ISMT LIMITED
Solutions You Can Trust

ISMT/SEC/18-19

December 31, 2018

Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai - 400 001.

Scrip Code: 532479

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051.

Symbol: ISMTLTD

Sub: Submission of Annual Report of ISMT Limited

Dear Sir/Madam,

Pursuant to the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith copy of the Annual Report of the Company for the year 2017-18.

You are requested to kindly take the same on your record.

Thanking you,

Yours faithfully,
For **ISMT Limited**

ISMT LIMITED PUNE

Chetan Nathani
Company Secretary

Encl: As above

ANNUAL REPORT
2017-18

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 1,50,000 MTPA 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, for modernization and technology upgradation of Seamless Tube plant.

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 Ltd'.

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).

2013

Raised long term working capital loans of Rs. 235 Crore.

2014

Operations of Captive Power Plant were suspended due to non-availability of coal & denial of energy banking facilities by MSEDCL.

Leavy of Safeguard Duty on imports of seamless tubes into India.

JLF approved and disbursed Corporate Term Loans of Rs. 405 Crore under corrective Action Plan

2016

Levy of Anti-Dumping Duty for a period of 5 years on imports of seamless tubes from China.

COMPANY INFORMATION

Board of Directors

S C Gupta	-	Chairman
B R Taneja	-	Managing Director
Rajiv Goel	-	Chief Financial Officer
O P Kakkar	-	Director
J P Sureka	-	Director (upto December 21, 2017)
Ajit Ingle	-	Nominee Director of IDBI Bank Ltd (upto December 10, 2017)
Deepa Mathur	-	Director
Shyam Powar	-	Director
Shashank Dixit	-	Nominee Director of IDBI Bank Ltd. (w.e.f. December 21, 2017)

Company Secretary

Chetan Nathani (w.e.f. June 11, 2018)
Jaikishan Pahlani (upto February 28, 2018)

Auditors
M/s. Damania & Varaiya
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	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**
Production	**158068**	94652	72854	113982	147180	138571	185976	167187	135782	145429
Sales	**151752**	95427	74624	115910	145052	141980	183194	165662	132156	144242
Captive	**17146**	6575	2807	4802	5007	13539	21553	19992	14652	16025
External	**134606**	88852	71817	111108	140045	128441	161641	145670	117504	128217
of which:										
- Domestic	**120204**	80863	60058	81075	107783	83695	104355	101499	92363	86422
- Exports	**14402**	7988	11759	30034	32262	44745	57286	44171	25141	41795

(Tonnes Per Annum)

B. STEEL DIVISION

Particulars	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**	**2010-11**	**2009-10**	**2008-09**
Production	**145806**	126417	123601	203932	244888	216319	268638	254070	231395	202392
Sales	**146353**	126124	122638	208054	246410	214796	267296	256347	227866	201601
Captive	**62515**	42597	41567	116910	165222	137255	157913	148990	133976	145394
External	**83838**	83527	81071	91144	81189	77541	109383	107357	93890	56207
of which:										
- Domestic	**83838**	83527	81052	90938	80995	77497	108975	107174	93390	55865
- Exports	**0**	0	19	206	193.53	44	408.1	183	500	342

KEY PARAMETERS

Rs. in Crore

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009 –10	2008 –09
Operations :										
Gross Sales	**1,915**	1,419	1,331	2,320	2,563	2,513	2,981	2,553	1,914	2,308
Net Sales	**1,436**	1,029	968	1,463	1,495	1,511	1,879	1,602	1,185	1,285
- Tube Sales	***986***	*638*	*566*	*979*	*1,072*	*1,098*	*1,302*	*1,071*	*777*	*980*
- Steel Sales	***450***	*391*	*402*	*484*	*424*	*413*	*578*	*532*	*408*	*304*
- Exports	***129***	*77*	*110*	*282*	*291*	*412*	*501*	*328*	*176*	*354*
- Imports	***235***	*145*	*177*	*443*	*566*	*492*	*551*	*364*	*268*	*195*
- Exports (% of Total Tube sales)	***13.1%***	*12.1%*	*19.4%*	*28.8%*	*27.1%*	*37.5%*	*38.5%*	*30.7%*	*22.6%*	*36.1%*
Raw Material (% of Net Sales)	**54.5%**	52.1%	54.6%	55.2%	50.0%	49.9%	51.1%	46.3%	42.3%	50.1%
Energy Cost (% of Net Sales)	**16.0%**	19.0%	19.6%	20.7%	21.3%	19.6%	18.3%	18.1%	18.1%	13.3%
Profitability :										
EBIDTA	**86**	50	34	46	103	179	265	275	218	251
- EBIDTA margin	***5.8%***	*4.7%*	*3.4%*	*3.0%*	*6.5%*	*11.1%*	*13.5%*	*16.5%*	*18.1%*	*19.1%*
Net Profit / (Loss)	**(241)**	(288)	(382)	(221)	(170)	(100)	29	75	75	56
- Net Profit / (Loss) Margin	***-16.4%***	*-27.2%*	*-38.1%*	*-14.6%*	*-10.8%*	*-6.2%*	*1.5%*	*4.5%*	*6.2%*	*4.3%*
Net worth	**(589)**	(352)	(64)	279	304	490	582	618	578	529
Finance :										
Total Principal Debt	**2,174**	2,161	1,999	1,578	1,446	1,200	1,087	925	871	895
Term Debt	**1,108**	1,102	1,111	1,119	981	878	972	853	762	795
Total Finance Costs	**275**	269	280	226	184	153	121	91	79	82
- Total Finance Costs (% of Net Sales)	***19.5%***	*26.1%*	*28.9%*	*15.5%*	*12.3%*	*10.1%*	*6.43%*	*5.7%*	*6.6%*	*6.4%*
- Foreign Currency Debt (% Term Debt)	***26.2%***	*21.5%*	*26.4%*	*38.2%*	*63.8%*	*85.2%*	*78.1%*	*61.6%*	*79.7%*	*78.2%*
Net Block	**1,421**	1,465	1,524	1,577	1,340	1,388	1,427	1,361	1,223	1,148
General :										
Average Market Capitalization	**180**	156	118	230	151	317	500	766	636	467
Book Value (Rs. Per Share)	**(40.24)**	(24.03)	(4.35)	19.02	20.78	33.43	39.72	42.16	39.42	36.11

Directors' Report

To the Members of ISMT Limited

Your Directors present herewith the Twentieth Annual Report & Audited Financial Statements of the Company for financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

Rs. in Crore

Particulars	Financial Year	
	2017-18	2016-17
Gross Sales	**1915.31**	1416.45
Profit/ (Loss) before Finance Charges, Depreciation, Amortization & Tax (EBIDTA)	**86.09**	51.96
Cash Profit/ (Loss)	**(182.38)**	(216.44)
Gross Profit/ (Loss)	**(188.76)**	(218.64)
Profit/ (Loss) Before Tax	**(240.93)**	(279.62)
Taxation	**(0.98)**	-
Net Profit/ (Loss)	**(239.95)**	(279.62)
Re-measurement Gains/ (Losses) on Defined Benefit Plans	**0.60**	0.74
Total Comprehensive income for the year	**(239.35)**	(278.88)

INDIAN ACCOUNTING STANDARDS (IND AS)

The Company had adopted Ind AS with effect from 1st April, 2017 pusuant to the Ministry of Corporate Affairs notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015. Accordingly, the Financial Statements for the year ended 31st March, 2018 of the Company was prepared with comparative data, in compliance with Ind AS.

DIVIDEND

Your Directors are unable to recommend dividend for the year ended March 31, 2018 in view of the losses.

RESERVES

No amount was proposed to be transferred to Reserves.

OPERATIONS

There was a marked improvement in capacity utilization at Tube Plant. The higher captive requirement also helped improve steel plant capacity utilization.

MARKET

Tube sales showed a healthy growth of 55% contributed by both domestic & international markets. Levy of Anti-Dumping Duty on imports of seamless tubes from China coupled with initial pick-up in domestic demand resulted in domestic sales going up by 53%. Export sales also went up by 67% with the increase in international oil prices.

FINANCE

The net turnover & EBIDTA for the year increased by 40% & 71% respectively over the previous year. The Company along with its advisers and Bankers have been looking at various options as per the RBI Circulars in force from time to time. The Banks have since decided to assign their debt to Asset Reconstruction Companies (ARCs) as a resolution plan. A few Banks including Lead Bank have already assigned their debt to ARCs.

CAPTIVE POWER

For want of energy banking facility, the Company could not operate its Captive Power plant during the year. The Company's appeal in this regard is pending with Supreme Court. The Company also have not been successful in finding any buyer for the plant.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. J.P. Sureka, one of the founding Directors of the Company, expired on December 22, 2017. The Board of Directors express grief on his sad demise.

In accordance with the provisions of the Companies Act, 2013 ('Act') and the Articles of Association of the Company, Mr. O.P. Kakkar retires by rotation and being eligible, offers himself, for re-appointment.

IDBI Bank Ltd appointed Mr. Shashank Dixit as its Nominee Director in place of Mr. Ajit Ingle on the Board of the Company w.e.f. December 21, 2017.

The Board placed on record its sincere appreciation and gratitude for services rendered by Mr. J.P. Sureka and Mr. Ajit Ingle during their respective association with the Company.

Mr. Jaikishan Pahlani, Company Secretary of the Company resigned from the services of the Company w.e.f. March 1, 2018. The Board has appointed Mr. Chetan Nathani as the Company Secretary & Compliance Officer of the Company w.e.f. June 11, 2018.

The term of Mr. Rajiv Goel as Whole-time Director expired on September 30, 2017. He was re-appointed as such for a period from October 01, 2017 to September 30, 2018 subject to approval of Shareholders of the Company.

Five (5) meetings of the Board of Directors were held during the year. Detailed information is given in the Corporate Governance report.

The Independent Directors have given a Declaration pursuant to Section 149(7) of the Act.

The Company has devised a Policy for annual performance evaluation of the Board, its Committees & individual Directors which include criteria for performance evaluation of the non-executive & executive directors.

The performances of non-independent directors & Committees of the Board have been evaluated by independent directors. The performances of independent directors have been evaluated by Chairman of the Nomination & Remuneration Committee (NRC) with inputs from all directors. The performance of the Board as a whole is evaluated by the Chairman with inputs from all directors. The performance evaluation of Chairman of NRC is evaluated by Chairman with inputs from all the directors.

The above evaluations have been carried out once during the year.

The details of familiarization Programme of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates,

Directors' Report (Contd.)

business model of the Company and related matters are put up on the website of the Company at www.ismt.co.in

AUDITORS REMARKS

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

COST AUDITORS

Pursuant to Section 148 of the Act read with Rules framed thereunder, your Directors had, on recommendation of the Audit Committee, approved the appointment & remuneration of the following Cost Auditors of the Company for FY 2017-18:

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

The payment of remuneration for FY 2017-18 to aforesaid Cost Auditors is subject to ratification by the Members in the ensuing Annual General Meeting.

The Cost Audit Report for FY 2016-17 was filed within the prescribed time limit as per the Companies (Cost Record and Audit Rules) 2014.

SUBSIDIARIES

As on date of this report, the Company has ten direct & indirect subsidiary companies. In accordance with Section 129(3) of the Act, a statement containing salient features of the financial statements of subsidiaries in Form AOC-1 is provided separately in this Annual Report. A report on performance & financial position of each of the subsidiaries is provided in financial statements forming part of this Annual Report. The Company has also framed a Policy for determining Material Subsidiaries which is available on website: www.ismt.com.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

RESEARCH & DEVELOPMENT

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

MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT

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

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

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

EXTRACT OF ANNUAL RETURN

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

Further, the latest Annual Return of the Company in Form MGT-7 is placed on website of the Company at www.ismt.com

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

Information required under Section 134(3)(m) of the Act 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 Act, your Directors make the following statement:

i) That in preparation of 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 & applied them consistently & made judgments & estimates, that are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company at end of financial year March 31, 2018 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 & that such internal financial controls are adequate & were operating effectively; and
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 & REMUNERATION POLICY

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

The criteria for performance evaluation as laid down by NRC have been defined in the Nomination & Remuneration Policy.

Details pertaining to Section 197(12) of the Act read with Rules framed thereunder are forming part of this Report as Annexure 'C'.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Act & Rules made thereunder the Board has appointed M/s. MRM Associates, Company Secretaries as Secretarial Auditors to undertake Secretarial Audit of the Company for period ended March 31, 2018.

Directors' Report (Contd.)

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 have 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 risk 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 Company has an internal financial control framework which is commensurate with the size, scale and complexity of its operations. The Statutory Auditors of the Company review the same on periodical basis.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of the Act a CSR Committee has been constituted by the Board consists of three directors including one independent director.

In view of the losses during three immediately preceding financial years, the Company was not required to spend on CSR activities in year 2017-18.

AUDIT COMMITTEE & VIGIL MECHANISM

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

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

CONTRACTS & ARRANGEMENTS WITH RELATED PARTIES

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

Hence, there is no information required to be provided in Form AOC-2 while particulars of Related Party Transactions in terms of Ind AS-24 are forming part of financial statements enclosed.

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

GENERAL

1. No significant or material orders were passed by Regulators or Courts or Tribunals which impact the going concern status & Company's operations in future.
2. During the year, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.
3. The Company has complied with the applicable secretarial standards.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

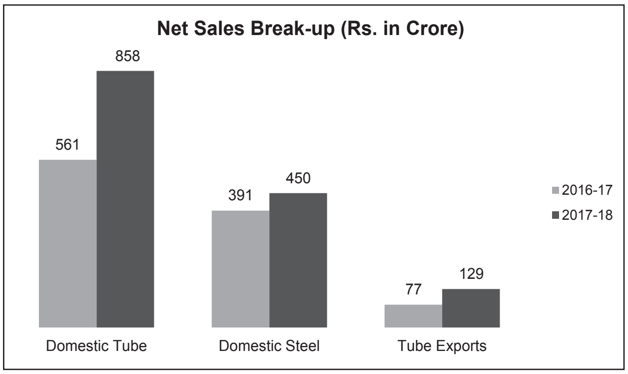
Pune
June 11, 2018

S C Gupta
Chairman

Management Discussion and Analysis

Company Performance:

Total Revenue	:	Rs. 1500.38 Crore
EBDITA	:	Rs. 86.09 Crore
Profit/ (Loss) after Tax	:	Rs. (239.95) Crore



Sales of Domestic and export seamless tubes and pipes saw a healthy increase of 53% and 68% respectively in the current year over previous year.

The increase in the Domestic Tube sales volumes was contributed both on account of growth in Domestic demand and lower imports consequent on levy of Anti-Dumping Duty on imports of the seamless tubes and pipes.

Rs. in Crore

Particulars	2017-18	2016-17	Change
Net Sales	**1437**	1029	40%
Domestic			
- Tube	**858**	561	53%
- Steel	**450**	391	15%
Tube Exports	**129**	77	68%

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 equipment, 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.

Steel Industry

ISMT has integrated Steel Plant which uses Electric arc furnace technology to produce Steel.

ISMT is predominantly engaged in manufacturing of specialty alloy & bearing Steel. The end user segments are largely Bearing, Automotive, Engineering & Forging Customers apart from some customers requiring steel for specialized application. The fortunes of the specialty & alloy steel products is closely linked to automotive & auto component industry.

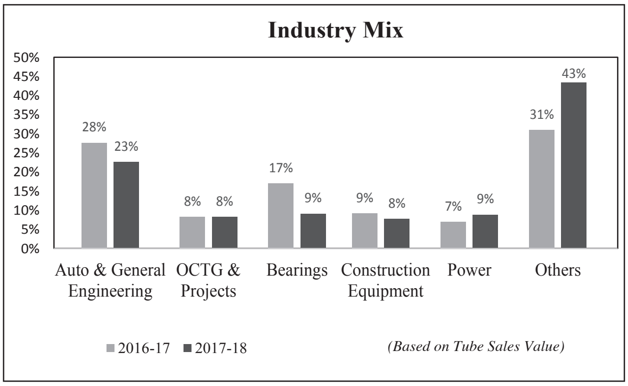
Captive Power Plant

The operations of the Captive Power Plant remained suspended during the year on account of non-availability of energy banking facility from the Maharashtra State Electricity Distribution Company Ltd (MSEDCL).

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 equipment
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 & airports, gas cylinders, crane booms etc.



There was growth in absolute terms in each Industry segments despite a fall in percentage terms in some segments.

Management Discussion and Analysis (Contd.)

OPPORTUNITIES & THREATS

Opportunities

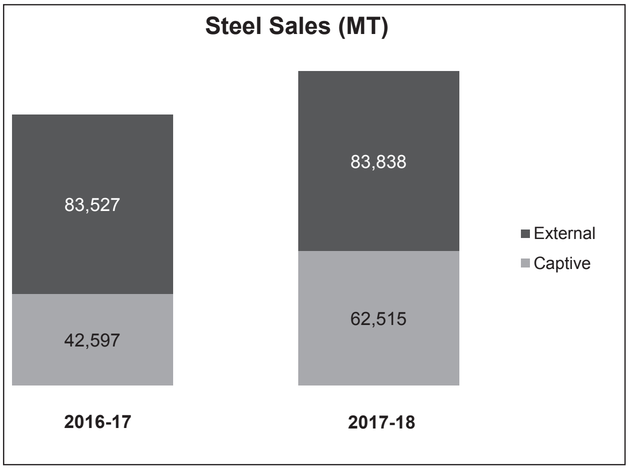
The imposition of Anti-Dumping Duty on Chinese imports of seamless tubes & pipes for a period of five years continues to be an opportunity especially with the growing economy. The same coupled with increase in international oil prices will favour the upward direction in domestic & export sales. An opportunity in increase in export sales can also be expected due to future increase in demand for seamless pipes from developing countries.

Threats

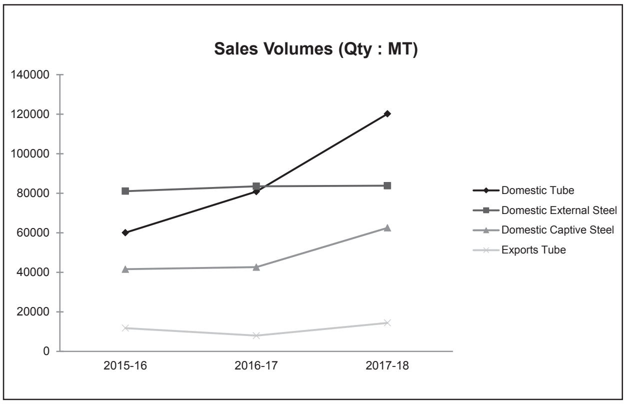
There is a continuous threat of imposition of duties from developed economies. Also strict ecological regulations may lead to technological changes.

