.90 Crore) from "Foreign Currency Monetary Item Translation Difference Account" and charged to the Statement of Profit and Loss and balance in the "Foreign Currency Monetary Item Translation Difference Account" as on March 31, 2016 is Rs. Nil Crore (Previous Year Rs. 9.52 Crore).
- ii) Had the Company not exercised the option under AS-11 as stated in para 3.9 (i) the Loss (net of tax) for the year would have been higher by Rs.5.72 Crore (Previous Year Rs.3.43 Crore), Gross Fixed Assets would have been lower by Rs.170.48 Crore (Previous Year Rs. 155.33 Crore) and consequently the Reserves and Surplus would have been Lower by Rs.91.77 Crore (Previous Year Rs.112.11 Crore).
- iii) The Company had adopted the Hedge Accounting policy and principles set out in Accounting Standard (AS) 30- "Financial Instrument Recognition and Measurement". As a result of non fulfillment of hedge effectiveness, from September, 2015 quarter onwards Foreign Exchange Gain / (Loss) including exchange difference recognized as an adjustment to interest cost on designated borrowings in foreign currency and highly probable forecast transactions of revenue streams has been charged to statement of Profit and Loss. Amount of unrealised exchange loss including exchange difference recognized as an adjustment to interest cost and foreign currency receivables and payables aggregating to Rs. 22.49 Crore has been recognised in statement of Profit and Loss.

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)

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

- | | |
|-----------------------------|---|
| a) Key Management Personnel | <ul style="list-style-type: none"> i) Mr. B.R. Taneja - Managing Director ii) Mr. Rajiv Goel - Chief Financial Officer (ISMT Limited) iii) Mr. O.P. Kakkar - Non-Executive Director (ISMT Limited) iv) Mr. Goran Larsson - Executive Director (Structo Hydraulics AB) |
| b) Associate Companies | <ul style="list-style-type: none"> I) Indian Seamless Enterprises Limited ii) Taneja Aerospace and Aviation Limited iii) Structo Hydraulics India Private Limited iv) Lighto Technologies Private Limited . |
| c) Details of Transaction | <ul style="list-style-type: none"> i) Key Management Personnel
Remuneration paid for the year Rs.3.51 Crore (Previous Year Rs.3.37 Crore) ii) Subsidiary and Associate Companies |

Rs. in Crore

Details of Transactions	Subsidiary Companies		Associate Companies	
	2015-16	2014-15	2015-16	2014-15
Sale of Finished Goods	-	-	7.57	6.02
Purchases	-	-	-	0.42
Quality Claims / Reimbursement of Expenses	0.14	8.32	(0.24)	(0.25)
Lease Rent Paid	-	-	0.30	0.30
Inter Corporate Deposits (Net)	-	-	(0.50)	(8.05)
Interest Received	-	-	-	0.46
Interest Paid	-	-	0.18	0.13
Unsecured Loan Received	-	-	1.00	6.75
Outstanding as at Balance Sheet date	-	-		
Receivables	-	-	7.52	0.23
Payables	-	-	0.51	1.66
Advance Payable	-	-	1.00	1.50
Unsecured Loan Payable	-	-	7.75	6.75

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)

- a) Sale of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs 7.57 Crore (Previous Year Rs. 6.02 Crore).
- b) Quality claims of subsidiary companies include of Indian Seamless Inc. USA Rs. 0.05 Crore (Previous Year Rs. 7.20 Crore) and ISMT Europe AB. Rs. 0.08 Crore (Previous Year Rs. 1.12 Crore)
- c) Purchases from Associate Companies include spares purchased from Taneja Aerospace and Aviation Limited Rs. Nil Crore (Previous Year Rs.0.42 Crore) .
- d) Lease rent paid to Associate Companies include paid to Indian Seamless Enterprises Limited Rs. 0.30 Crore (Previous Year Rs. 0.30 Crore).
- e) Inter corporate deposits received from (net) Associate Company Taneja Aerospace and Aviation Limited Rs. (0.50) Crore (Previous Year Rs. (8.05) Crore) .
- f) Interest received from Associate Company Taneja Aerospace and Aviation Limited Rs. Nil (Previous Year Rs. 0.46 Crore) .
- g) Interest paid to Associate Company Taneja Aerospace and Aviation Limited Rs. 0.18 Crore (Previous Year Rs. 0.13 Crore) .
- h) Unsecured Loan received from Associate Company Indian Seamless Enterprises Limited Rs. 1.00 Crore (Previous Year Rs. 6.75 Crore).