SEGMENT/ PRODUCT INFORMATION

Your Company is engaged in manufacturing Seamless Tubes and Engineering Steels. Seamless Tube accounted for 69% of ISMT's total external sales value while Steel accounted for the balance 31%. Captive consumption of steel increased to 43% as compared to that of 34% for previous year.



Total sales quantity of both seamless tube & steel put together showed an increasing trend. The same for the year 2017-18 was 280,959 MT as against 214,975 MT for 2016-17 and 194,455 MT for 2015-16.



OUTLOOK

Levy of Final Anti-Dumping Duty on import of seamless tube into India from China coupled with 'Make in India' program of the Government of India is likely to lead to increase in volume of the Company's product in domestic market. Firming of international oil prices late in the year is a good sign to increase global demand for seamless tubes which in turn will increase exports of the Company.

RISKS & CONCERNS

Your Company regularly evaluates and reviews potential risks on account of various factors such as government policies, natural/ man-made disasters, and political risks. Apart from above, 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 in place, which are designed to provide reasonable assurance with regards to recording and providing reliable financial and operational information, safeguarding the assets, statutory compliance, executing transactions with proper requisite approvals and ensuring compliance with applicable laws and regulations. The Audit Committee of Directors on a periodic

Management Discussion and Analysis (Contd.)

basis reviews the effectiveness and adequacy of the internal control systems and processes and suggests improvements if any.

FINANCIAL PERFORMANCE

Some of the key financial parameters are as under:

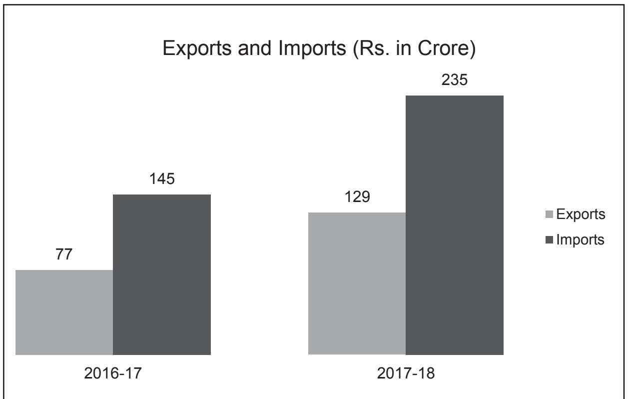
Finance Cost

The Finance cost for the year increased marginally by Rs. 5 Crore & stood at 19% of Net Revenue. Increase in cost was mainly due to depreciation of Indian Rupee against USD & Euro.

During the year imported raw material consumption increased from Rs. 145 Crore in the previous year to Rs. 235 Crore.

Exports are expected to grow on account of firming up of international oil prices & revival of global economy. Going forward this should lead to growing net Foreign Exchange inflows. The Company's forex exposure is managed both through a natural hedge & by contracting appropriate treasury products, with a view to balancing risks while optimizing borrowing costs. Appropriate hedging tools are used under board approved risk management policy framework. The forex risk is reviewed periodically & 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, 2018 which is same as on March 31, 2017.



Working Capital

The inventory and debtors levels as on the Balance Sheet date has increased in absolute terms. However the same has decreased in terms of holding period calculated on yearly sales

Rs. in Crore

Particulars	**2017-18**	2016-17
Inventory	**334**	323
Stock Turnover (times)	**4.31**	3.19
Debtors	**225**	200
Debtors Turnover (times)	**6.38**	5.14

In the current scenario whereby the Company's financial 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 16% of the Company's net revenues at Rs. 230 Crore. In the current financial year, operations of the Captive Power Plant remained suspended.

Particulars	**2017-18**	2016-17	Reduction
Power consumption (KWH/ Ton of Production)			
- Steel Division	**839**	884	5%
- Tube Division	**546**	735	26%
Avg. Electricity Rate per Unit from MSEDCL (Rs. / KWH)	**7.44**	7.48	0.5%

There was a marginal reduction in electricity rate per unit of production as compared to previous year. However there was substantial reduction in power consumption per unit of tube production on account of increase in production by 65% for year as compared to previous year.

Production of Steel Division increased by 15% leading to decrease in power consumption per unit 5%.

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

Particulars	**2017-18**	2016-17	Reduction
Furnace oil Consumption (K Ltrs/ Ton of Production)			
- Steel Division	**45**	49	8%
- Tube Division	**70**	87	20%
Avg. Furnace Oil rate Rs. per Litre	**27.19**	24.78	(10%)

Management Discussion and Analysis (Contd.)

Increase in capacity utilisation resulted in reduction in furnace oil consumption per Metric Ton of production of both seamless tubes & steel division over previous year.

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

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The Industrial relations continued to remain peaceful throughout the year. Owing to the marginal increase in number of employees and payment of incentive in lieu of agreement to the workers of all three factories, the personnel expenses increased by 13% 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, 2018

Particulars	Total
Managers	266
Officers & Staff	686
Workmen	1191
Total	**2143**

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 organization. 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 Directors of the Company has an optimum combination of executive & non-executive directors and comprises of 7 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 2017-18 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, 2018 are as follows:

Name of the Director	Category	Financial Year 2017-18 Attendance at		No. of Director-ships in other public companies*	Committee positions in other public companies**	
		Board Meetings	Last AGM		Member	Chairman
Mr. S.C. Gupta	Independent-NED	5	No	4	5	2
Mr. B.R. Taneja	Promoter-ED	5	Yes	-	-	-
Mr. Rajiv Goel	ED	5	Yes	-	-	-
Mr. O.P. Kakkar	NED	5	Yes	-	-	-
Mr. J.P. Sureka^	Promoter NED	1	No	NA	NA	NA
Mr. Ajit Ingle^^	NED (Nominee – Lender viz. IDBI Bank)	3	No	NA	NA	NA
Ms. Deepa Mathur	Independent-NED	4	Yes	-	-	-
Mr. Shyam Powar	Independent-NED	1	No	-	-	-
Mr. Shashank Dixit+	NED (IDBI Bank Nominee)	1	NA	-	-	-

NED: Non-Executive Director ED: Executive Director

* Does not include directorships in Private Limited Companies, Foreign Companies & Companies under Section 8 of the Companies Act, 2013.

^ ceased to be director w.e.f. December 22, 2017; ^^ ceased to be director w.e.f December 11, 2017

+ Appointed w.e.f December 21, 2017; ** Includes only Audit Committees & Stakeholders' Relationship Committees.

During the financial year 2017-18, five Board Meetings were held as under:

Sr. No.	Date of Meeting
1	May 30, 2017
2	August 21, 2017
3	September 13, 2017
4	December 11, 2017
5	February 28, 2018

As on March 31, 2018, 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 relevant provisions of the Companies Act, 2013, Mr. O.P Kakkar, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Rajiv Goel is being re-appointed as a Whole-time Director from October 01, 2017 to September 30, 2018.

Brief resume of Directors proposed to be appointed/ reappointed 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.

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)	4
Mr. J.P. Sureka*	Member	1
Mr. S.C. Gupta	Member (Independent)	5
Mr. Shyam Powar	Member (Independent)	2

*Ceased to be director w.e.f. December 22, 2017

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

Sr. No.	Date of Meeting
1	May 30, 2017
2	August 21, 2017
3	September 13, 2017
4	December 11, 2017
5	February 28, 2018

Ms. Deepa Mathur, Chairperson of the Audit Committee was present at the last Annual General Meeting held on September 28, 2017.

MANAGERIAL REMUNERATION

a. NOMINATION AND REMUNERATION COMMITTEE:

The Company has a Nomination and Remuneration Committee of Directors ("NRC").

The terms of reference of NRC are in conformity with Regulation 19 of the Listing Regulations and Section 178 of the Companies Act, 2013.

The composition of NRC & attendance of members is as under:

Name of Director	Chairman / Member	Number of Meetings Attended
Mr. Shyam Powar	Chairman	2
Mr. J.P. Sureka*	Member	None
Mr. S.C. Gupta	Member	2
Ms. Deepa Mathur	Member	2

*Ceased to be director w.e.f. December 22, 2017

During year under review, two meetings of NRC were held as under:

Sr. No.	Date of Meeting
1	September 13, 2017
2	March 27, 2018

The Company does not have any Employee Stock Option Scheme.

b. Remuneration Policy:

- Based on recommendations of NRC, 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 recommendations of the NRC, the Board of Directors decides the payment of remuneration to the Non-Executive Directors.
- The Company paid sitting fees of Rs. 60,000/- each for attending Board and Audit Committee Meetings and Rs. 40,000/- 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 & Senior Management upon recommendation of NRC as approved by the Board.

c. Remuneration to Directors:

A Statement on remuneration paid/ payable to Executive Directors & sitting fees paid to Non-Executive Directors, during FY 2017-18 is given below:

Name of the Director	Salary & Perquisites (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)
Mr. S.C. Gupta	NA	-	9,20,000
Mr. B.R. Taneja	1,80,00,000*	-	-
Mr. Rajiv Goel	1,35,06,000**	-	-
Mr. O.P. Kakkar	-	-	3,00,000
Mr. J.P. Sureka	-	-	1,60,000
Mr. Ajit Ingle	-	-	2,40,000
Mr. Shashank Dixit	-	-	60,000
Mr. Shyam Powar	-	-	3,80,000
Ms. Deepa Mathur	-	-	7,60,000
TOTAL	**3,15,06,000**	**-**	**28,20,000**

* Provisioning made for Rs. 1,80,00,000.

** Provisioning made for Rs. 13,34,600.

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

Details of shares of the Company held by Non-Executive Directors as on March 31, 2018 is mentioned in the extract of Annual Return Forming part of this Annual Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has a Stakeholders' Relationship Committee ("SRC") 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 SRC and attendance of each member is as under:

Name of the Director	Chairman/ Member	Number of Meetings Attended
Mr. J.P. Sureka*	Chairman	1
Mr. S.C. Gupta	Member	4
Ms. Deepa Mathur	Member	3
Mr. Shyam Powar	Member	2

*Ceased to be director w.e.f. December 22, 2017

During the year under review, four meetings of SRC were held as under:

Sr. No.	Date of Meeting
1.	May 30, 2017
2.	September 13,2017
3.	December 11, 2017
4.	February 28, 2018

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has a Corporate Social Responsibility Committee as per Section 135 of Companies Act, 2013.

Composition

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

*Ceased to be director w.e.f. December 22, 2017

INDEPENDENT DIRECTORS MEETING

The Independent Directors met on March 27, 2018 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. Jaikishan Pahlani, Company Secretary was the Compliance Officer of the Company upto February 28, 2018.

During the year, all the complaints/ grievances received from shareholders, have been attended to and resolved. No valid transfer/ transmission of shares were pending as on March 31, 2018.

Details of investor complaints received and redressed during Financial Year 2017-18 are as follows:

Number of complaints pending at the beginning of the year	3
Number of complaints received during the year	5
Number of complaints disposed of during the year	8
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 Listing Regulations, MD & CFO have given 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
2016-17	AGM	28.09.2017	Hotel Hyatt Pune 88 Nagar Road, Kalyani Nagar, Pune - 411 006	10.30 A.M	None
2015-16	AGM	27.09.2016	Hotel Hindustan International, Neco Garden Road, Viman Nagar, Pune – 411 014	11.30 A.M.	6
2014-15	AGM	26.09.2015	Hyatt Regency, Weikfield IT Park, Pune - 411 014	11.00 A.M.	2

All special resolutions moved at the AGM for year 2014-15, 2015-16, were passed with requisite majority by way of e-voting and poll.

OTHER DISCLOSURES

- Details of related party transactions 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.

DESIGNATED EXCLUSIVE EMAIL 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	-
Venue	-
Financial Year	April 01, 2017 to March 31, 2018
Dividend Payment date	Not Applicable
Listed on Stock Exchange	1) BSE Ltd PJ Towers, Dalal Street, Fort, Mumbai - 400 001 2) National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G Block, BKC, Bandra (E), Mumbai - 400 051
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 2018-'19 to both the Stock Exchanges where the shares of the Company are listed.

STOCK MARKET DATA AND SHARE PRICE PERFORMANCE

(Rs.)

Month	Market price				BSE 500 INDEX	
	BSE		NSE		High	Low
	High	Low	High	Low		
April 2017	16.35	12.60	16.40	12.40	13053.04	12616.53
May 2017	14.80	10.80	14.75	10.30	13288.81	12781.06
June 2017	13.14	10.65	13.45	10.80	13431.53	13052.34
July 2017	12.70	10.69	12.45	10.60	13947.56	13211.19
August 2017	12.00	09.05	12.00	09.20	13968.92	13245.92
September 2017	12.27	10.00	12.35	09.55	14216.92	13427.95
October 2017	12.10	10.06	12.10	10.10	14522.24	13684.23
November 2017	13.84	10.81	13.90	10.70	14741.48	14164.90
December 2017	19.23	13.55	19.05	13.00	15015.22	14207.77
January 2018	19.65	14.45	19.40	14.45	15660.94	14837.22
February 2018	16.40	12.65	16.20	12.70	15450.21	14209.33
March 2018	14.50	08.70	14.20	08.70	14727.78	13856.31

Source: BSE & NSE websites.

REGISTRAR AND SHARE TRANSFER AGENT

The Shareholders may contact the RTA at the following address:

Karvy Computershare P. Ltd.
Karvy Selenium, Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad - 500 032
Tel: +91 40 67161632 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, 2018

Shareholding of Nominal Value of Rs.		No. of Shareholders	% to Total No. of shareholders	No. of Shares held	% to Total
Upto	5000	95193	98.99	23598221	16.11
5001	10000	474	0.49	3497275	2.39
10001	20000	255	0.27	3688259	2.52
20001	30000	65	0.07	1615895	1.10
30001	40000	41	0.04	1450972	0.99
40001	50000	38	0.04	1754200	1.20
50001	100000	46	0.05	3309077	2.26
100001	And above	55	0.06	107587484	73.44
Total		**96167**	**100.00**	**146501383**	**100.00**

DEMATERIALISATION OF SHARES AND LIQUIDITY

89.72% of total Equity Capital is held in demat form with NSDL and CDSL as on March 31, 2018.

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 in Maharashtra 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

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DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

As required by Regulation 17(5)(a) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, this is to confirm that the Company has adopted a Code of Conduct for all Board Members & Senior Management of the Company. The Code is available on Company's website.

As per Regulation 26, this is to confirm that the Company has 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 2018-19.

For the purpose of this declaration, Senior Management Team comprises of employees in the Vice President and above Cadre as on March 31, 2018.

For ISMT Limited

Pune — **B. R. Taneja**

May 24, 2018 — Managing Director

CEO/ CFO CERTIFICATION TO THE BOARD

((Under Regulation 17(8) of SEBI (LODR) 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:

(1) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief:

- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true & fair view of the Company's affairs & are in compliance with existing accounting standards, applicable laws & regulations.

(2) There are, to best of our knowledge & belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(3) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(4) We have indicated to the Auditors and the Audit Committee:

- ((i) There are no significant changes in internal control over financial reporting during the financial year ended March 31, 2018;
- (ii) All significant changes in accounting policies during the financial year ended March 31, 2018 and that the same have been disclosed in the notes to the financial statements; and
- (iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

B.R. Taneja — **Rajiv Goel**

Managing Director — Chief Financial Officer

Pune, June 11, 2018

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To

The Members of ISMT Limited

1. The accompanying Corporate Governance Report prepared by ISMT Ltd. ("Company"), contains details as stipulated in Regulations 17 to 27 & clauses (b) to (i) of Regulation 46(2) & para C & D of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This Report is required by the Company for annual submission to the Stock exchanges and to be sent to the shareholders of the Company.

Managements' Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by SEBI.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specified requirement of the Listing Regulations referred to in paragraph 1 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes & the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits & Reviews of Historical Financial Information & Other Assurance & Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures includes, but not limited to, verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.

8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us as referred in paragraph 7 & 8 above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 1 above.

Other matters and Restriction on Use

10. This Report 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.

11. This Report is addressed to & provided to members of the Company solely for purpose of enabling it to comply with its obligations under the Listing Regulations with reference to Corporate Governance Report accompanied with by a report thereon from the Statutory Auditor's & should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Report for events & circumstances occurring after the date of this Report.

For Damania & Varaiya
Chartered Accountants
Firm Registration No 102079W

CA Bharat Jain
Partner
Membership No: 100583
Place: Pune
Date: June 11, 2018

Annexure 'A' to the Directors' Report

Extract of Annual Return as on the financial year ended on March 31, 2018

[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 Tel : 020-41434100
(vi)	Whether listed company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare P Ltd Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel: +91 40 67161632 FAX: +91 40 23001153 Email: einward.ris@karvy.com Web: www.karvycomputershare.com

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 Tube & Hollow	24311	57.89%
2	Steel	24109	42.11%

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 & Power Company P Ltd	MMPDA Towers, 2nd Floor, 184, Royapettah High Road, Chennai - 600 014	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, 68821 Storfors, Sweden	NA	Subsidiary	100
6	Nagapattinam Energy P Ltd	MMPDA Towers, 2nd Floor, 184, Royapettah High Road, Chennai 600014	U40100TN2008PTC069515	Subsidiary	100
7	PT ISMT Resources	Wisma Metropolitan II, 6th Floor, J1 Jenderal Sudirman Kav, Jakarta 12920	NA	Subsidiary	100
8	Best Exim P Ltd	Lunkad Towers, Viman Nagar, Off Pune Nagar Road, Pune - 411014	U51399PN2004PTC019783	Subsidiary	100
9	Success Power and Infraprojects P Ltd	Lunkad Towers, Viman Nagar, Pune-411014	U40108PN1996PTC099133	Subsidiary	100
10	Marshal Microware Infrastructure Development Company P Ltd	Lunkad Towers, Viman Nagar, Pune Nagar Road, Pune-411014	U45203PN2007PTC129795	Subsidiary	100

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

Extract of Annual Return as on the financial year ended on March 31, 2018 (Cont.)

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

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. Promoter s									
(1) Indian									
a) Individual/ HUF	4935033	0	4935033	3.37	4935033	0	4935033	3.37	0.00
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.	70077599	566550	70644149	48.22	70621622	23527	70645149	48.22	0.00
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) :-	**75012632**	**566550**	**75579182**	**51.59**	**75556655**	**23527**	**75580182**	**51.59**	**0.00**
(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) :-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**75012632**	**566550**	**75579182**	**51.59**	**75556655**	**23527**	**75580182**	**51.59**	**0.00**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	8589	63606	72195	0.05	8589	50681	59270	0.05	0.00
b) Banks / FI	1984529	12139	1996668	1.36	1984529	6308	1990837	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) FIIs	1722971	15500	1738471	1.19	295	4300	4595	0.00	-1.19
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):-	**3716089**	**91245**	**3807334**	**2.60**	**1993413**	**61289**	**2054702**	**1.41**	**-1.19**
2. Non-Institutions									
a) Bodies Corp.	11492349	178391	11670740	7.97	11994626	134127	12128753	8.28	0.31
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	18462264	10347994	28810258	19.67	18224919	7333316	25558235	17.45	-2.22
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	7195990	70627	7266617	4.96	9643929	70627	9714556	6.63	1.67
c) Others (specify)									
i) Trusts	0	5212951	5212951	3.56	5000	5212951	5217951	3.56	0.00
ii) Non-Residents	10295384	2533487	12828871	8.76	9232862	2225894	11458756	7.82	-0.94

Extract of Annual Return as on the financial year ended on March 31, 2018 (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	
iii) HUF	1325430	0	1325430	0.90	1416951	0	1416951	0.97	0.07
iv) IEPF	0	0	0	0.00	3371297	0	3371297	2.30	2.30
Sub-total (B)(2):-	**48771417**	**18343450**	**67114867**	**45.81**	**53889584**	**14976915**	**68866499**	**47.01**	**1.20**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	52487506	18434695	70922201	48.41	55882997	15038204	70921201	48.41	0.00
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)	**127500138**	**19001245**	**146501383**	**100.00**	**131439652**	**15061731**	**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 Ltd	68917858	47.04	79.81	68918858	47.04	79.80	0.00
2	Vishkul Leather Garments P Ltd	0	0.00	0.00	0	0.00	0.00	0.00
3	Misrilall Mines P Ltd	601197	0.41	0.00	601197	0.41	0.00	0.00
4	Tulika Estate & Holding P Ltd	543023	0.37	0.00	543023	0.37	0.00	0.00
5	Satya Leasing Company Ltd	304027	0.21	0.00	304027	0.21	0.00	0.00
6	Prismo (India) Ltd	210872	0.14	0.00	210872	0.14	0.00	0.00
7	Shentracon Finalease P Ltd	24802	0.02	0.00	24802	0.02	0.00	0.00
8	Misrilall Properties P Ltd	23527	0.02	0.00	23527	0.02	0.00	0.00
9	Shentracon Holdings P Ltd	18543	0.01	0.00	18543	0.01	0.00	0.00
10	Lighto Technologies P Ltd	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	Baldevraj T Taneja	9033	0.01	0.00	9033	0.01	0.00	0.00
13	Salil Baldev Taneja	233040	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
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	56423	0.04	0.00	56423	0.04	0.00	0.00
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	650	0.00	0.00	650	0.00	0.00	0.00
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	**75579182**	**51.59**	**79.81**	**75580182**	**51.59**	**79.80**	**0.00**

Extract of Annual Return as on the financial year ended on March 31, 2018 (Cont.)

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

(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	75579182	51.59		
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	75580182	51.59		

Following are the details of datewise shareholding change

Sl. No.	Name	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at beginning (01.04.2017/ end of year (31.03.2018)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Indian Seamless Enterprises Ltd	68917858	47.04	01.04.2017				
				21.04.2017	500	Purchase	68918358	47.04
				19.05.2017	500	Purchase	68918858	47.04
		68918858	47.04	31.03.2018				

(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	
		No. of shares at the beginning (01.04.2017)/ end of year (31.03.2018)	% total shares of the Company				No. of shares	% of total shares of the Company
1	JITEN KIRTANLAL SHAH	7418640	5.06	01.04.2017	0	N.A.	N.A.	N.A.
		7418640	5.06	31.03.2018				
2	ISSAL EMPLOYEE WELFARE FUND	5000000	3.41	01.04.2017	0	N.A.	N.A.	N.A.
		5000000	3.41	31.03.2018				
3	EAST COAST SECURITIES LTD	1722676	1.18	01.04.2017				
				19.05.2017	-1000000	Sale	722676	0.49
				28.07.2017	-722676	Sale	0	0.00
		0	0.00	31.03.2018				
4	VIVEK BHIMSARIA	2000474	1.37	01.04.2017				
				12.01.2018	-50000	Sale	1950474	1.33
				19.01.2018	-70474	Sale	1880000	1.28
				26.01.2018	-20000	Sale	1860000	1.27
				02.02.2018	-30000	Sale	1830000	1.25
				16.02.2018	-10000	Sale	1820000	1.24
				23.02.2018	-46380	Sale	1773620	1.21
				02.03.2018	-33620	Sale	1740000	1.19
				23.03.2018	-144046	Sale	1595954	1.09
				30.03.2018	-532936	Sale	1063018	0.73
		1063018	0.73	31.03.2018				
5	LIFE INSURANCE CORPORATION OF INDIA	1983208	1.35	01.04.2017	0	N.A.	N.A.	N.A.
		1983208	1.35	31.03.2018				

Extract of Annual Return as on the financial year ended on March 31, 2018 (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	
		No. of shares at the beginning (01.04.2017)/ end of year (31.03.2018)	% total shares of the Company				No. of shares	% of total shares of the Company
6	MAHARASHTRA SEAMLESS LTD	1445000 1445000	0.99 0.99	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
7	GVN FUELS LTD	1414146 1414146	0.97 0.97	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
8	DANIEL VYAPPAR P LTD	1342889 1342889	0.92 0.92	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
9	CONCORD TREXIM P LTD	1260764 1260764	0.86 0.86	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
10	PUSHPANJALI INVESTRADE P LTD	1063715 1063715	0.73 0.73	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
11	INVESTOR EDUCATION & PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	0 3371297	0.00 2.3	01.04.2017 05.12.2017 08.12.2017 31.03.2018	 3356206 15091	 Transfer Transfer	 3356206 3371297	 2.29 2.3
12	GINNI FINANCE P LTD	0 606000	0.00 0.41	01.04.2017 16.03.2018 31.03.2018	 606000	 Purchase	 606000	 0.41

(v) Shareholding of Directors & Key Managerial Personnel:

Sl. No.	Name of the Directors and KMP	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning (01.04.2017)/ end of year (31.03.2018)	% total shares of the Company				No. of shares	% of total shares of the Company
1	S. C. Gupta - Independent Director	0 0	0.00 0.00	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
2	B. R. Taneja - Managing Director	9033 9033	0.01 0.01	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
3	Rajiv Goel - CFO	2000 2000	0.00 0.00	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
4	O. P. Kakkar - Non-Executive Director	111480 111480	0.08 0.08	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
5	J. P. Sureka - Non-Executive Director	40448 40448	0.03 0.03	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
6	Ajit Ingle - Nominee Director	0 0	0.00 0.00	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
7	Deepa Mathur- Independent Director	1204 1204	0.00 0.00	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
8	Shyam Powar- Independent Director	47865 47865	0.03 0.03	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
9	Jaikishan Pahlani - Company Secretary	0 0	0.00 0.00	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.
10	Shashank Dixit - Nominee Director	0 0	0.00 0.00	01.04.2017 31.03.2018	0	N.A.	N.A.	N.A.

Extract of Annual Return as on the financial year ended on March 31, 2018 (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 at beginning of financial year				
i) Principal Amount	2,181.52	58.76	-	2,240.28
ii) Interest due but not paid	400.22	-	-	400.22
iii) Interest accrued but not due	0.41	-	-	0.41
Total (i+ii+iii)	**2,582.15**	**58.76**	**-**	**2,640.91**
Change in Indebtedness during financial year				
Addition (+) / Reduction (-)	224.21	(4.86)	-	219.35
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	2,148.22	53.90	-	2,202.12
ii) Interest due but not paid	657.77	-	-	657.77
iii) Interest accrued but not due	0.37	-	-	0.37
Total (i+ii+iii)	**2,806.36**	**53.90**	**-**	**2,860.26**

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	1,62,00,000	63,00,000	2,25,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	18,00,000	47,81,400	65,81,400
	(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	-	-	-
	Total (A)	**1,80,00,000**	**1,10,81,400**	**2,90,81,400**
	Ceiling as per the Act*	In view of inadequacy of profit, remuneration is paid/ payable as per the Central Government approval, wherever applicable		

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

Extract of Annual Return as on the financial year ended on March 31, 2018 (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	J.P. Sureka	Ajit Ingle*	Shyam Powar	Shashank Dixit*	O.P. Kakkar	
1	Independent Directors								
	Fee for attending board/ committee meetings	7,60,000	9,20,000	-	-	3,80,000	-	-	20,60,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-			-		
	Total (1)	7,60,000	9,20,000	-	-	3,80,000	-	-	**20,60,000**
2	Other Non-Executive Directors	-	-	-	-	-		-	-
	Fee for attending board/ committee meetings	-	-	1,60,000	2,40,000	-	60,000	3,00,000	7,60,000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	**1,60,000**	2,40,000	-	60,000	**3,00,000**	**7,60,000**
	Total (B)=(1+2)	**7,60,000**	**9,20,000**	**1,60,000**	2,40,000	**3,80,000**	**60,000**	**3,00,000**	**28,20,000**
	Total Managerial Remuneration (A+B)								**3,19,01,400**
	Overall Ceiling as per the Act	NA							

* Sitting fees for attending meetings by Nominee directors of IDBI is directly paid in the name of IDBI Bank Ltd.

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Jaikishan Pahlani, Company Secretary (From 01-04-2017 to 28-02-2018)	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11,65,974	11,65,974
	(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	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	others, specify…	-	-
5	Others, please specify: Contribution to PF & other Funds	127,280	127,280
	Total	**12,93,254**	**12,93,254**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NONE

Annexure 'B' to the Directors' Report

Information required under Section 134 of the Companies Act, 2013 read with Rules framed thereunder and forming part of the Director's Report for the year ended on March 31, 2018:

(A) Conservation of Energy

(i) Steps taken or impact on conservation of energy:

1. Improvement in condition and rectification of heat leakages in Roller Hearth Furnace at Precision Tube Division of Ahmednagar Tube Plant
2. Modification of heat treatment cycles of Roller Hearth Furnace-3 at Ahmednagar Tube Plant
3. Modification of Mill-2 power pack hydraulic arrangement at Ahmednagar Tube Plant
4. Replacement of 400 Watt HPMV overhead lights by 150 Watt LED Lights at Ahmednagar Tube Plant
5. Conversion of ECR drive room AC from air cooled to water cooled thereby reducing heat load & breakdowns at Baramati Tube Plant
6. Revamping of Roller Hearth Furnace-2 roof ceramic lining pattern to ceramic stack lining to increase the furnace life & energy saving by arresting the heat loss due to leakage at Baramati Tube Plant
7. Replacement of HPSV lamps with LED light at FVDI area at Baramati Tube Plant
8. Reduction in auxiliary consumption by providing the AC drive at RCPH Group-1 motor 180KW at Jejuri Plant

(ii) Steps taken by the Company for utilizing alternate sources of energy: None

(iii) Capital investment on energy conservation equipment's: None

(B) Technology absorption

(i) Efforts made towards technology absorption:

1. Development of square tubes at Ahmednagar Tube Plant
2. Development of spherodized annealed tubes in grade 1040Cr at Ahmednagar Tube Plant
3. Development of tubes for sleeves of Control Arm of automobile at Ahmednagar Tube Plant
4. Development of gun barrel tubes for OCTG application through Hot Finished route at Ahmednagar Tube Plant

(ii) 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 undertaken to reduce both fixed & variable costs in current scenario of reduced plant operations.

(iii) In case of imported technology (imported during the last three years reckoned from 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	2017-18	2016-17
i)	Capital	**0.00**	0.00
ii)	Recurring	**0.45**	0.96
	Total	**0.45**	0.96
	Total R & D as a % of Turnover	**0.03%**	0.09%

(C) Foreign exchange earnings and Outgo

The Company continues to strive to improve its export earnings across regions & across sectors. The Company has established strong foothold in the value added seamless tubes segment in overseas market & continue to pursue product certifications. Further details in respect of exports are set out in the annual 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 RULE THEREUNDER

1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the fianancial year 2017-18. Ratio of the remuneration of each Director to median remuneration of employees of the Company for the financial year 2017-18.

Sr. No.	Name of the Directors/ Key Managerial Personnel (KMP) and Designation	Remuneration of Directors/KMP for financial year 2017-18 (Rs)	% increase in remuneration in the Financial Year 2017-18	Ratio of the remuneration of each Director to median remuneration of executive employees
1	B. R. Taneja, Managing Director	1,80,00,000	12%	33:1
2	Rajiv Goel, Whole-time Director & Chief Financial Officer	1,35,06,000	16%	25:1
3	Jaikishan Pahlani, Company Secretary	12,93,254	8%	N.A.

2) The median remuneration of executive employees of the Company during the financial year was Rs. 5.45 Lakh p. a.

3) In the financial year under review, there was a increase of 12.35% in the median remuneration of employees.

4) There were 2,143 permanent employees on the rolls of the Company as on March 31, 2018.

5) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year 2017-18 was 14%. The percentile increase in the managerial remuneration for the same financial year was 14%.

6) Statement showing the names of the top ten employees in terms of remuneration drawn and receipt of remuneration aggregating to Rs. 8.50 Lakh per month and above.

Sr. No.	Name of the Employee	Designation	Remuneration (Rs.)	Qualifications	Experience (Yrs)	Date of commencement of employment	Age (Yrs)	Last employment held
1	Baldev Raj Taneja	Managing Director	1,80,00,000	B.E. (Mechanical)	57	December 01, 2005	82	The Indian Seamless Metal Tubes Limited
2	Rajiv Goel	Whole time Director and Chief Financial Officer	1,35,06,000	B. Com (Hons), FCA, FCS	39	December 01, 2005	64	The Indian Seamless Metal Tubes Limited
3	Kishore Bharambe	President Tube Operations	79,89,052	B.E. (Mechanical), PGDBA	29	March 27, 2002	53	The Indian Seamless Metal Tubes Limited
4	Pankaj Kumar Wahi	Executive Vice President (Finance & Accounts)	78,49,984	B. Com (Hons), ACMA, ACS	28	February 11, 2010	51	Reliance Global Management Services Limited
5	Kishore Bhapkar	Executive Vice President (Works)	51,22,886	B. E. (Mechanical)	35	December 15, 2016	55	Baramati Agro Limited
6	Rakesh Duda	Director (Corporate)	42,40,221	B. E. (Electrical)	37	April 01, 2011	64	Jai Prakash Associates Ltd.
7	Ramesh Kumar Rathi	Executive Vice President (Internal Audit)	38,37,527	B Sc, LLB , ACA	29	February 22, 2005	57	J K Industries Limited
8	Balram Agarwal	Executive Vice President (Works)	37,34,303	B.E. (Mechanical) PGDBA	24	August 01, 2013	51	Remi Metals Gujarat Limited
9	P.K. Kapoor	Executive Vice President (Works)	37,01,489	D.M.E. Master in Management Science	30	May 10, 2016	55	Chandan Steel Limited
10	Ravindra Pathak	Executive Vice President (Works)	36,69,143	B. Tech(Metallurgy), P.G. Diploma in Finance	30	April 01, 2017	49	Bhushan Power and Steel Ltd.

Notes :

1. Nature of employment is contractual for all the above employees.
2. Remuneration includes salary and allowances (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 Rules 5 (3) (viii)of The Companies (Appointment and Remuneration of Managerial Personnel) 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

Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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 **ISMT LIMITED**, 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, its 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 31st March, 2018 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 **ISMT LIMITED** for the financial year ended on 31ST March, 2018 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;
ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iv. Foreign Exchange Management Act, 1999 & rules & regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment & External Commercial Borrowings;
v. The following Regulations & Guidelines prescribed under the Securities & 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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
vi. The Company meticulously follows the provisions of other applicable laws pertaining to the industry to which the company relates and has devised requisite systems for their desired compliance

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 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

Place: Pune

Date : May 29, 2018

Directors' Report (Contd.)

'ANNEXURE A' TO SECRETARIAL AUDIT REPORT

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

Place: Pune
Date: May 29, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISMT LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of ISMT Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including other comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as Ind AS financial statements).

Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Basis for Qualified Opinion

1] The company has outstanding Minimum Alternate Tax (MAT) entitlement, classified as Deferred Tax Asset as per Ind AS- 12, Income Taxes, of Rs. 82.05 Crores as on March 31, 2018. Taking into consideration the loss during the period ended March 31, 2018 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of loss for the year ended March 31, 2018 and overstatement of other equity by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the company.

2] The company, through its subsidiary, has invested Rs. 48.43 Crores in Structo Hydraulics AB Sweden (SHAB). Net receivables (net of write offs) to the company from SHAB against the supplies made is Rs. 15.43 Crores and payment made towards invocation of guarantee given by the company in respect of loans availed by SHAB is Rs. 33.33 Crores (USD 5 Million). The Company has received the approval from regulatory authorities for treating the said payment against invocation as equity investment in SHAB (considered as investment on adoption of Ind AS) and the Company is taking steps for implementation of the same. SHAB has been incurring cash losses and its net worth is also eroded. No provision for diminution in value of investment and net receivable against supplies is made by the company as explained in Note No.3.15. We are unable to comment on the same and ascertain its impact, if any, on the Ind AS financial statements in respect of the above matters.

3] The company had recognized claim in earlier years, of which outstanding balance as on March 31, 2018 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Company has preferred appeal before the hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, Provisions, Contingent liabilities and Contingent assets. Recognition of the above claim has resulted in overstatement of other equity by Rs.39.53 Crores. Refer Note No. 3.19(i) forming part of the Ind AS financial statements.

4] Pending approval / sanction of the debt restructuring scheme by the lenders, the Company has not provided for the overdue /penal interest .The quantum and its impact, if any, on the Ind AS financial statements is unascertainable. Refer Note No. 3.17 forming part of the Ind AS 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 Ind AS 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, 2018, and its loss including total comprehensive income, the changes in equity 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 Ind AS financial statements:

a) Note No. 1.31 regarding remuneration payable to Managing Director and Executive Director amounting to Rs 3.15 Crores for the year ended March 31, 2018 (Rs. 4.39 Crores cumulative up to March 31, 2018) is subject to approval of Central Government.

b) The Company has accumulated losses and its net worth has been fully eroded, the company has incurred net cash loss during the year ended March 31, 2018 and previous years and the company's current liabilities exceeded its current assets as at March 31, 2018. These conditions indicate the existence of a material uncertainty about the company's ability to continue as a going concern. However, the financial results of the company have been prepared on a going concern basis for the reasons stated in the Note No.3.16 forming part of the financial statements.

c) Note No. 3.18 in the Ind As financial statements explaining reason for non-provision for diminution, if any, in the value of investment in wholly owned subsidiary Company "Tridem Port and Power Company Pvt. Ltd" of Rs. 108.97 Crores (including advances given of Rs. 106.39 Crores being considered as Investment on adoption of Ind AS) for setting up a thermal power project and captive port, which is discontinued and is held for sale

d) Note No. 3.19(ii) in the Ind As financial statements explaining reason for non-provision for impairment, if any, with respect to carrying value of Rs. 254.00 Crores as on March 31, 2018 of 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra, which is non-operational for last three years and is held for sale.