3.11 Employee Benefits

Parent Company

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

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

i) Defined Contribution Plan:

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

Particulars	Rs. in Crore	
	2015-16	2014-15
Employer's Contribution to Provident Fund and Employee Pension Scheme	4.88	5.33
Employer's Contribution to Superannuation Fund	1.88	2.96

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

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)

		Gratuity (Funded)			
		Rs. in Crore			
ii) Defined Benefit Plan:					
Particular		2015-16	2014-15		
a) Changes in present value of Defined Benefit Obligations:					
Present value of obligation as at beginning of the Year		27.24	24.82		
Current Service Cost		1.73	1.61		
Interest Cost		2.05	2.06		
Actuarial (gain)/loss		(0.56)	0.55		
Benefits paid		(2.09)	(1.80)		
Present Value of Obligation as at end of the Year		<u>28.37</u>	<u>27.24</u>		
b) Changes in fair value of Plan Assets:					
Fair value of Plan Assets as at beginning of the Year		27.20	24.69		
Expected return on Plan Assets		2.33	2.16		
Actuarial gain/(loss)		(0.83)	0.26		
Employer Contribution		0.08	0.13		
Benefits paid		(1.19)	(0.04)		
Fair value of Plan Assets as at end of the Year		<u>27.59</u>	<u>27.20</u>		
c) Actual Return on Plan Asset:					
Expected return on Plan Assets		2.33	2.16		
Actuarial gain/(loss) on Plan Assets		(0.83)	0.26		
Actual return on Plan Assets		1.50	2.42		
d) Amounts recognized in the Balance Sheet in respect of:					
		2015-16		2014-15	
Particulars		Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
Fair Value of Plan Asset as at end of the Year		27.59	-	27.20	-
Present Value of Obligation as at end of the Year		<u>28.37</u>	<u>6.44</u>	<u>27.24</u>	<u>6.44</u>
Net Liability		<u>0.78</u>	<u>6.44</u>	<u>0.04</u>	<u>6.44</u>
e) Expenses recognised in the Statement of Profit and Loss (under the head "Employee Benefits Expense")					
Refer Note No. 1.24).					
Current Service Cost		1.73	0.65	1.61	0.60
Interest Cost		2.05	0.43	2.06	0.49
Expected return on Plan Assets		(2.33)	-	(2.16)	-
Actuarial (gain)/loss		<u>0.28</u>	<u>0.87</u>	<u>0.30</u>	<u>0.60</u>
Expense Recognised in the Statement of Profit and Loss		<u>1.73</u>	<u>1.95</u>	<u>1.81</u>	<u>1.69</u>

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)

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

Particulars	2015-16	2014-15
Government of India Securities	2.93%	3.04%
Corporate Bonds	0.83%	2.13%
Special Deposit Scheme	0.29%	0.29%
Insurer Managed Funds	93.19%	89.70%
Others	2.76%	4.84%
Total	<u>100.00%</u>	<u>100.00%</u>

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

Particulars	2015-16		2014-15	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
Discount Rate	7.90%	7.90%	7.80%	7.80%
Expected Rate of Return on Plan Assets	8.75%	-	8.75%	-
Salary Escalation Rate	6.00%	6.00%	6.00%	6.00%

Subsidiary Companies : Structo Hydraulics AB and Tridem Port and power Company Private Limited.

Defined Contribution Plan :

The Company has recognized the following amounts as an expense and included under the head Employee Benefits Expense / Capital Work in Progress

Particulars	Rs. in Crore	
	2015-16	2014-15
Social Security Contribution	4.02	4.60
Gratuity	(0.002)	0.001

3.12 Parent Company

The company had revalued its Leasehold Land located at Ahmednagar and Baramati in the year 2014-15. Additions so made, due to revaluation, in the leasehold lands amounting to Rs. 210.46 Crore has been credited to Revaluation Reserve. Depreciation provided on the revalued amount of Rs. 3.14 Crore (Previous Year Rs. 0.78 Crore) has been transferred from Revaluation Reserve to General Reserve. Similarly additional depreciation attributable to fair value adjustments consequent to Scheme of Arrangement sanctioned by the Hon'ble High Court, Bombay between The Indian Seamless Metal Tubes Limited and the Company amounting to Rs. 4.23 Crore (Previous Year Rs. 4.49 Crore) has been transferred from Amalgamation Reserve to General Reserve.