Our opinion is not qualified in respect of these matters.

Other Matters

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the financial statements for the year ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended), which were audited by predecessor Auditors, whose audit report for the year ended March 31, 2017 and March 31, 2016 dated May 30, 2017 and dated May 27 ,2016 respectively expressed an modified opinion on those financial statements. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

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, 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.

(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 (Including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act and the rules prescribed thereunder;

(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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 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 Damania & Varaiya.
Chartered Accountants
Firm's registration No.:102079W

CA Bharat Jain
Partner
Membership No.: 100583

Place: Pune
Date: June 11, 2018

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S 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) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are 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 explanations 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 Act 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 generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Goods & Service Tax, Central Sales Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues with the appropriate authorities barring marginal delays in depositing the same with the above 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, 2018 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 explanations given to us, the company has defaulted in repayment of dues to banks and Government. Details of defaults are mentioned in Annexure- II to this report. 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 the term loans.

(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 the details of such transactions have been disclosed in the Ind AS 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 Damania & Varaiya.
Chartered Accountants
Firm's registration No.:102079W

CA Bharat Jain
Partner
Membership No.: 100583

Place: Pune
Date: June 11, 2018

Annexure - I

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

Rs. in Crore

Nature of Statue	Nature of Dues	Amount Disputed	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales Tax	0.09	Tribunal
		6.42	Dy. Commissioner (Appeals)
		0.01	High Court, Bombay
		0.41	Dy. Commissioner
Maharashtra Sales Tax Act, 1959	Sales Tax	0.81	Tribunal
		0.47	High Court, Bombay
		5.76	Dy. Commissioner (Appeals)
		1.32	Joint Commissioner (Appeal)
Central Excise Act, 1944	Excise Duty	9.10	CESTAT
		5.44	High Court, Bombay
		0.89	Commissioner
		0.60	Asst. Commissioner
		1.02	Add. Commissioner
Customs Act,1962	Custom Duty	1.49	Dy. Commissioner
		2.50	Asst. Commissioner
Income Tax Act, 1961	Income Tax	1.43	CIT(A), Pune

Annexure II

Installments due including interest outstanding as at March 31, 2018:

Rs. in Crore

Name of the Lenders/ Government	0-30 Days	31-60 Days	61- 90 Days	More than 90 Days	Total
Andhra Bank	3.33	0.84	0.94	55.74	60.85
Bank of Baroda	14.29	2.66	2.95	181.55	201.45
Bank of India	9.02	9.91	7.57	233.53	260.03
Bank of Maharashtra	3.59	8.64	5.92	170.29	188.44
Central Bank of India	0.57	0.33	0.37	38.66	39.93
ICICI Bank Limited	6.60	-	-	49.33	55.93
*Edelweiss Asset Reconstruction Co. Ltd.	1.36	0.69	0.77	26.72	29.54
IDBI Bank Limited	3.77	2.39	2.64	69.13	77.93
IKB Deutsche Industrie Bank AG	-	-	-	47.45	47.45
**Asset Reconstruction Company India Ltd.	6.11	3.58	7.64	115.43	132.76
State Bank of India	1.12	0.68	0.75	54.53	57.08
			-	-	-
Total	**49.76**	**29.72**	**29.55**	**1042.36**	**1151.39**

* Loans Assigned by ICICI Bank Limited

** Loans Assigned by Indian Overseas Bank

Annexure III

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

Rs. in Crores

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	NIL	-	Nil	-
Provided	1.80	1.80	-	-
Executive Director Remuneration:				
Paid	1.22	1.22	#1.22	-
Provided	0.13	0.13	-	-
Total	**3.15**	**3.15**	**1.22**	

Recoverable, if, no Central Government approval is received.

Rs.1.24 Crores of 2016-17 paid / provided, for which Central Government's approval is pending.

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(i) 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 31,2018 in conjunction with our audit of the Ind AS 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.

Auditor's 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.

Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, 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.

For Damania & Varaiya.
Chartered Accountants
Firm's registration No.:102079W

CA Bharat Jain
Partner
Membership No.: 100583

Place: Pune
Date: June 11, 2018

BALANCE SHEET AS AT MARCH 31, 2018

Rs. in Crore

Particulars	Note No.	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
ASSETS							
Non - Current Assets							
a) Property, Plant and Equipment	1.1	**1,164.61**		1,206.64		1,271.55	
b) Capital Work-in-Progress		**2.28**		17.29		5.01	
c) Financial Assets							
i) Investments	1.2	**192.53**		191.43		174.13	
ii) Trade Receivables	1.3	**-**		-		-	
iii) Loans	1.4	**13.67**		10.64		0.55	
iv) Others Financial Assets	1.5	**-**		0.04		0.31	
d) Deferred Tax Asset (Net)	1.6	**82.05**		82.05		82.05	
e) Other Non Current Assets	1.7	**5.47**		4.83		8.90	
Sub Total			**1,460.61**		1,512.92		1,542.50
Current Assets							
a) Inventories	1.8	**333.64**		322.64		331.25	
b) Financial Assets							
i) Trade Receivables	1.9	**225.31**		195.06		180.27	
ii) Cash and Cash Equivalents	1.10	**21.96**		16.14		7.94	
iii) Bank Balance other than (ii) above	1.11	**29.69**		32.25		25.21	
iv) Loans	1.12	**0.86**		1.56		8.59	
v) Others Financial Assets	1.13	**0.91**		1.15		1.08	
c) Current Tax Assets (Net)	1.14	**3.83**		9.53		9.08	
d) Other Current Assets	1.15	**110.80**		105.80		117.67	
Sub Total			**727.00**		684.13		681.09
Assets held for sale			**254.00**		248.26		247.85
Total Assets			**2,441.61**		2,445.31		2,471.44
EQUITY AND LIABILITIES							
EQUITY							
a) Equity Share Capital	1.16	**73.25**		73.25		73.25	
b) Other Equity	1.17	**(662.71)**		(423.36)		(144.48)	
Total Equity			**(589.46)**		(350.11)		(71.23)
LIABILITIES							
Non - Current Liabilities							
a) Financial Liabilities							
i) Borrowings	1.18	**401.71**		624.71		811.11	
b) Provisions	1.19	**5.06**		5.96		6.54	
c) Other Liabilities	1.20	**2.07**		4.10		6.14	
Sub Total			**408.84**		634.77		823.79
Current Liabilities							
a) Financial Liabilities							
i) Borrowings	1.21	**1,066.01**		1,058.65		922.42	
ii) Trade Payables	1.22	**101.81**		128.94		218.12	
iii) Others Financial Liabilities	1.23	**1,432.72**		957.72		566.66	
b) Provisions	1.24	**2.24**		2.98		2.87	
c) Other Current Liabilities	1.25	**19.45**		12.36		8.81	
Sub Total			**2,622.23**		2,160.65		1,718.88
Total Equity and Liabilities			**2,441.61**		2,445.31		2,471.44
Significant Accounting Policies	2						
Notes to Accounts	3						

As per our report of even date

For Damania & Varaiya
Chartered Accountants
Firm Registration No. 102079W

CA Bharat Jain
Partner
M. No.100583

Pune, June 11, 2018

For and on behalf of the Board of Directors

B. R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Chetan Nathani
Company Secretary
Pune, June 11, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

Rs. in Crore

Particulars	**Note No.**	**2017-18**		2016-17	
INCOME					
REVENUE FROM OPERATIONS					
Sale of Products	1.26	**1,915.31**		1,416.45	
Less: Inter Segment Transfers		**345.94**		227.92	
: Inter Division Transfers		**104.42**		51.42	
Net Sales			**1,464.95**		1,137.11
Other Operating Income	1.27		**25.30**		25.18
Other Income	1.28		**10.13**		8.90
Total Income			**1,500.38**		1,171.19
EXPENSES:					
Cost of Materials Consumed	1.29		**796.52**		522.96
Purchases of Stock-in-Trade			**-**		0.04
Changes in Inventories of Finished Goods & Work-in-Progress	1.30		**(13.01)**		13.01
Employee Benefits Expense	1.31		**126.09**		110.86
Finance Cost	1.32		**274.85**		269.23
Depreciation	1.33		**58.55**		63.18
Other Expenses	1.34		**504.69**		472.36
Total Expenses			**1,747.69**		1,451.64
Profit / (Loss) Before Exceptional Item and Tax			**(247.31)**		(280.45)
Exceptional Item					
Foreign Exchange (Gain)/Loss			**(6.38)**		(0.83)
Profit / (Loss) before Tax			**(240.93)**		(279.62)
Tax Expenses					
Current Tax			**-**		-
Deferred Tax			**-**		-
Earlier Years Tax			**(0.98)**		-
Profit / (Loss) for the Year			**(239.95)**		(279.62)
Other Comprehensive Income					
a) Items that will not be reclassified to profit and loss					
(i) Re-measurement gains/(losses) on defined benefit plans			**0.60**		0.74
(ii) Income tax effect on above			**-**		-
Other Comprehensive Income			**0.60**		0.74
Total Comprehensive Income for the year			**(239.35)**		(278.88)
Earning per Equity Share (Face Value of Rs. 5/- each)			**(16.38)**		(19.09)
Significant Accounting Policies	2				
Notes to Accounts	3				

As per our report of even date
For Damania & Varaiya
Chartered Accountants
Firm Registration No. 102079W

CA Bharat Jain
Partner
M. No.100583

Pune, June 11, 2018

For and on behalf of the Board of Directors

B. R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Chetan Nathani
Company Secretary
Pune, June 11, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Rs. in Crore

	Particulars	2017-18		2016-17	
i)	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	Net Profit / (Loss) Before Tax		**(240.93)**		(279.62)
	Adjustments for :				
	Loss on Asset Discarded	-		0.11	
	Depreciation	**58.55**		63.18	
	Finance Costs	**274.85**		269.23	
	Interest Income	**(3.90)**		(3.83)	
	Unrealised Exchange (Gain) / Loss	**(1.63)**		(2.18)	
	Provision for Doubtful Debts	**5.68**		6.33	
	Bad Debts	-		7.44	
	Provision for expected credit loss	**(0.99)**		(2.61)	
	Remeasurement of Defined Benefit Plan	**0.60**		0.74	
			333.16		338.41
	Operating Cash Profit before Working Capital Changes		**92.23**		58.79
	Adjustments for :				
	Trade and Other Receivables	**(39.59)**		(43.06)	
	Inventories (Increase) / Decrease	**(11.01)**		8.62	
	Trade Payables and Other Liabilities	**(27.40)**		(116.37)	
			(78.00)		(150.81)
	Taxes (Paid) / Refund		**6.69**		(0.45)
	Net Cash flow from Operating Activities		**20.92**		(92.47)
ii)	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Property, Plant and Equipments (net)	**(3.21)**		(10.60)	
	Interest Received	**2.79**		2.32	
	Purchase of Investment	-		(0.02)	
	Net Cash used in Investing Activities		**(0.42)**		(8.30)
iii)	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Dividend Paid	**(0.56)**		(0.60)	
	Proceeds from /(Repayment of) Borrowings	**(4.13)**		(4.20)	
	Interest Paid	**(17.35)**		(22.46)	
	Net Cash from Financing Activities		**(22.04)**		(27.26)
	Net Increase / (Decrease) in Cash and Cash Equivalents		**(1.54)**		(128.03)
	Cash and Cash Equivalents at the beginning of the year*		**(1,042.51)**		(914.48)
	Cash and Cash Equivalents at the end of the year *		**(1,044.05)**		(1,042.51)
	Net Increase / (Decrease) in Cash & Cash Equivalents		**(1.54)**		(128.03)

Note: The cash flow statement is prepared using the "indirect method" set out in Ind AS 7 - "Statement of Cash Flows".

***Cash and Cash Equivalents comprises the following**

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April1, 2016
(a) Balance with Banks (in current accounts)	**20.15**	16.08	7.89
(b) Money in Transit	**1.77**	-	-
(c) Cash in Hand	**0.04**	0.06	0.05
	21.96	16.14	7.94
Less: Bank Overdraft (Refer Note No. 1.21)	**1,066.01**	1,058.65	922.42
Cash and Cash Equivalents	**(1,044.05)**	(1,042.51)	(914.48)

As per our report of even date
For Damania & Varaiya
Chartered Accountants
Firm Registration No. 102079W

CA Bharat Jain
Partner
M. No.100583

Pune, June 11, 2018

For and on behalf of the Board of Directors

B. R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Chetan Nathani
Company Secretary
Pune, June 11, 2018

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

NOTE NO. 1.1 PROPERTY, PLANT AND EQUIPMENT

Rs. in Crore

Particulars	Land Freehold	Land Leasehold #	Buildings	Plant and machinery	Furniture and Fixtures	Office Equipment	Vehicles	Asset under Lease- Plant and machinery	Total
Cost or valuation									
As at April 1, 2016	**2.08**	**217.49**	**126.48**	**1,621.10**	**4.81**	**12.31**	**1.52**	**6.96**	**1,992.75**
Additions	-	-	-	(1.06)	-	0.15	-	-	(0.91)
Disposals	-	-	-	1.08	-	-	-	6.96	8.04
As at March 31, 2017	**2.08**	**217.49**	**126.48**	**1,618.96**	**4.81**	**12.46**	**1.52**	**-**	**1,983.80**
Additions	-	-	0.09	16.34	-	0.09	-	-	16.52
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2018	**2.08**	**217.49**	**126.57**	**1,635.30**	**4.81**	**12.55**	**1.52**	**-**	**2,000.32**
Depreciation									
As at April 1, 2016	**-**	**4.92**	**45.99**	**649.11**	**4.05**	**11.81**	**1.44**	**3.88**	**721.20**
Charge for the year	-	3.24	4.57	51.99	0.23	0.07	-	3.08	63.18
Disposals	-	-	-	0.26	-	-	-	6.96	7.22
As at March 31, 2017	**-**	**8.16**	**50.56**	**700.84**	**4.28**	**11.88**	**1.44**	**-**	**777.16**
Charge for the year	-	3.23	4.58	*50.50	0.15	0.09	-	-	58.55
Disposals	-		-	-	-	-	-	-	-
As at March 31, 2018	**-**	**11.39**	**55.14**	**751.34**	**4.43**	**11.97**	**1.44**	**-**	**835.71**
Net Block									
As at April 1, 2016	**2.08**	**212.57**	**80.49**	**971.99**	**0.76**	**0.50**	**0.08**	**3.08**	**1,271.55**
As at March 31, 2017	**2.08**	**209.33**	**75.92**	**918.12**	**0.53**	**0.58**	**0.08**	**-**	**1,206.64**
As at March 31, 2018	**2.08**	**206.10**	**71.43**	**883.96**	**0.38**	**0.58**	**0.08**	**-**	**1,164.61**

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 in the year 2014-15. Depreciation provided on the revalued amount of Rs. 3.14 Crore (Previous Year Rs. 3.14 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, Mumbai between The Indian Seamless Metal Tubes Limited and the Company amounting to Rs. 3.84 Crore (Previous Year Rs. 4.03 Crore) has been transferred from Amalgamation Reserve to General Reserve.

* Additions to Plant and Machinery include Exchange Difference loss of Rs. 0.39 Crore (Previous Year gain Rs. 2.88 Crore).

NOTE NO. 1.2 NON CURRENT FINANCIAL ASSETS - INVESTMENTS

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at March 31, 2016
I) Investment in Equity Instruments-Unquoted			
a) In Subsidairy Companies (At Cost)			
i) ISMT Enterprises S.A.,Luxembourg 8,06,757 (March 31, 2017- 8,06,757; April 01, 2016-8,06,757) Equity Shares of Euro 10 each fully paid	**48.43**	48.43	48.43
ii) Tridem Power and Port Company Pvt. Ltd 25,80,300 (March 31, 2017- 25,80,300 ; April 01 2016- 25, 80,300) Equity Shares of Rs 10 each fully paid	**2.58**	2.58	2.58
iii) Indian Seamless INC. U.S.A. 3,17,900 (March 31, 2017- 3,17,900; April 01, 2016-3,17,900) Equity Shares of USD of 1 each fully paid	**1.78**	1.78	1.78
Sub Total	**52.79**	52.79	52.79
b) In Other Companies			
(At Fair Value Through Profit or Loss (FVTPL))			
i) OPGS Power Gujarat Pvt. Ltd 10,84,000 (March 31, 2017- 9,69,000; April 01, 2016- Nil) Equity Shares of Rs. 0.10 each fully paid	**0.02**	0.02	-
Sub Total	**0.02**	0.02	-
Total Investment in Equity Investments (a+b)	**52.81**	52.81	52.79
II)Investment in Subsidiary – Others (At Cost)			
i) Structo Hydraulics AB, Sweden (Refer Note. No. 3.15)	**33.33**	33.33	16.58

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
ii) Advance to Tridem Power and Port Company Pvt. Ltd (Refer Note. No. 3.18)	**106.39**	105.29	104.76
Total Investment in Subsidiary - Equity Component	**139.72**	138.62	121.34
Total Non Current Investment (I+II)	**192.53**	191.43	174.13
Aggregate amount of unquoted investments	**192.53**	191.43	174.13
Financial assets carried at cost	**192.51**	191.41	174.13
Financial assets carried at Fair Value Through Profit or Loss	**0.02**	0.02	-

NOTE NO. 1.3 NON CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured Considered Doubtful	**27.48**	63.47	57.14
Less: Provision for Doubtful	**27.48**	63.47	57.14
Total	**-**	-	-

NOTE NO. 1.4 NON CURRENT FINANCIAL ASSETS - LOANS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Security Deposits	**13.67**	10.64	0.55
Total	**13.67**	10.64	0.55

NOTE NO. 1.5 NON CURRENT FINANCIAL ASSETS - OTHERS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Margin Money Deposits against Guarantees / Letter of Credit / with more than 12 months maturity	**-**	0.04	0.31
Total	**-**	0.04	0.31

NOTE NO. 1.6 DEFERRED TAX ASSETS (Net)

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) Deferred Tax Liabilities			
Depreciation	**245.64**	233.60	231.97
	245.64	233.60	231.97
ii) Deferred Tax Assets			
a) Accumulated Tax Lossess*	**29.43**	11.56	26.49
b) Unabsorbed Tax Depreciation	**208.03**	197.23	183.16
c) Deduction eligible in future period in respect of expenses already debited to the statement of Profit and Loss	**8.18**	24.81	22.32
	245.64	233.60	231.97
iii) MAT Credit Entitlement	**82.05**	82.05	82.05
Deferred Tax Assets (Net)	**82.05**	82.05	82.05

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

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

NOTE NO. 1.7 NON CURRENT ASSETS - OTHERS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) Capital Advances	**0.20**	0.27	5.61
ii) Security Deposits	**1.91**	1.90	2.15
iii) Deferred Expenses	**2.23**	1.53	0.01
iv) Statutory Refunds from Government Authorities	**1.13**	1.13	1.13
Total	**5.47**	4.83	8.90

NOTE NO. 1.8 CURRENT ASSETS - INVENTORIES
(Valued at cost or net realisable value whichever is lower)

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) Raw Materials	**82.78**	61.09	50.17
ii) Work-in-progress	**59.39**	97.78	110.31
iii) Finished goods	**99.53**	55.39	55.87
iv) Stores, Spares and Consumables	**91.94**	108.38	114.90
Total	**333.64**	322.64	331.25

NOTE NO. 1.9 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES
(Net of bills discounted with Banks)

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured			
Considered Good	**229.42**	200.16	187.98
Less: Provision for Expected Credit Loss	**4.11**	5.10	7.71
Total	**225.31**	195.06	180.27

NOTE NO. 1.10 CURRENT FINANCIAL ASSETS - CASH AND BANK BALANCES

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Cash and Cash Equivalents			
i) Balances with Banks	**20.15**	16.08	7.89
ii) Money -in-Transit	**1.77**	-	-
iii) Cash on Hand	**0.04**	0.06	0.05
Total	**21.96**	16.14	7.94

NOTE NO. 1.11 CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Other Earmarked Balances			
i) Unclaimed Dividend Accounts	**1.17**	1.73	2.33
ii) Unclaimed Debentures Accounts	**0.02**	0.02	0.02
iii) Deposits with Banks	**28.50**	30.50	22.86
Total	**29.69**	32.25	25.21
Deposits with Banks includes:			
i) Margin Money Deposits against Guarantees / Letter of Credit / with less than 12 months maturity	**28.50**	30.50	22.86

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

NOTE NO. 1.12 CURRENT FINANCIAL ASSETS - LOANS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured , Considered Good			
i) Security Deposits	**-**	0.55	6.28
ii) Loan and advance to Employees	**0.86**	1.01	2.31
Total	**0.86**	1.56	8.59

NOTE NO. 1.13 CURRENT FINANCIAL ASSETS - OTHERS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) Security Deposits	**0.65**	0.31	0.29
ii) Interest Receivables	**0.26**	0.84	0.79
Total	**0.91**	1.15	1.08

NOTE NO. 1.14 CURRENT TAX ASSETS (Net)

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Taxes paid	**4.02**	102.58	102.07
Less: Provision for Tax	**0.19**	93.05	92.99
Total	**3.83**	9.53	9.08

NOTE NO. 1.15 OTHER CURRENT ASSETS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) Balance with Custom and Excise	**11.76**	11.91	8.38
ii) Export Incentives and Other Refunds	**69.91**	79.70	85.59
iii) Others	**28.08**	13.36	23.45
iv) Deferred Expenses	**1.05**	0.83	0.25
Total	**110.80**	105.80	117.67

NOTE NO. 1.16 EQUITY SHARE CAPITAL

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Authorised			
i) 17,50,00,000 (March 31, 2017 - 17,50,00,000 and April 1, 2016 - 17,50,00,000) Equity Shares of Rs.5/- each.	**87.50**	87.50	87.50
ii) Unclassified Shares	**71.00**	71.00	71.00
	158.50	158.50	158.50
Issued, Subscribed and fully Paid up:			
i) 14,65,01,383 (March 31, 2017 - 14,65,01,383 and April 1, 2016 - 14,65,01,383) Equity Shares of Rs 5/- each.	**73.25**	73.25	73.25

The company has only one class of issued shares having par value of Rs. 5 /- each holder of equity shares is entitled to one vote per share.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

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

Particulars	March 31, 2018		March 31 , 2017		April 01, 2016	
	Equity Shares Number	Rs. in Crores	Equity Shares Number	Rs. in Crores	Equity Shares Number	Rs. in Crores
Shares outstanding at the beginning of the year	**14,65,01,383**	**73.25**	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	14,65,01,383	73.25

The details of shareholders holding more than 5% shares.

Name of Shareholders	March 31, 2018		March 31 , 2017		April 01, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Seamless Enterprises Limited	68,918,858	47.04%	68,917,858	47.04%	55,533,788	37.91%
Vishkul Leather Garments Private Limited.	-	-	-	-	13,383,770	9.14%
Jiten Kirtanlal Shah	7,418,640	5.06%	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.

NOTE NO. 1.17 OTHER EQUITY

Rs. in Crore

Particulars	Reserve and Surplus							Items of Other Comprehensive Income – Items that will not be reclassified to profit and Loss	Total
	Capital Reserve	Capital Redemption Reserve	Revaluation Reserve	Amalgamation Reserve	Reserve for Contingencies	General Reserve	Retained Earnings	Re-measurement of the net defined benefit plans	
As at April 1, 2016 (A)	**6.94**	**80.60**	**206.54**	**11.52**	**1.91**	**409.97**	**(861.96)**	**-**	**(144.48)**
Adjustments:									
Add : Transferred to General Reserves	-	-	(3.14)	(4.03)	-	7.17	-	-	-
Add: Remeasurement of the net defined benefit plans	-	-	-	-	-	-	-	0.74	0.74
Add: Profit / (Loss) for the year	-	-	-	-	-	-	(279.62)	-	(279.62)
Total (B)	**-**	**-**	**(3.14)**	**(4.03)**	**-**	**7.17**	**(279.62)**	**0.74**	**(278.88)**
As at March 31, 2017 (C) = (A) + (B)	**6.94**	**80.60**	**203.40**	**7.49**	**1.91**	**417.14**	**(1,141.58)**	**0.74**	**(423.36)**
Adjustments:									
Add : Transferred to General Reserves	-	-	(3.14)	(3.84)	-	6.98	-	-	-
Add: Remeasurement of the net defined benefit plans	-	-	-	-	-	-	-	0.60	0.60
Add: Profit / (Loss) for the year	-	-	-	-	-	-	(239.95)	-	(239.95)
Total (D)	**-**	**-**	**(3.14)**	**(3.84)**	**-**	**6.98**	**(239.95)**	**0.60**	**(239.35)**
As at March 31, 2018 (E) = (C) + (D)	**6.94**	**80.60**	**200.26**	**3.65**	**1.91**	**424.12**	**(1,381.53)**	**1.34**	**(662.71)**

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

NATURE AND PURPOSE OF RESERVES

A Capital Reserve

Represents application money on Equity Share Warrants not exercised.

B Capital Redemption Reserve

Represents Reserve created at the time of redemption of Preference Shares.

C Revaluation Reserve

Represents revaluation of Leasehold Land located at Ahmednagar and Baramati.

D Amalgamation Reserve

Arising out of the Scheme of Arrangement between The Indian Seamless Metal Tubes Limited and the Company.

E Reserve for Contingencies

Arising out of the Scheme of Arrangement between the Company and Jejuri Steel & Alloys Limited.

F General Reserve

Represents profit transferred from Statement of Profit and Loss Account and are available for distribution to Shareholders.

G Retained Earnings

Represents Net Loss incurred by the Company as on March 31, 2018.

NOTE NO. 1.18 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. in Crore

Particulars	**As at March 31, 2018**		As at March 31 , 2017		As at April 01, 2016	
SECURED LOANS :						
Term Loans :						
i) From Banks						
a) Rupee Loans	**275.23**		515.00		630.54	
b) Foreign Currency Loans	**19.54**		78.73		161.84	
		294.77		593.73		792.38
ii) From Others						
Rupee Loans		**93.52**		14.75		-
UNSECURED LOANS :						
i) Sales Tax Deferral Loan		**7.40**		10.93		14.05
ii) Others – From Associate Company		**6.02**		5.30		4.68
Total		**401.71**		624.71		811.11

Secured Loans from Others represents Term Loans assigned by Banks to Asset Reconstruction Companies (ARC's) .

Security

i) Term Loans of Rs. 802.62 Crore (including current maturities of Rs.520.27 Crore) (March 31, 2017 - Rs 802.26 Crore including current maturities of Rs. 338.25 Crore and April 1, 2016 - Rs 804.94 Crore including current maturities of Rs. 199.66 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) and (iv) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (v). These loans are further stipulated to be secured by a second charge ranking pari passu by way of hypothecation with other term lenders on the current assets of the Company on which the first pari passu charge is stipulated to be covered in favour of consortium of banks as mentioned in Note No. 1.21.

(ii) Term Loans of Rs. 108.00 Crore (including current maturities of Rs.21.60 Crore) (March 31, 2017 - Rs 108.00 Crore including current maturities of Rs. 8.10 Crore and April 1, 2016 Rs 108.00 Crore including current maturities of Rs. 1.35 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 (iv) has been stipulated and on 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.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

iii) Term Loans of Rs. 12.71 Crore (including current maturities of Rs. 12.71 Crore) (March 31, 2017 Rs. 12.71 Crore including current maturities of Rs.12.71 Crore and April 1, 2016 Rs. 12.73 Crore including current maturities of Rs. 12.73 Crore) are stipulated to be secured by exclusive charge on the equipment financed.

iv) Term Loans of Rs. 79.38 Crore (including current maturities of Rs. 59.84 Crore) (March 31, 2017 Rs. 79.13 Crore including current maturities of Rs.46.27 Crore and April 1, 2016 Rs. 80.96 Crore including current maturities of Rs. 33.64 Crore) are stipulated to be secured by exclusive charge on the equipment financed.

v) Term Loans of Rs. 105.10 Crore (including current maturities of Rs.105.10 Crore) (March 31, 2017 Rs. 100.00 Crore including current maturities of Rs. 88.31 Crore and April 1, 2016 Rs. 103.87 Crore including current maturities of Rs. 70.74 Crore) are stipulated to be secured by first charge ranking pari passu on the Company's immovable properties and movable fixed assets relating to Captive Power Projects of the Company located in Chandrapur district.

vi) Further out of the above term loans from banks, loans amounting to Rs.400.50 Crores are secured by unencumbered properties located at Ahmednagar and Jejuri and also guaranteed by the Managing Director of the Company.

vii) Maturity Schedule

Particulars	1-2 year	2-3 year	3-4 year	Beyond 4 years
a) Secured Term Loans	122.54	105.02	102.42	58.31
b) Sales Tax Deferral Loan	5.06	2.81	0.85	0.52

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

NOTE NO. 1.19 NON CURRENT LIABILITIES - PROVISIONS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for Employee Benefits			
Leave Encashment	**5.06**	5.96	6.54
Total	**5.06**	5.96	6.54

NOTE NO. 1.20 NON CURRENT LIABILITIES - OTHERS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) Deferred - Sales Tax	**1.34**	2.65	3.96
ii) Deferred Income	**0.73**	1.45	2.18
Total	**2.07**	4.10	6.14

NOTE NO. 1.21 CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
SECURED			
Loans Repayable on Demand			
Working Capital Borrowings From Banks			
i) Rupee Loans	**763.04**	987.91	891.10
Working Capital Borrowings From Others			
i) Rupee Loans	**271.65**	39.42	-
Unsecured			
Working Capital Borrowings From Banks			
i) Rupee Loans	**31.32**	31.32	31.32
Total	**1,066.01**	1,058.65	922.42

Working Capital Borrowings from Others represents Loans assigned by Banks to ARC's.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

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. 1.18 (i) .

NOTE NO. 1.22 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Acceptances	**5.73**	40.08	113.90
Other Trade Payables			
i) Micro,Small and Medium Enterprises (Refer Note No.3.6)	**0.01**	0.05	0.03
ii) Others	**96.07**	88.81	104.19
Total	**101.81**	128.94	218.12

NOTE NO. 1.23 CURRENT FINANCIAL LIABILITIES - OTHERS

Rs. in Crore

Particulars	As at March 31, 2018		As at March 31 , 2017		As at April 01, 2016	
Current Maturities of Long-Term Debt						
a) SECURED						
Term Loans :						
From Banks						
i) Rupee Loans	**369.87**		282.47		186.66	
ii) Foreign Currency Loans	**271.07**		206.17		131.46	
	@	**640.94**		488.64		318.12
From Others						
Rupee Loans	@	**78.57**		4.98		-
b) UNSECURED						
i) Sales Tax Deferral Loan		**5.06**		5.07		4.75
c) Other Payables – Capital creditors		**4.41**		6.56		4.67
d) Interest accrued but not due on borrowings		**0.37**		0.41		0.60
e) Interest accrued and due on borrowings *		**657.77**		400.22		153.27
f) Unclaimed dividends #		**1.17**		1.73		2.32
g) Provision for Expenses		**27.52**		23.26		18.12
f) Other Liabilities ##		**16.91**		26.85		64.82
Total		**1,432.72**		957.72		566.66

Rs. in Crore

Delay in No. of Days	As at March 31, 2018		As at March 31 , 2017		As at April 01, 2016	
	Principal @	**Interest ***	Principal @	Interest *	Principal @	Interest *
0 - 30 Days	**26.31**	**23.45**	23.60	23.36	17.54	22.92
31 - 60 Days	**11.01**	**18.71**	5.22	18.67	3.91	31.62
61 - 90 Days	**8.90**	**20.64**	7.92	23.29	38.15	0.04
More than 90 Days	**447.40**	**594.97**	281.38	334.90	72.89	98.69
Total	**493.62**	**657.77**	318.12	400.22	132.49	153.27

Over due amount of interest and principal instalments as on March 31, 2018 are disclosed based on the terms of sanction of loans. (Refer Note No. 3.17 of Notes to Accounts).

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

a) Secured Loans from others represents Term Loans assigned by Banks to ARC's.

b) Interest accrued and due on borrowings includes Rs. 123.44 Crore assigned by Banks to ARC's.

The amounts of unclaimed matured debentures including interest accrued and unclaimed dividends will be transferred to Investor Education and Protection Fund when due.

Other Liabilities includes Buyer's Credit - Others Rs. Nil Crore (March 31, 2017 Buyers Credit-Others Rs 12.01Crore and Rs.48.17 Crore as at 01st April, 2016).

NOTE NO. 1.24 CURRENT LIABILITIES - PROVISIONS

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
Provision for Employee Benefits			
i) Gratuity	**0.68**	0.93	0.78
ii) Leave Encashment	**0.56**	0.61	0.11
iii) Superannuation	**1.00**	1.44	1.98
Total	**2.24**	2.98	2.87

NOTE NO. 1.25 OTHER CURRENT LIABILITIES

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
i) Advances From Customers	**16.42**	9.13	5.89
ii) Deferred Sales Tax	**1.30**	1.31	1.37
iii) Deferred Income	**0.73**	0.73	0.73
iv) Other Liabilities	**1.00**	1.19	0.82
Total	**19.45**	12.36	8.81

NOTE NO. 1.26 REVENUE FROM OPERATIONS

SALE OF PRODUCTS

Rs. in Crore

Particulars	**2017-18**	2016-17
i) Tube #	**1,108.68**	749.82
ii) Steel	**806.63**	666.63
Gross Sales	**1,915.31**	1,416.45

includes traded goods sold of Rs. Nil (Previous year Rs. 0.04 Crore).

NOTE NO. 1.27 OTHER OPERATING REVENUE (GROSS)

Rs. in Crore

Particulars	**2017-18**		2016-17	
Other Operating Revenues				
i) Sale of Scrap (Gross)	**65.88**		46.21	
Less : Inter Segment Transfers	**48.21**		37.81	
		17.67		8.40
ii) Export Incentives		**6.10**		4.46
iii) Mega Project Incentives		**1.53**		12.32
Total		**25.30**		25.18

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

NOTE NO. 1.28 OTHER INCOME

Rs. in Crore

Particulars	2017-18	2016-17
i) Interest Income #	**2.22**	2.38
ii) Miscellaneous Income	**4.92**	3.69
iii) Interest Income on financial instruments measured at amortised cost	**1.68**	1.45
iv) Government Grant-Sales Tax Deferral	**1.31**	1.38
Total	**10.13**	8.90

includes interest received from Bank of Rs. 1.55 Crore (Previous year Rs. 1.57 Crore).

NOTE NO. 1.29 COST OF RAW MATERIAL CONSUMED

Rs. in Crore

Particulars	2017-18	2016-17
Opening Stock	**61.09**	50.17
Add : Purchases made during the year	**818.21**	533.88
	879.30	584.05
Less : Closing Stock	**82.78**	61.09
Total	**796.52**	522.96

RAW MATERIAL CONSUMED

Rs. in Crore

Particulars	2017-18	2016-17
Tube Segment		
Steel Bars	**706.56**	425.32
Less : Inter Segment Transfers included in above	**335.88**	202.22
Net Consumption	**370.68**	223.10
Steel Segment		
i) Pig & Sponge Iron, DRI and Steel Scrap	**406.61**	287.74
ii) Ferro Alloys	**66.13**	45.74
	472.74	333.48
Less : Inter Segment Transfer	**46.90**	33.62
Net Consumption	**425.84**	299.86
Total Raw Material Consumed **Total**	**796.52**	522.96

NOTE NO. 1.30 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Rs. in Crore

Particulars	2017-18	2016-17
Closing Stock		
i) Finished goods	**99.53**	55.39
ii) Work-in-Progress	**59.39**	97.78
	158.92	153.17
Opening Stock		
i) Finished goods	**55.39**	55.87
ii) Work-in-Progress	**97.78**	110.31
	153.17	166.18
(Increase)/ Decrease in Inventories		
i) Finished Goods	**(44.14)**	0.48
ii) Work-in-Progress	**38.39**	12.53
	(5.75)	13.01
Excise Duty on Opening Stock of Finished Goods	**(7.26)**	-
Total	**(13.01)**	13.01

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

Rs. in Crore

Particulars	2017-18	2016-17
i) Tube	**49.87**	77.38
ii) Steel	**9.52**	20.40
Total	**59.39**	97.78

NOTE NO. 1.31 EMPLOYEE BENEFITS EXPENSE

Rs. in Crore

Particulars	2017-18	2016-17
i) Salaries, Wages, Bonus and Allowances #	**107.80**	94.56
ii) Contributions to Provident Fund & Other Funds	**11.27**	10.13
iii) Staff Welfare Expenses	**7.02**	6.17
Total	**126.09**	110.86

Salaries, Wages, Bonus and Allowances includes remuneration paid / payable to Managing Director and Executive Director amounting to Rs. 3.15 Crore (Previous Year of Rs. 1.92 Crore) is subject to approval of Central Government.

NOTE NO. 1.32 FINANCE COST

Rs. in Crore

Particulars	2017-18		2016-17	
i) Interest Expenses				
a) Term Loans	**118.56**		117.60	
b) Working Capital and others	**148.91**		141.79	
		267.47		259.39
ii) Other Finance Costs *		**7.38**		9.84
Total		**274.85**		269.23

* includes interest cost on Employee Defined Benefits Plan gain of Rs. 0.02 Crore (previous year expense of Rs. 0.03 Crore).