Subsidiary Company

Structo Hydraulics AB :

- The Company has transferred amount of depreciation provided on revalued amount and revalued portion of assets disposed off amounting to Rs. 1.33 Crore (Previous Year Rs. 1.75 Crore) from Revaluation Reserve to General Reserve.
- Gross Block of fixed assets include Rs. 11.05 Crore (Previous Year Rs. 11.05 Crore) on account of revaluation of Building.

- The Company has Minimum Alternate Tax (MAT) credit entitlement , which is allowed to be carried forward for a period of ten years under the Income Tax Act ,1961 from the year in which MAT was paid and would lapse thereafter. Accordingly, the unabsorbed MAT credit as on March 31, 2016 of Rs. 9.39 Crore lapsed during the year is charged to statement of Profit and Loss and the balance unabsorbed MAT credit as on March 31, 2016 of Rs. 82.05 Crore shall be provided in the statement of Profit and Loss to the extent of lapse of MAT credit in the respective years.

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)**3.14 Miscellaneous Income includes****Rs. in Crore**

Particulars	2015-16	2014-15
Profit on Sale of Assets	0.12	1.24

3.15 Earnings per Share**Rs. in Crore**

Particulars	2015-16	2014-15
i) Profit / (Loss) After Tax	(394.78)	(188.06)
ii) Net Profit / (Loss) for the year attributable to Equity Shareholders	(394.78)	(188.06)
iii) Weighted Average Number of Equity Shares	14,65,01,383	14,65,01,383
iv) Earnings Per Share (Rs.) (Basic and Diluted)	(26.95)	(12.84)

3.16 Miscellaneous Expenses include**Rs. in Crore**

Particulars	2015-16	2014-15
i) Repairs and Maintenance – Building	0.005	0.001
ii) Directors Sitting Fees	0.23	0.14
iii) Auditors Remuneration		
a) Statutory Audit Fees	0.46	0.43
b) Taxation Matters	0.02	0.02
c) Out of Pocket Expenses	0.02	<u>0.02</u>
iv) Provision for Doubtful Debts	10.13	-
v) Bad Debts	-	14.82
vi) Claims written off / Provision for Advances	5.18	-
vii) Investment written off *	0.04	-

* Investment of Structo Hydraulics AB, Sweden in Structo Hydraulics India Pvt. Ltd.

- 3.17** Net negative balance of Minority Interest amounting to Rs. 0.06 Crore (Previous Year Rs. 0.04 Crore) has been adjusted against Group's surplus account and respective reserves.
- 3.18** Consequent upon erosion of more than 50% of Peak Net Worth of the Company as at March 31, 2015, the Company had reported the same to Board of Industrial and Financial Restructuring on November 19, 2015. The Company has continued to incur losses during current year on account of adverse market conditions in both domestic and export markets. A provisional anti-dumping duty has already been levied by Government on import of tubes from China. The Company is taking various corrective steps - All round reduction of fixed and variable costs; Restructuring of its debts in line with the available cash flows and sale of non-core assets. The Company has therefore continued to prepare its financial statements on Going Concern basis.
- 3.19** During the year Structo Hydraulics AB, Sweden has written off investment in its Associate Structo Hydraulics India Pvt. Ltd. (SHIPL) amounting to Rs. 0.04 Crore as SHIPL is under voluntary winding up.
- 3.20** The lenders of the Company had constituted a Joint Lenders Forum (JLF) and undertaken a Corrective Action Plan (CAP) for the Company during the year 2014-15, which could not be effective on account of steep decline in volumes during latter part of the year 2014-15 due to weak domestic / export demand and dumping of Chinese imports. The JLF on June 13, 2015 agreed in principle for restructuring the debt of the Company and initiated various steps as per JLF guidelines culminating into an agreed Restructuring Scheme on January 5, 2016. After Lead Bank's approval, the scheme will require approval of the Independent Evaluation Committee (IEC) before implementation by respective Banks.
- 3.21** Tridem Port and Power Company Private Limited (TPPCL), the wholly owned subsidiary of the Company, along with its subsidiaries had proposed to set up a thermal power project along with its captive port at Tamil Nadu. However, on account of subsequent adverse developments, the group has decided not to pursue these projects. No provision has, however, been considered necessary for the amount invested in Fixed Assets including Capital Work-in-Progress of the said project, since in the opinion of the management, the group expects to realise not less than its carrying amount of assets.
- 3.22** The Company had set up a modern 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra. Though the CPP has not been operational for last two years and held for disposal, in view of the management, the net realisable value of the CPP is not less than its carrying amount.
- 3.23** Previous Year figures have been regrouped and reclassified wherever necessary to conform to the Current Year Classification.