NOTE NO. 1.33 DEPRECIATION

Rs. in Crore

Particulars	2017-18	2016-17
i) Depreciation for the year	**58.55**	63.18
Total	**58.55**	63.18

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

NOTE NO. 1.34 OTHER EXPENSES

Rs. in Crore

Particulars	2017-18		2016-17	
i) Materials				
a) Stores and Spares	**65.17**		39.20	
b) Consumables	**75.37**	**140.54**	37.39	76.59
ii) Energy				
a) Power Charges	**155.03**		136.54	
b) Fuel	**55.62**		44.07	
c) Gases	**19.27**		14.99	
d) Coal	**0.02**		-	
		229.94		195.60
iii) Direct Manufacturing				
a) Processing Charges	**7.96**		5.84	
b) Other Direct Expenses	**25.02**		17.91	
c) Repairs Maintenance to Plant and Machinery	**4.83**		3.23	
d) Repairs to Factory Building	**0.47**		0.65	
e) Machine Rentals	**1.65**		1.14	
		39.93		28.77
iv) Selling & Distribution				
a) Freight Charges	**16.66**		11.34	
b) Commission on Sales	**10.33**		6.08	
c) Selling and Other Expenses	**4.41**		2.09	
		31.40		19.51
v) Excise Duty on Stock of Finished Goods		**28.61**		111.53
vi) Administrative Expenses				
a) Rent	**1.26**		1.29	
b) Rates and Taxes	**0.68**		0.49	
c) Traveling	**2.63**		2.47	
d) Communication	**0.97**		1.04	
e) Repair and Maintenance (Others)	**0.55**		0.60	
f) Insurance	**1.01**		1.12	
g) Equipment Lease Rentals	**0.47**		0.49	
h) Loss on Sale of Assets	**-**		0.11	
i) Miscellaneous Expenses	**26.70**		32.75	
(Refer Note. No. 3.14)		**34.27**		40.36
Total		**504.69**		472.36

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

1. Corporate Information :

ISMT Limited ("ISMT" or "the Company") is a public limited company incorporated in India (CIN: L27109PN1999PLC016417) having its registered office in Pune. The Company is mainly engaged in manufacturing of seamless tubes and engineering steels.

These financial statements for the year ended March 31, 2018 were approved for the issue by the Board of Directors at their Board meeting dated June 11, 2018.

2. Significant Accounting Policies :

2.1 Statement of compliance:

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS), including the rules notified under the relevant provisions of the Companies Act 2013. For periods up to and including the year ended March 31, 2017, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Act read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Refer Note No. 3.24 for the explanation of transition from previous GAAP to Ind AS.

These financial statements are the Company's first Standalone Ind AS financial statements.

2.2 Basis of Preparation :

The Ind AS financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities (including financial instruments) which have been measured at fair value at the end of each reporting period as explained in the accounting policies stated below.

2.3 Functional and presentation currency and Rounding off of the amounts:

The functional and presentation currency of the company is Indian rupees. These standalone financial statements are presented in Indian rupees and all values are stated in Crore of Rupees except otherwise indicated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

2.4 Current versus non-current classification :

The company has classified all its assets and liabilities under current and non-current as required by Ind AS 1- Presentation of Financial Statements. The asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

All liabilities are current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.5 Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment including excise duty collected which flows to the company on its own account but excluding taxes or duties collected on behalf of the government.

The Company follows specific recognition criteria as described below before the revenue is recognized.

i **Sales :**

a) Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

b) Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale.

ii **Other Operating Revenue :**

Other Operating revenue comprises of following items:

- Export incentives
- Sale of scrap

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

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.

iii **Interest Income:**

Interest income from financial assets is recognized using effective interest rate method.

2.6 Property, Plant and Equipment (PPE):

i Property, plant and equipment 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 exclude refundable taxes and duties.

ii Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized as expense in profit and loss statement as and when incurred.

iii 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.

iv The Company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its PPE as recognised in the financial statement as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (April 01,2016).

2.7 Depreciation:

i 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 Deprecation 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.

iv The management believes that the estimated useful lives are realistic and reflects fair approximation of the period over which the assets are likely to be used. At each financial year end, management reviews the residual values, useful lives and method of depreciation of property, plant and equipment and values of the same are adjusted prospectively where needed.

2.8 Leases:

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The determination of whether an arrangement is a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is considered as a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

2.9 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.

2.10 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.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

ii. **Defined Benefit Plan**

- **Superannuation Plan:**

  Some employees of the Company are entitled to superannuation, a defined contribution plan which is administrated through Life Insurance Corporation of India ("LIC"). Superannuation benefits are recognized in the Profit and loss account.

- **Leave Encashment:**

  The Company provides for the liability at year end on account of unavailed earned leave as per the actuarial valuation.

Gratuity:

The Company provides for gratuity obligations through a Defined Benefits Retirement plan ('The Gratuity Plan') covering all employees. The present value of the obligation under such Defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method with actuarial valuations being carried out at the end of each reporting period.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to Statement of Profit or Loss in subsequent periods.

The Company operates a defined benefit plan for gratuity, which requires contributions to be made to a separately administered fund.

2.11 Research and 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.

2.12 Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated at the exchange rate prevailing on the date of Balance Sheet.

Exchange rate differences resulting from foreign currency transactions settled during the period including year-end translation of assets and liabilities are recognized in the Statement of Profit and Loss.

Non-monetary assets, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss are also recognized in OCI or Statement of Profit and Loss, respectively).

The Company has availed the exemption available in Ind AS 101, to continue capitalisation of foreign currency fluctuation on long term foreign currency monetary liabilities outstanding on transition date, Refer Note No 3.24(b).

2.13 Borrowing Costs:

Borrowing Costs directly attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset up to the date the asset is put to use. Other Borrowing Costs are charged to the profit and loss account in the year in which they are incurred.

2.14 Government Incentives:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per accounting policy applicable to financial liabilities.

2.15 Cash and cash equivalents:

Cash and cash equivalents comprises cash on hand and at bank and demand deposits with banks which are short-term, highly liquid investments with original maturities of three months or less, that are readily convertible into a known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Non-current assets held for sale:

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

condition is regarded as met only when the sale is highly probable and the asset available for immediate sale in its present condition subject to only terms are usual and costomary for sale of such assets.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, Plant and Equipment and intangible assets classified as held for sales are not depreciated or amortized.

2.17 Fair Value Measurement:

The Company measures certain financial instruments at fair value at each balance sheet date. Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices)

Level 3 –inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.18 Financial instruments:

A Company recognizes financial assets and financial liabilities when it becomes party to the contractual provision of the instrument.

I. Financial Assets:

a) **Initial recognition and measurement:**

Financial assets are initially measured at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognized immediately in profit and loss. However, trade receivable that do not contain a significant financing component are measured at transaction price.

b) **Subsequent measurement:**

For subsequent measurement, the company classifies financial asset in following broad categories:

i. **Financial asset carried at amortized cost (net of any write down for impairment, if any):**

Financial assets are measured at amortized cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognized in the statement of profit or loss. Cash and bank balances, trade receivables, loans and other financial asset of the company are covered under this category.

ii. **Financial asset carried at fair value through other comprehensive income (FVTOCI):**

Financial asset under this category are measured initially as well as at each reporting date at fair value, when asset is held with a business model whose objective is to hold asset for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

iii. **Financial asset carried at fair value through profit or loss (FVTPL):**

Financial asset under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognized in the statement of profit or loss.

c) **Investment in subsidiaries:**

Investments in Subsidiaries are recorded at cost and reviewed for impairment at each reporting date.

d) **Other equity instruments:**

All other equity instruments are measured as fair value, with value changes recognized in Statement of Profit and Loss, except for those equity instrument for which the Company has elected to present the value changes in ‘Other Comprehensive Income’.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

e) **De-recognition of Financial Assets:**

A financial asset is primarily derecognized when rights to receive cash flows from the asset have expired or the Company has transferred its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risk and reward of the ownership of the financial asset.

f) **Impairment of financial asset:**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months from the reporting date.

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'

II. Financial Liabilities:

a) **Initial recognition and measurement:**

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

b) **Subsequent measurement:**

Financial liabilities are carried at amortized cost using the Effective Interest Rate (EIR) method. For trade and other payable maturing within one year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

c) **De-recognition of financial liabilities:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

III. Offsetting of Financial Instruments:

Financial assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.19 Segment accounting:

The Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

2.20 Earnings per share:

Basic earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Company and weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Company and weighted average number of equity

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

2.21 Provision for Current and Deferred Tax:

The tax expense for the period comprises current and deferred tax. Taxes are recognised in the statement of profit and loss, except to the extent that it relates to the items recognised in the other comprehensive income or in Equity. In which case, the tax is also recognised in the other comprehensive income or in Equity.

Current tax:

Provision for Current tax is made on the basis of relevant provision of The Income Tax Act, 1961 as applicable to the financial year.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary timing difference. Deferred tax assets are recognized for deductible temporary differences. to the extent that they are probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date.

Minimum Alternate Tax (MAT) Credit:

MAT credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

2.22 Impairment of non-financial Assets:

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.23 Provision and Contingencies:

Provisions are recognized when the company has present obligation (legal or constructive) as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to a provision is presented in the statement of profit and loss net of any reimbursement/ contribution towards provision made.

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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.

2.24 Events occurring after the Balance Sheet Date:

Events occurring after the Balance Sheet date and till the date on which the financial statements are approved, which are material in the nature and indicate the need for adjustments in the financial statements have been considered

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

2.25 Standards Issued but not yet Effective:

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2018.

- **Ind AS 115 - Revenue from Contracts with Customers** :

  Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

- **Amendment to Existing issued Ind AS:**

  The MCA has also carried out amendments of the following accounting standards:

  i. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

  ii. Ind AS 40 - Investment Property

  iii. Ind AS 12 - Income Taxes

  iv. Ind AS 28 - Investments in Associates and Joint Ventures and

  v. Ind AS 112 - Disclosure of Interests in Other Entities

Application of above standards are not expected to have any significant impact on the Company's Ind AS Financial Statements.

2.26 Key accounting judgments, estimates and assumptions:

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the standalone financial statements are as below:

a. Assessment of functional currency;

b. Financial instruments;

c. Estimates of useful lives and residual value of PPE and intangible assets;

d. Impairment of financial and non-financial assets;

e. Valuation of inventories;

f. Measurement of recoverable amounts of cash-generating units;

g. Measurement of Defined Benefit Obligations and actuarial assumptions;

h. Allowances for uncollected trade receivable and advances

i. Provisions;

j. Evaluation of recoverability of deferred tax assets; and

k. Contingencies.

Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

3.1 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

Rs. in Crore

	Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
i)	**Contingent Liabilities**			
a)	Claims against the Company not acknowledged as debt			
	Sales Tax	**14.67**	15.06	13.16
	Income Tax disputed by the Company	**1.43**	0.70	4.45
	Excise and Customs Duty	**26.22**	27.39	28.53
	Others	**139.24**	153.61	155.72
b)	Corporate Guarantees *	**-**	-	16.58
c)	Bills discounted on behalf of third party	**32.39**	15.74	67.18
ii)	**Commitments**			
a)	Capital Commitments			
	Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	**5.24**	5.30	14.24

* Given on behalf of Structo Hydraulics AB, Sweden of Rs.Nil Crore (March 31, 2017 Rs Nil and April 1, 2016 Rs 16.58 Crore in respect of loans availed.

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

3.3 In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the previous year ended March 31, 2017 and for the period April 1, 2017 to June 30, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1 July 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sales as per the requirements of Ind AS 18. Accordingly, Revenue from operation for the year ended March 31, 2018 are not comparable with the figures of the previous year.

3.4 Segment Reporting :

Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The Company is engaged primarily into manufacturing of Steel and Tubes. The Company's primary segments are Tube Segment and Steel Segment.

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".

Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale. Profit or loss on inter Division transfers are eliminated at the Company level.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

Rs. in Crore

I Segment Information

Sr No	Particulars	As on March 31, 2018				As on March 31, 2017			
		Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
i)	**Segment Revenue**								
	Total External Sales (Gross)	**1,004.26**	**460.69**		**1,464.95**	698.40	438.71		1,137.11
	Add : Inter Segment Transfers (Gross)	**-**	**345.94**		**345.94**	-	227.92		227.92
	: Inter Division Transfers (Gross)	**104.42**	**-**		**104.42**	51.42	-		51.42
		1,108.68	**806.63**		**1,915.31**	749.82	666.63		1,416.45
	Less : Inter Segment Transfers (Net)	**-**	**345.94**		**345.94**	-	227.92		227.92
	Inter Division Transfers (Net)	**104.42**	**-**		**104.42**	51.42	-		51.42
	Net Sales	**1,004.26**	**460.69**		**1,464.95**	698.40	438.71		1,137.11
ii)	**Segment Results**								
	Profit Before Finance Costs , Foreign Exchange Loss and Taxes	**(10.18)**	**29.62**	**8.10**	**27.54**	(45.41)	25.90	8.29	(11.22)
	Less : Finance Costs				**274.85**				269.23
	: Foreign Exchange Loss				**(6.38)**				(0.83)
	Profit / (Loss) Before Tax				**(240.93)**				(279.62)
	Less : Tax Expenses				**(0.98)**				-
	Profit / (Loss) After Tax				**(239.95)**				(279.62)
	Add : Other Comprehensive Income				**0.60**				0.74
	Profit / (Loss) After Comprehensive Income				**(239.35)**				(278.88)
iii)	**Other Information**								
	Total Segment Assets	**1,402.89**	**403.22**	**-**	**1,806.11**	1,432.79	387.72	-	1,820.51
	Total Segment Liabilities	**114.70**	**57.22**	**-**	**171.92**	102.85	86.47	-	189.32
	Total cost incurred for acquiring Segment Assets (excluding revaluation of Leasehold Land)	**(0.18)**	**1.69**		**1.51**	(10.53)	13.86	-	3.33
	Segment Depreciation	**45.06**	**13.49**	**-**	**58.55**	49.73	13.45	-	63.18
	Non - Cash Expenses	**5.24**	**0.44**	**-**	**5.68**	11.97	1.90	-	13.87
	Total Unallocable Assets				**635.50**				624.80
	Total Unallocable Liabilities				**2,859.15**				2,606.10

II Information about Geographical Segment - Secondary Segment

Rs. in Crore

Particulars	**2017-18**	2016-17
Revenue from External Customers		
Domestic	**1,336.04**	1,060.33
Exports	**128.91**	76.78
Total revenue	**1,464.95**	1,137.11

III Revenue from Major Customers

Revenue under the segment 'Steel' include Rs 61.02 Crore (Previous Year: Rs Nil Crore) from one customer (Previous Year: Nil customers) having more than 10% revenue of total segment revenue. There is no single customer that accounts for more than 10% of the revenue in Tube Segment .

3.5 Pending reconciliation / confirmations of 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

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

3.6 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.

Rs. in Crore

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i)	Principal amount remaining unpaid as on March 31,	**0.01**	0.05	0.03
ii)	Interest due thereon as on March 31,	**0.35**	0.29	0.24
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,	**0.35**	0.29	0.24
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.	**0.36**	0.30	0.25

3.7 Leases

Operating Lease:

a) The Company has entered into lease agreements for certain office premises and Plant and Machinery for a period ranging from 5 to 10 years which are renewable by mutual consent on mutually agreeable terms. There are no restrictions imposed by lease arrangements and there are no sub leases. There are no contingent rents. Disclosures as required under Ind-AS 17 on "Lease" are given below:

Future minimum Lease payments under operating lease:

Rs. in Crore

	Particulars	2017-18	2016-17
1)	Machine Rentals and Rent debited to statement of profit and loss during the year	**2.33**	1.72
2)	Future Minimum Lease payments payable in:		
	i) Less than one year	**2.39**	0.67
	ii) One to five years	**8.09**	1.98
	iii) More than five years	**1.88**	-

b) The Company enters into cancellable operating leases in respect of office premises, staff quarters and others which are cancellable by giving appropriate notices as per respective agreements. During the year Rs 0.58 Crores (Previous year Rs 0.51 Crores) has been charged to Statement of Profit and Loss on account of lease rentals.