Notes to Consolidated Financial Statement for the year ended March 31, 2016 (Contd.)

3.24 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associate.

Sr. No.	Name of the Enterprise	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit / (Loss)	
		As % of consolidated Net Assets	Rs. in Crore	As % of consolidated Profit / (Loss)	Rs. in Crore
	Parent				
	ISMT Limited	(54.29)	(63.67)	(96.82)	(382.21)
	Indian Subsidiaries				
1	Tridem Port and Power Company Private Limited	1.43	1.68	(0.03)	(0.11)
2	Nagapattinam Energy Private Limited	(0.13)	(0.15)	(0.06)	(0.24)
3	Best Exim Private Limited	(1.63)	(1.91)	0.02	0.09
4	Success Power & Infraprojects Private Limited	(0.85)	(1.00)	(0.00)	(0.01)
5	Marshal Microware Infrastructure Development Company Private Limited	(2.60)	(3.05)	(0.00)	(0.01)
	Foreign Subsidiaries				
1	ISMT Enterprises SA, Luxembourg	50.35	59.05	(0.05)	(0.21)
2	Structo Hydraulics AB, Sweden	(66.78)	(78.31)	(1.97)	(7.78)
3	Stucto (UK) Limited, UK	(0.02)	(0.02)	-	-
4	ISMT Europe AB, Sweden	(4.88)	(5.72)	0.06	0.22
5	Indian Seamless Inc., USA	0.72	0.85	0.01	0.02
6	PT ISMT Resources, Indonesia	(0.02)	(0.02)	(0.81)	(3.21)
	Minority Interest in all Subsidiaries	(0.12)	(0.14)	(0.01)	(0.03)
	Associate (Investment as per Equity Method)				
	Indian Associate				
	Structo Hydraulics India Private Limited (Refer Note No. 3.19 of Notes to Accounts)	-	-	-	-

As per our report of even date

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

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

Sandeep Rao
Partner
M. No. 47235

J. K Shah
Partner
M. No. 3662

B.R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Jaikishan Pahlani
Company Secretary
Pune, May 27, 2016

Pune, May 27, 2016

FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATE COMPANIES

PART 'A' SUBSIDIARIES:

Rs. in Crore

Sr. No.	Name of the Subsidiary	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities #	Investments (excluding investment in subsidiary)	Turnover/ Total Income	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit/ (Loss) After Taxation	Proposed Dividend	% of Shareholding
1	ISMT Enterprises SA, Luxembourg	Euro	61.04	(1.99)	59.23	0.19	-	-	(0.20)	(0.01)	(0.21)	-	99.62%
2	Structo Hydraulics AB, Sweden	SEK	0.86	(79.17)	77.88	156.19	-	40.75	(7.78)	-	(7.78)	-	100.00%
3	Stucto (UK) Limited, UK	GBP	0.00	(0.02)	0.00	0.02	-	-	-	-	-	-	100.00%
4	ISMT Europe AB, Sweden	SEK	0.08	(5.80)	14.08	19.80	-	31.27	0.22	-	0.22	-	100.00%
5	Indian Seamless Inc., USA	USD	2.10	(1.25)	8.07	7.22	-	16.82	0.03	(0.01)	0.02	-	100.00%
6	Tridem Port and Power Company Private Limited	INR	2.58	(0.90)	112.69	111.00	-	-	(0.11)	-	(0.11)	-	100.00%
7	Nagapattinam Energy Private Limited	INR	0.25	(0.40)	54.90	55.04	-	-	(0.24)	-	(0.24)	-	100.00%
8	PT ISMT Resources, Indonesia	Rupiah	4.50	(4.52)	0.01	0.03	-	-	(3.21)	-	(3.21)	-	100.00%
9	Best Exim Private Limited	INR	0.01	(1.92)	0.08	1.98	-	0.12	0.11	(0.02)	0.09	-	100.00%
10	Success Power and Infraprojects Private Limited	INR	0.19	(1.19)	4.94	5.94	-	-	(0.004)	-	(0.004)	-	100.00%
11	Marshal Microware Infrastructure Development Company Private Limited	INR	0.01	(3.06)	2.18	5.22	-	-	(0.003)	-	(0.003)	-	100.00%