3.8 Foreign currency fluctuation on long term borrowing capitalised

The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of April 1, 2016 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset. Accordingly, the Company has capitalised such exchange fluctuation loss to fixed assets of Rs 5.48 Crore and gain of Rs 6.75 Crore (including Assets held for sale) for the year ended March 31, 2018 and March 31, 2017 respectively.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

3.9 Related Party Transactions.

In accordance with the requirements of Ind AS 24, on related party disclosures, name of the related party, related party relationship, transactions, outstanding balances and with whom transactions have taken place during the reporting periods, are given below:

Name and Relationships of the Related Parties:

I Key Management Personnel (KMP)

Sr No	Name of the Related Party	Designation
1	**Mr. B.R. Taneja**	Managing Director
2	**Mr. Rajiv Goel**	Chief Financial Officer

II Entities where control exists - Subsidiary, Indirect Subsidiaries and Associate Companies

Sr No	Name of the Related Party
A	**Direct Subsidiary Companies**
1	ISMT Enterprises SA, Luxembourg
2	Tridem Port and Power Company Private Limited.
3	Indian Seamless Inc, USA.
B	**Indirect Subsidiary Companies**
1	Structo Hydraulics AB, Sweden
2	ISMT Europe AB, Sweden
3	Structo (UK) limited, United Kingdom (Voluntarily dissolved on October 18, 2016)
4	Nagapattinam Energy Private Limited.
5	Best Exim Private Limited.
6	Success Power and Infraprojects Private Limited
7	Marshal Microware Infrastructure Development Company Private Limited.
8	PT ISMT Resources, Indonesia
C	**Associate Companies**
1	Indian Seamless Enterprises Limited
2	Taneja Aerospace and Aviation Limited
3	First Airways Inc, USA.

i Details of Transaction with Key Management Personnel:

Remuneration for the year Rs 3.15 Crore* (Previous Year Rs 2.76 Crore)

* Excludes provision for compensated leave and gratuity for KMP as liabilities are provided on overall company basis and is not identified separately in actuarial valuation.

ii Details of transactions with Subsidiary and Associate Companies:

Rs. in Crore

Sr No	Nature of Transactions / Relationship	Subsidiary Companies		Associate Companies	
		2017-18	2016-17	**2017-18**	2016-17
1	Sale of Finished Goods	**94.87**	54.41	**13.89**	7.69
2	Commission on Sales	**6.93**	5.02	**-**	-
3	Lease Rent Paid	**-**	-	**-**	0.30
4	Quality claims / Reimbursement of Expenses	**0.98**	1.45	**-**	-
5	Rent Paid	**0.01**	0.01	**-**	-
6	Interest Paid	**-**	-	**0.15**	0.15
7	Provision for Doubtful debts	**0.03**	5.36	**-**	-
8	Loans and Advances Given	**1.10**	17.28	**-**	-
9	Advances received	**1.96**	-	**-**	-
	Outstanding as at Balance Sheet date				
1	- Receivables (net of provisions)	**31.00**	23.71	**2.21**	-
2	- Payables	**1.17**	-	**0.08**	0.03
3	- Advance Receivable-(Equity Component)	**139.72**	138.62		-
4	- Advance Payable	**1.96**	-	**1.00**	1.00
5	- Unsecured Loan Payable	**-**	-	**7.75**	7.75

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

a) Sale of finished goods to Subsidiary Companies include sales to Indian Seamless Inc, USA Rs. Nil (Previous Year Rs. 7.86 Crore), Structo Hydraulics AB Rs. 17.89 Crore (Previous Year Rs. 16.39 Crore) ,ISMT Europe AB Rs. 76.98 Crore (Previous Year Rs. 30.16 Crore). Sales of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs. 6.18 Crore (Previous Year Rs. 7.69 Crore), Taneja Areospace and Aviation Limited Rs.3.27 Crore (Previous Year Rs. Nil), First Airways Inc, USA Rs. 4.44 Crore (Previous year Rs. Nil).

b) Commission on sales paid to Subsidiary Companies include paid to ISMT Europe AB, Rs. 6.70 Crore (Previous Year Rs. 4.72 Crore) and Indian Seamless Inc, USA Rs. 0.22 Crore (Previous Year Rs. 0.30 Crore).

c) Lease rent paid to Associate Companies - Indian Seamless Enterprises Limited is Rs. Nil (Previous Year Rs. 0.30 Crore).

d) Quality claims of Subsidiary Companies include paid/ provided for to Structo Hydraulics AB Rs. 0.59 Crore (Previous Year Rs. 0.52 Crore), ISMT Europe AB Rs. 0.34 Crore (Previous Year Rs. NIL Crore), and reimbursement of expenses paid to Indian Seamless Inc, USA Rs. 0.05 Crore on account of overseas freight and other clearing charges (Previous Year Rs.0.94 Crore).

e) Rent paid to Subsidiary Company - Tridem Port and Power Company Private Limited is Rs. 0.01 Crore (Previous Year Rs. 0.01 Crore).

f) Interest paid to Associate Company - Taneja Aerospace and Aviation Limited is Rs. 0.15 Crore (Previous Year Rs.0.15 Crore).

g) Advances given to Subsidiary Company Tridem Port and Power Company Private Limited Rs. 1.10 Crore (Previous Year Rs. 0.53 Crore) for its Port and Power Project and Rs. Nil (Previous Year Rs. 16.75 Crore) due from Structo Hydraulics AB (SHAB), Sweden on account payment towards invocation of guarantee by lender of SHAB against Stand by Letter of Credit invoked by the lender of SHAB .

h) Provision for doubtful debts includes Rs. Nil is relating to Subsidiary Company Structo Hydraulics AB (Previous Year Rs 3.15 Crore), Indian Seamless Inc, USA Rs. Nil Crore (Previous Year Rs. 1.97 Crore) and ISMT Europe AB Rs. 0.03 Crore (Previous Year Rs. 0.24 Crore).

i) Advance received from Subsidiary Company - ISMT Europe AB towards sale of finished goods is amounting to Rs. 1.96 Crore (Previous Year Rs. Nil).

3.10 Income tax expenses

A The major components of income tax expenses for the year are as under:

Rs. in Crore

	Particulars	2017-18	2016-17
I	**Income Tax recognised in the statement of profit and loss**		
	Current tax	-	-
	Deferred tax	-	-
	Earlier Year Tax	(0.98)	-
	Total Income Tax recognised in the statement of profit and loss	(0.98)	-
II	**Income Tax recognised in Other Comprehensive Income**		
	Deferred tax	-	-
	Total Income Tax recognised in Other Comprehensive Income	-	-

B Reconciliation of income tax expenses and the accounting profit for the year is under:

Rs. in Crore

Particulars	2017-18	2016-17
Accounting profit before income tax expenses	(240.93)	(279.62)
Enacted tax rates in India (%)	34.608%	34.608%
Expected income tax expenses		
Tax Effect of :	(83.38)	(96.77)
Expenses not deductible	70.93	87.67
Accelerated capital allowances	0.60	1.96
Expenses on which no deduction is admissible	0.93	(6.60)
Loss in respect of which deferred tax assets not recognized for the year*	10.92	13.74
Tax expenses recognised in statement of profit and loss	-	-
Adjustments recognised in current year in relation to the current tax of earlier years	(0.98)	-
Income Tax Expenses	(0.98)	-
Effective tax rate (%)	Nil	Nil

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

There are certain income-tax related legal proceedings which are pending against the Company. Potential liabilities, if any have been adequately provided for.

*Deferred tax assets on unabsorbed depreciation/business loss have been recognised to the extent of deferred tax liabilities on taxable temporary differences available.

C Significant components of Deferred tax assets & liabilities recognized in Financial Statements

As at March 31, 2018

Rs. in Crore

Particulars	As at April 1, 2017	Charged / (credited) to Statement of income	Charged / (credited) to OCI	As at March 31, 2018
Tax effect of item constituting Deferred Tax Liabilities				
i) Property, Plant and Equipment	233.60	12.04	-	**245.64**
	233.60	**12.04**	**-**	**245.64**
Tax effect of item constituting Deferred Tax Assets				
i) Unabsorbed Tax loss*	11.56	17.87	-	**29.43**
ii) Unabsorbed Tax Depreciation	197.23	10.80	-	**208.03**
iii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss	24.81	(16.63)	-	**8.18**
iv) MAT Credit Entitlement	82.05	-	-	**82.05**
	315.65	**12.04**	**-**	**327.69**
Net Defrred Tax Asset/ (Liability)	**82.05**	**-**	**-**	**82.05**

As at March 31, 2017

Rs. in Crore

Particulars	As at April 1, 2016	Charged / (credited) to Statement of income	Charged / (credited) to OCI	As at March 31, 2017
Tax effect of item constituting Deferred Tax Liabilities				
i) Property, Plant and Equipment	231.97	1.63	-	233.60
	231.97	**1.63**	**-**	**233.60**
Tax effect of item constituting Deferred Tax Assets				
i) Unabsorbed Tax loss*	26.49	(14.93)	-	11.56
ii) Unabsorbed Tax Depreciation	183.16	14.06	-	197.23
iii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss	22.32	2.50	-	24.81
iv) MAT Credit Entitlement	82.05	-	-	82.05
	314.02	**1.63**	**-**	**315.65**
Net Defrred Tax Asset/ (Liability)	**82.05**	**0.00**	**-**	**82.05**

*Deferred tax assets on unabsorbed business loss have been recognised to the extent of deferred tax liabilities on taxable temporary differences available. It is expected that any reversals of the deferred tax liability would be offset against the reversal of the deferred tax assets.

The Company has unused tax losses under the head Business Loss and unabsorbed depreciation as per the Income Tax Act, 1961.Based on the probable uncertainty regarding the set off of these losses, the Company has not recognized deferred tax asset in the Balance Sheet. Details of tax losses under the head business losses and unabsorbed depreciation with expiry is as follows:

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
Within five years	**185.96**	39.32	-
Later than five years but less than ten years	**327.64**	474.28	513.60
No expiry	**479.11**	449.76	382.27
Total	**992.71**	963.36	895.87

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

3.11 Disclosure as required by Ind AS - 19 Employee Benefits

Retirement benefit obligations

1 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 :

Rs. in Crore

Particulars	**2017-18**	**2016-17**
a) Employer's Contribution to Provident Fund and Employee Pension Scheme	5.15	4.92
b) Employer's Contribution to Superannuation Fund	2.78	2.88
Total	**7.93**	**7.80**

In respect of provident fund trust setup 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.

2 Defined benefit plan

A Gratuity

Gratuity is payable to all eligible employees of the company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

The following tables summarises the changes in the projected benefit obligation and plan assets and amounts recognised in the Balance Sheet as at March 31, 2018 and March 31, 2017, being the respective measurement dates:

Rs. in Crore

	Particulars	**Gratuity (Funded)**	
		2017 - 2018	2016 - 2017
a)	**Changes in present value of defined benefit obligations**		
	Present value of defined benefit obligation at the beginning of the Year	**29.46**	28.37
	Current Service Cost	**2.79**	1.55
	Interest Cost	**2.07**	2.19
	Actuarial changes arising from change in financial assumptions	**0.24**	(1.53)
	Actuarial changes arising from change in experience adjustments	**(0.81)**	0.11
	Benefits paid	**(1.55)**	(1.23)
	Present value of defined benefit obligation at the end of the Year	**32.20**	29.46
b)	**Changes in fair value of Plan Assets:**		
	Fair value of Plan Assets as at beginning of the Year	**28.53**	27.59
	Interest Income	**2.09**	2.16
	Employer Contribution	**1.07**	(0.69)
	Return on plan assets excluding interest income	**0.03**	(0.01)
	Benefits paid	**(0.20)**	(0.52)
	Fair value of plan Assets as at end of the Year	**31.52**	28.53

Rs. in Crore

	Particulars	**Gratuity (Funded)**		**Leave Encashment (Non Funded)**	
		2017 - 2018	2016 - 2017	**2017 - 2018**	2016 - 2017
c)	**Net asset / (liability) recognised in the balance sheet**				
	Present value of defined benefit obligation at the end of the Year	**32.20**	29.46	**5.62**	6.57
	Fair value of plan Assets as at end of the Year	**31.52**	28.53	**-**	-
	Amount recognised in the Balance Sheet	**0.68**	0.93	**5.62**	6.57
	Net (liability) / assets - Current	**0.68**	0.93	**0.56**	0.61
	Net (liability) / assets - Non - current		-	**5.06**	5.96
d)	**Expenses recognised in the Statement of Profit and Loss for the year**				
	Current Service Cost	**2.79**	1.55	**0.54**	0.50
	Interest Cost on benefit obligation (net)	**(0.02)**	0.03	**0.42**	0.47
	Actuarial (gain)/ Loss		-	**(0.43)**	0.32
	Total expenses included in employee benefits expenses	**2.77**	1.58	**0.53**	1.29

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

Rs. in Crore

	Particulars	Gratuity (Funded)	
		2017 - 2018	2016 - 2017
e)	**Recognised in other comprehensive income for the year**		
	Actuarial changes arising from change in financial assumptions	**0.24**	(1.53)
	Actuarial changes arising from change in experience adjustments	**(0.81)**	0.11
	Return on plan assets excluding interest income	**(0.03)**	0.68
	Recognised in other comprehensive income	**(0.60)**	(0.74)
f)	**Estimate of expected defined benefit obligation (in absolute terms i.e undiscounted)**		
	within the next 12 months	**5.45**	4.20
	Between 2 to 5 Years	**10.18**	8.51
	6 years and onwards	**27.91**	24.12
g)	**Quantitative sensivity analysis for significant assumption**		
	1 % increase in discount rate	**30.05**	27.34
	1% decrease in discount rate	**34.62**	31.85
	1% increase in salary growth rate	**34.34**	31.60
	1% decrease in salary growth rate	**30.24**	27.51
	1% increase in employee withdrawal rate	**32.45**	29.83
	1% decrease in employee withdrawal rate	**31.93**	29.05

The above sensitivity analysis is based on a change in an assumption while holding the other assumptions costant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensivity of the defined benefit obligation to significant acturial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation within the balance sheet.

Rs. in Crore

	Particulars	Gratuity (Funded)	
		2017 - 2018	2016 - 2017
h)	**Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the Year**		
	Government of India Securities	**2.25%**	2.48%
	Corporate Bonds	**0.09%**	0.10%
	Special Deposit Scheme	**0.25%**	0.28%
	Insurer Managed Funds	**95.50%**	95.18%
	Others	**1.91%**	1.96%
	Total	**100.00%**	100.00%

Rs. in Crore

	Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
		2017 - 2018	2016 - 2017	**2017 - 2018**	2016 - 2017
i)	**Principal Actuarial Assumptions used as at the Balance Sheet date :**				
	Discount Rate	**7.90%**	7.20%	**7.90%**	7.20%
	Expected Rate of Return on Plan Assets	**7.20%**	7.90%	**0.00%**	0.00%
	Salary Escalation Rate	**6.00%**	4.50%	**6.00%**	4.50%

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. Same assumptions were considered for comparative period i.e 2016-2017 as considered in previous GAAP on transition to IND AS. The above information is certified by the Actuary.

3.12 As per Ind AS 12 " Income Tax", Minimum Alternate Tax (MAT) credit (unused tax credit) is regarded as Deferred Tax Assets and the same shall be recognised to the extent that it has become probable that future taxable profit will be available against which the unused tax credit can be utilised. In view of business uncertainties and pending debt Resolution, it is difficult for the company to fairly ascertain the probable future taxable profit against which Mat Credit can be utilised. Accordingly, the unabsorbed MAT credit of Rs 82.05 Crores as at March 31, 2018, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

3.13 Earnings per share

Net profit available to equity holders of the Company used in the basic and diluted earnings per share was determined as follows:

Rs. in Crore

Particulars	**2017-18**	2016-17
Net Profit / (Loss) for the year attributable to Equity Shareholders (Rs. In Crore)	**(239.95)**	(279.62)
Weighted Average Number of Equity Shares outstanding for basic and diluted	**146,501,383**	146,501,383
Nominal Value of Equity Share (in Rs.)	**5.00**	5.00
Earnings Per Share (in Rs.) (Basic and Diluted)	**(16.38)**	(19.09)

3.14 Miscellaneous Expenses includes:

Rs. in Crore

Particulars	**2017-18**	2016-17
i) Repair and Maintenance - Other Building	**0.01**	0.04
ii) Director Sitting Fees	**0.28**	0.34
iii) Auditors Remuneration		
a) Statutory Audit Fees	**0.30**	0.24
b) Taxation Matters	**-**	0.02
c) Out of Pocket Expenses	**0.01**	0.02
iv) Provision for Doubtful Debts	**5.68**	6.33
v) Bad Debts	**-**	7.44

3.15 The Company through its subsidiary Company, ISMT Enterprises SA. Luxembourg has invested Rs. 48.43 Crore in Structo Hydraulics AB, Sweden (SHAB). The Company has received the approval from regultory Authorities for conversion into equity of an amount of Rs 33.33 Crore (USD 5 Million) due from SHAB on account of payment towards invocation of guarantee by lender of SHAB, which is considered as investment on adoption of Ind AS and the Company is taking steps for the implementation of the same.The net receivable on account of sales made to SHAB as on March 31, 2018 is Rs. 15.43 Crore (March 31, 2017 Rs. 14.27 Crore and April 1, 2016 Rs. 10.09 Crore) and the same is considered as collectible. No provision,however, has been made in respect of diminution in the value of investment, which is in the nature of forward integration and considered Strategic and Long Term.

3.16 As a result of various measures taken by the Company, net loss for the financial year 2017 -2018 had come down to Rs 239.35 Crore against loss of Rs 278.88 Crore of financial year 2016 -2017. The levy of anti-dumping duty by the Government of India on import of tubes from China effective February 17, 2017, an increasing trend in international oil prices and the gradual pick-up in domestic demand are some of the factors resulting in increase in revenue and EBIDT. The Company has, therefore, continued to prepare its financial statements on Going Concern basis.

3.17 The Company and its lenders had been exploring various options including OSDR for Debt Resolution. Subsequent to RBI Circular dated February 12, 2018 the lenders have decided to explore assignment of debt as a Resolution Plan. Pending the same, interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis. However, no overdue / penal / compounding of interest, if any,has been provided.

3.18 Tridem Port and Power Company Private Limited (TPPCL) , the wholly owned subsidiary of the Company, along with its subsidiaries had proposed to set up a thermal power project and captive port in Tamil Nadu. However, on account of subsequent adverse developments , the Company had decided not to pursue these projects. No provision has, however, been considered necessary for the amount invested of Rs. 108.97 Crore (including advances given to TPPCL of Rs. 106.39 Crore as on March 31, 2018, Rs. 105.29 Crore as on March 31, 2017 and Rs. 104.76 Crore as on April 1, 2016, being considered as investment on adoption of Ind AS), since in the opinion of the management, the Company expects to realise not less than the amount invested/ advanced.

3.19 i) Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016 . The Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore up to March 31, 2014, of which amount outstanding as on March 31, 2018 is Rs. 39.53 Crore, (March 31, 2017 is Rs. 39.53 Crore and April 1, 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 of energy facility. There has been no further accrual since April 1 , 2014 on account of suspension of operation of power plant.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

ii) In view of the above, the Company has not been able to operate the 40 MW Captive Power Plant(CPP) and is held for sale. In the opinion of the management, the Company expects to realise not less than its carrying amount of Rs. 254.00 Crore as on March 31, 2018.

3.20 Assets classified as held for sale

Captive Power Project (CPP) at Chandrapur, Maharashtra

(Refer Note No. 3.19 (ii).

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Non Current Assets	**254.00**	248.26	247.85
	254.00	248.26	247.85

Includes Exchange Difference loss of Rs. 5.09 Crore (March 31,2017 gain of Rs. 3.87 crore; April 01,2016 loss Rs. 7.14 Crore).

3.21 Financial risk management

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

Risk management framework

Company's board of directors has overall responsibility for establishment of Company's risk management framework and formed Risk Management Committee. Management is responsible for developing and monitoring Company's risk management policies, under the guidance of Risk Management Committee. Management identifies, evaluate and analyses the risks to which the company is exposed to and set appropriate risk limits and controls to monitor risks and adherence to limits. Management periodically reviews its risk policy and systems to assess need for changes in the policies to adapt to the changes in market conditions and align the same to the business of the Company.

Company has exposure to following risks arising from financial instruments:

a) Credit risk

Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from Trade receivables is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal criteria reviewed and monitored from time to time. Majority of the customers are long standing customers and regularly monitored by individual business managers who deal with those customers. Management monitors trade receivables on regular basis and take suitable action where needed to control the receivables crossing set criteria / limits.

Management does an impairment analysis at each reporting date as per set procedure and computes credit loss allowance based on a provision matrix. Further, the Company's customers base is widely distributed both economically as well as geographically and in view of the same, the quantum risk also gets spread across wide base and hence management considers risk with respect to trade receivable as low.

Expected credit loss for trade receivables under simplified approach as at the end of each reporting period is as follows:

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Gross Carrying Amount	**229.42**	200.16	187.98
Less: Expected credit loss at simplified approach	**4.11**	5.10	7.71
Carrying amount of trade receivables (net of impairment)	**225.31**	195.07	180.27

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

b) Liquidity risk.