Excluding Share Capital and Reserves & Surplus

Exchange Rates	Closing Exchange Rate for Assets and Liabilities	Average Rate for Profit and Loss items
Euro to INR	75.3674	71.1668
SEK to INR	8.1729	7.6992
GBP to INR	95.16225	93.8542
Rupiah to INR	0.005040	0.004898
USD to INR	66.1753	64.2554

Reporting dates of all Subsidiaries are March 31, 2016 except for PT ISMT Resources, Indonesia, it is December 31, 2015.

- Notes :**
- Names of subsidiaries which are yet to Commence operations : None
 - Names of subsidiaries which have been liquidated or sold during the year : None

For and on behalf of the Board of Directors

B. R. Taneja
Managing Director
Pune, May 27, 2016

Rajiv Goel
Chief Financial Officer

Jakishan Pahlani
Company Secretary

ISMT LIMITED

Solutions You Can Trust

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

18th Annual General Meeting

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):			
Registered Address:			
E-mail Id:			
Folio No./ Client Id:		DP ID:	

I/ We, being the member(s), holding shares of the above named company, hereby appoint:

- (1) Name: _____ Address: _____
E-mail ID: _____ Signature: _____ or failing him
- (2) Name: _____ Address: _____
E-mail ID: _____ Signature: _____ or failing him
- (3) Name: _____ Address: _____
E-mail ID: _____ Signature: _____

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the ANNUAL GENERAL MEETING of the Company, to be held on Tuesday, September 27, 2016 at 11.30 a.m. at Hotel Hindustan International, S. No. 33/1/1, Plot No. 2H, Neco Garden Road, Viman Nagar, Pune – 411014 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	Vote (Optional See Note 2)	
		For	Against
Ordinary Business			
1.	To receive, consider and adopt: a) the Audited Financial Statements of the Company for the Financial Year ended March 31, 2016 together with Reports of the Board and Auditors thereon; and b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2016 together with Report of the Auditors thereon.		
2.	Re-appointment of Mr. Rajiv Goel (DIN: 00328723) who retires by rotation and being eligible, offers himself for re-appointment.		
3.	Ratification of appointment of Joint Statutory Auditors.		
Special Business			
4.	Appointment of Mr. Shyam Powar as an Independent Director.		
5.	Re-appointment of Mr. S C Gupta as an Independent Director.		
6.	Re-appointment of Ms. Deepa Mathur as an Independent Director.		
7.	Ratification of remuneration to Cost Auditors for FY 2015-16.		
8.	Revision in remuneration of Mr. B R Taneja, Managing Director.		
9.	Re-appointment of Mr. Rajiv Goel as Whole-time Director from 1-12-2015 to 30-9-2016.		
10.	Re-appointment of Mr. B R Taneja as Managing Director of the Company.		
11.	Re-appointment of Mr. Rajiv Goel as Whole-time Director from 1-10-2016 to 30-9-2017.		

Signed this day of 2016.

Signature of shareholder: _____

Signature of Proxy holder(s): _____

Affix
Re 1/- Revenue
Stamp

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- It is optional to put '√' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of the 18th Annual General Meeting.
- Please complete all details including details of member(s) in above box before submission.

BOOK-POST

ISMT LIMITED
Solutions You Can Trust

Registered Office

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Fax: +91 20 26630779