The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels. Company aims to maintain the level of its cash and cash equivalents at levels to meet its expected cash outflows on operational and financial liabilities. Also Refer note no 3.17 regarding exploring of various options including OSDR for Debt resolution with the lenders.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Rs. in Crore

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2018				
Borrowings	1,066.01	395.69	6.02	1,467.72
Trade and other payables	101.81	-	-	101.81
Other fiancial liabilities	1,432.72	-	-	1,432.72
Total	**2,600.54**	**395.69**	**6.02**	**3,002.25**
March 31, 2017				
Borrowings	1,058.65	619.41	5.30	1,683.36
Trade and other payables	128.94	-	-	128.94
Other fiancial liabilities	957.72	-	-	957.72
Total	**2,145.31**	**619.41**	**5.30**	**2,770.02**
April 01, 2016				
Borrowings	922.42	748.12	62.99	1,733.53
Trade and other payables	218.12	-	-	218.12
Other fiancial liabilities	566.66	-	-	566.66
Total	**1,707.20**	**748.12**	**62.99**	**2,518.31**

c) Competition and price risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises following types of risks :

i. Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the long term debt obligations and Buyer's credit obligations with floating interest rates. The Company has not used any interest rate derivatives.

We refer to note no 3.17 regarding exploring of various options including OSDR for Debt resolution with the lenders. Pending the same, the company is not able to determine its exposure to interest rate risk which primary related to the long term debt.

ii. Foreign Currency Risk and sensitivity

The company is exposed to foreign exchange risk arising from export sales, operating and capital expenditure in foreign currency, foreign currency loans and economic exposure on account of mismatch between foreign currency and INR assets and liabilities. The risk is measured through a forecast of highly probable foreign currency cash flows.

Primarily, the exposure in foreign currencies is denominated in USD, EURO. At any point in time, Company covers foreign currency risk by taking appropriate percentage of its net foreign currency exposure by entering into forward exchange contracts on past performance basis mostly with a maturity of less than one year. The Company does not enter into derivative instruments.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

Details of Unhedged exposure in foreign currency denominated monetary items:

Currency	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Foreign Currency in Million	**Rs in Crore**	Foreign Currency in Million	Rs in Crore	Foreign Currency in Million	Rs in Crore
Unsecured Loans						
USD	**39.32**	**255.78**	39.32	254.99	40.65	269.65
EURO	**4.32**	**34.83**	4.32	29.92	4.46	33.51
Receivables						
USD	**5.52**	**34.01**	3.05	17.98	4.30	26.40
EURO	**3.83**	**29.98**	11.99	81.89	10.32	72.18
Australian Dollar	**0.03**	**0.13**	0.04	0.20	0.02	0.10
GBP	**0**	**0.0001**	0.03	0.23	-	-
Payables						
USD	**2.87**	**18.65**	6.68	43.32	12.96	85.95
EURO	**0.11**	**0.91**	0.11	0.74	0.13	0.99
Interest Payable						
USD	**4.25**	**27.75**	2.77	18.36	0.09	0.60
EURO	**0.56**	**4.54**	0.35	2.53	-	-

5 % appreciation in USD and EURO with respect to Indian Rupees would have result in increase in loss before tax by Rs 13.90 crore for March 31, 2018 and increase in Losss before tax by Rs 12.53 crore for March 31, 2017.

5 % depreciation in USD and EURO with respect to Indian Rupees would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

iii. Commodity price risk

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company reviews the prices of key raw materials on weekly basis and enters into most of the contracts for procurement of material on short term fixed price basis.

3.22 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's Capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings.

In order to achieve this overall objective, the Company's capital management, amongst other things, aim to ensure that its meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

3.23 Fair value measurement

A) The carrying value and Fair value of Financial assets and liabilities by categories are as follows :

Rs. in Crore

Particulars	Carrying value of the financial assets/ liabilities			Fair value of the financial assets/liabilities		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Financial Assets at Fair Value Through Profit and Losst (non-current)						
Investment in Equity Shares	**0.02**	0.02	-	**0.02**	0.02	-
Total	**0.02**	0.02	-	**0.02**	0.02	-
Financial Assets at amortised cost (non-current)						
Trade Receivables	-	-	-	-	-	-
Loans	**13.67**	10.64	0.55	**13.67**	10.64	0.55
Other financial Assets	-	0.04	0.31	-	0.04	0.31
Total	**13.67**	10.68	0.86	**13.67**	10.68	0.86
Financial Assets at amortised cost (current)						
Trade Receivables	**225.31**	195.06	180.27	**225.31**	195.06	180.27
Cash and Bank Balances	**51.65**	48.39	33.15	**51.65**	48.39	33.15
Loans	**0.86**	1.56	8.59	**0.86**	1.56	8.59
Other financial Assets	**0.91**	1.15	1.08	**0.91**	1.15	1.08
Total	**278.73**	246.16	223.09	**278.73**	246.16	223.09
Financial Liabilities at amortised cost (non-current)						
Sales tax Deferral Loan	**7.40**	10.93	14.05	**7.40**	10.93	14.05
Long Term Loans from Banks and Others	**394.31**	613.78	797.06	**394.31**	613.78	797.06
Total	**401.71**	624.71	811.11	**401.71**	624.71	811.11
Financial Liabilities at amortised cost (current)						
Sales Tax Deferral Laon	**5.06**	5.07	4.75	**5.06**	5.07	4.75
Long Term Loans	**719.51**	493.62	318.12	**719.51**	493.62	318.12
Short Term Loans	**1,066.01**	1,058.65	922.42	**1,066.01**	1,058.65	922.42
Trade and other Payables	**101.81**	128.94	218.12	**101.81**	128.94	218.12
Other financial Liabilities	**708.15**	459.03	243.79	**708.15**	459.03	243.79
Total	**2,600.54**	2,145.31	1,707.20	**2,600.54**	2,145.31	1,707.20

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

B) Level wise disclosures of financial assets and liabilities by categories are as follows :

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016	Level	Valuation techniques and key inputs
Financial Assets at amortised cost (non-current)					
Deposit for premises / Security Deposits	13.67	10.64	0.55	3	Discounted cash flow method using interest rate for similar financial instrument
Financial Assets at amortised cost (current)					
Deposit for premises / Security Deposits	-	0.55	6.28	3	Discounted cash flow method using interest rate for similar financial instrument
Financial Liabilities at amortised cost (non-current)					
Sales tax Deferral Loan	7.40	10.93	14.05	3	Discounted cash flow method using interest rate for similar financial instrument
Loan from Associate Company	6.02	5.30	4.68	3	Discounted cash flow method using interest rate for similar financial instrument
Financial Liabilities at amortised cost (current)					
Sales tax Deferral Loan	5.06	5.07	4.75	3	Discounted cash flow method using interest rate for similar financial instrument

Fair value of cash and cash equivalents, short term loans, trade receivables, trade payables, other financial assets/liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2017.

During the reporting period ended March 31, 2018 and March 31, 2017, there were no transfers between level 1, level 2 and level 3 fair value measurements.

Reconciliation of Level 3 fair values

The following table shows a reconciliation of the opening and closing balances for Level 3 fair values.

Rs. in Crore

Particulars	Deposit for premises / Security Deposits	Sales Tax Deferral Loan	Loan from Associate Company
Opening Balance (April 01, 2016)	**6.83**	**18.80**	**4.68**
Additions	3.86	-	-
Interest Expenses	-	1.95	0.62
Interest Income	0.50	-	-
Repayment of Loan		(4.75)	-
Closing Balance (March 31, 2017)	**11.19**	**16.00**	**5.30**
Additions	1.53	-	-
Interest Income	0.95	-	-
Interest Expenses	-	1.54	0.72
Repayment of Loan	-	(5.08)	-
Closing Balance (March 31, 2018)	**13.67**	**12.46**	**6.02**

A one percentage point change in the unobservable inputs used in fair valuation of level 3 assets or liabilities does not have significant input in its value.

3.24 First Time Adoption of Ind AS

These are the Company's first standalone financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2.1 have been applied in preparing the Ind AS financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

preparation of an opening Ind AS Standalone Balance Sheet at April 01, 2016 (the Company's date of transition). In preparing its opening Ind AS standalone Balance Sheet, the Company has adjusted the amounts reported previously in standalone financial statements prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Ind AS 101 deals with First time adoption of Indian Accounting Standards which allows exemptions from the retrospective application and exemption from application of certain requirements of other Ind AS. On transition, the Company has availed / adopted the following exemptions / exception as per Ind AS 101:

a) The company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

b) The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of April 1, 2016 i.e. foreign exchange differences arising on settlement or translation of longterm foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset.

c) Appendix C of Ind AS 17 requires an entity to assess whether a contract of arrangement contains a lease. This assessment should be carried out at the inception of the contract or arrangement. The company has used Ind AS 101 exemption and assessed all the arrangements based for embedded leases based on the conditions in place as at the date of transition.

d) The carrying amounts of the Company's investments in its subsidiary companies as per the financial statements which were prepared under Previous GAAP, are considered as deemed cost for measuring such investments in the opening Ind AS Balance Sheet.

e) The Company has elected not to apply Ind AS 103- Business Combinations, retrospectively to past business combinations that occurred before 1st April, 2016. Consequent to use of this exemption from retrospective application.

i) The carrying amounts of assets and liabilities acquired pursuant to past business combinations and recognized in the financial statements prepared under Previous GAAP, are considered to be the deemed cost under Ind AS, on the date of acquisition. On the date of transition, measurement of such assets and liabilities is in accordance with respective Ind AS. Also, there is no change in classification of such assets and liabilities.

ii) The company has not recognized assets and liabilities that neither were recognized in the financial statements prepared under Previous GAAP nor qualify for recognition under Ind AS in the Balance Sheet of the acquiree;

iii) The company excluded from its opening Ind AS Balance sheet as at April 1, 2016, those assets and liabilities which were recognized in accordance with Previous GAAP but do not qualify for recognition as an asset or liability under Ind AS;

f) Derecognition of financial assets and liabilities:

The Company has elected to use the exemption for derecognition of financial assets and liabilities prospectively i.e. April 01, 2016.

g) The requirement of Ind AS 20- "Accounting for Government Grants and Disclosure of Government Assistance" is opted to be applied prospectively to interest free sales tax deferral loan existing at the date of transition to Ind AS as a government grant and which is to be amortised to the Statement of Profit and Loss over the period of sales tax deferral loan. Further, the Company has applied Ind AS 109 to carrying amount of such loan as per the previous GAAP as on the date of transition to Ind AS to arrive at fair value.

h) Classification and measurement of financial assets:

Ind AS 101 requires an entity to assess classification of financial assets on the basis of the facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

i) Non-current assets held for sale:

This exemption requires non-current assets (or disposal groups) that meet the criteria to be classified as held for sale to be carried at lower of its carrying amount and fair value less cost to sell as per Ind AS 105 and recognize directly in retained earnings any difference between that amount and the carrying amount of those assets at the date of transition to Ind AS. The company has elected to apply this exemption and measured the assets held for sale at lower of carrying value and fair value less costs to sell at the date of transition.

Impact of transition to Ind AS

The following is a summary of the effects of the differences between Ind AS and Indian GAAP on the Company's total equity shareholders' funds and profit and loss for the financial period for the periods previously reported under Indian GAAP following the date of transition to Ind AS.

I Reconciliation of Balance Sheet as at April 1, 2016

Rs. in Crore

	Particulars	Reference	Amount as per IGAAP	Reclassification/ Adjustments	Amount as per Ind AS
	ASSETS				
I	**Non Current Assets**				
a)	Property, Plant and Equipment	G	1,519.40	(247.85)	1,271.55
b)	Capital Work-In-Progress		5.01	-	5.01
c)	Financial Assets				
	(i) Investments	I	52.79	121.34	174.13
	(ii) Trade Receivables		-	-	-
	(iii) Loans	D		0.55	0.55
	(iv) Other financial assets	D & I	129.70	(129.39)	0.31
d)	Deferred Tax Assets	J		82.05	82.05
e)	Other Non-Current Assets	D	83.18	(74.28)	8.90
II	**Current Assets**				
a)	Inventories		331.25	-	331.25
b)	Financial assets				
	(i) Trade receivables	C	187.98	(7.71)	180.27
	(ii) Cash and cash equivalents		33.46	(25.52)	7.94
	(iii) Bank balances other than (ii) above		-	25.21	25.21
	(iv) Loans	D	-	8.59	8.59
	(v) Other financial assets	D	31.52	(30.44)	1.08
c)	Current Tax assets (Net)		-	9.08	9.08
d)	Other Current Assets		104.88	12.79	117.67
III	**Assets held for sale**	**G**	-	247.85	247.85
	Total		**2,479.17**	**(7.73)**	**2,471.44**
	EQUITY AND LIABILITIES				
I	**Equity**				
a)	Equity Share capital		73.25	-	73.25
b)	Other equity	A to K	(136.92)	(7.56)	(144.48)
	Liabilities				
II	**Non-current liabilities**				
a)	Financial Liabilities				
	(i) Borrowings	A & E	819.51	(8.40)	811.11
b)	Provisions		6.54	-	6.54

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

	Particulars	Reference	Amount as per IGAAP	Reclassification/ Adjustments	Amount as per Ind AS
c)	Other non-current Liabilities	A & E	-	6.14	6.14
III	**Current Liabilities**				
a)	Financial Liabilities				
	(i) Borrowings		922.42	-	922.42
	(ii) Trade Payables		218.12	-	218.12
	(iii) Other financial liabilities		573.38	(6.72)	566.66
b)	Provisions		2.87	-	2.87
c)	Other Current Liabilities	A & E	-	8.81	8.81
	Total		**2,479.17**	**(7.73)**	**2,471.44**

II Reconciliation of Balance Sheet as at March 31, 2017

Rs. in Crore

	Particulars	Reference	Amount as per IGAAP	Reclassification/ Adjustments	Amount as per Ind AS
I	**Non Current Assets**				
a)	Property, Plant and Equipment	G	1,447.44	(240.80)	1,206.64
b)	Capital Work-In-Progress		17.29	-	17.29
c)	Financial Assets				
	(i) Investments	I	52.81	138.62	191.43
	(ii) Trade receivables		-	-	-
	(iii) Loans	D	-	10.64	10.64
	(iv) Other financial assets	D & I	141.40	(141.36)	0.04
d)	Deferred Tax Assets	J	-	82.05	82.05
e)	Other Non-Current Assets	D	83.18	(78.35)	4.83
II	**Current Assets**				
a)	Inventories		322.64	-	322.64
b)	Financial assets				
	(i) Trade receivables	C	200.16	(5.10)	195.06
	(ii) Cash and cash equivalents		48.42	(32.28)	16.14
	(iii) Bank balances other than (ii) above		-	32.25	32.25
	(iv) Loans	D	-	1.56	1.56
	(v) Other financial assets	D	25.50	(24.35)	1.15
c)	Current Tax assets (Net)		-	9.53	9.53
d)	Other Current Assets		104.16	1.64	105.80
III	**Assets held for sale**	**G**	-	248.26	248.26
	Total		**2,443.00**	**2.31**	**2,445.31**
	EQUITY AND LIABILITIES				
I	**Equity**				
a)	Equity Share capital		73.25	-	73.25
b)	Other equity	A to K	(425.36)	2.00	(423.36)

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

	Particulars	Reference	Amount as per IGAAP	Reclassification/ Adjustments	Amount as per Ind AS
	Liabilities				
II	**Non-current liabilities**				
a)	Financial Liabilities				
	(i) Borrowings	A & E	630.54	(5.83)	624.71
b)	Provisions		6.37	(0.41)	5.96
c)	Other non-current Liabilities	A & E	-	4.10	4.10
III	**Current Liabilities**				
a)	Financial Liabilities				
	(i) Borrowings		1,058.65	-	1,058.65
	(ii) Trade Payables		128.94	-	128.94
	(iii) Other financial liabilities		-	957.72	957.72
b)	Provisions		2.57	0.41	2.98
c)	Other Current Liabilities	A & E	968.04	(955.68)	12.36
	Total		**2,443.00**	**2.31**	**2,445.31**

III Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

Rs. in Crore

	Particulars	Reference	Amount as per IGAAP	Effects of Transition to Ind AS	Amount as per Ind AS
I	Revenue from Operations	B	1,053.18	109.11	1,162.29
II	Other Income	A,D & E	6.07	2.83	8.90
III	**Total Income (I+II)**		1,059.25	111.94	1,171.19
IV	**Expenses**				
	Cost of Materials Consumed	D	522.43	0.53	522.96
	Purchase of Stock-in-Trade		0.04	-	0.04
	Changes in Inventories of finished goods, Stock-in-Trade and work-in-progress		13.01	-	13.01
	Employee Benefit Expense	H	110.14	0.72	110.86
	Finance Costs	A & E	268.89	0.34	269.23
	Depreciation and Amortisation expense	G	70.63	(7.45)	63.18
	Other expenses	B,C & D	363.38	108.98	472.36
	Total Expenses (IV)		1,348.52	103.12	1,451.64
V	**Profit/(loss) before exceptional items and tax (III - IV)**		**(289.27)**	**8.82**	**(280.45)**
VI	Exceptional Items		(0.83)	-	(0.83)
VII	**Profit/(loss) before tax (V - VI)**		(288.44)	8.82	(279.62)
VIII	Tax expense:				
	(1) Current Tax		-	-	-
	(2) Deferred Tax	J	-	-	-
	(3) MAT credit entitlement		-	-	-
	Total Tax Expense (VIII)		-	-	-
IX	**Profit/(loss) for the period (VII-VIII)**		(288.44)	8.82	(279.62)
X	**Other comprehensive income:**				
	A. Items that will not be reclassified to profit or loss				
	(i) Re-measurement gains (losses) on defined benefit plans and its Income tax effect	H	-	0.74	0.74
	Total Other comprehensive income		**-**	**0.74**	**0.74**
XI	**Total Comprehensive Income for the period (IX+X)**		**(288.44)**	**9.56**	**(278.88)**

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

IV Reconciliation of total equity:

Rs. in Crore

Particulars	Note	As at March 31, 2017	As at April 1, 2016
Total equity (Shareholder Funds) as per Previous GAAP		**(352.11)**	(63.67)
Adjustments :			
Fair Value of Sales Tax Deferral Loan	A	**(0.58)**	-
ECL Provision on Trade Receivables	C	**(5.10)**	(7.71)
Fair Valuation of Financial Liabilities - Loan	E	**0.28**	0.17
Fair Valuation of Financial Assets	D	**(0.05)**	(0.02)
Reversal of Depreciation on Assets held for sale	G	**7.45**	-
Deferred tax on above adjustment	J	**0.43**	(2.62)
Deferred Tax Assets (adjusted to the extent of Deferred Tax Liability)	J	**(0.43)**	2.62
Total Adjustment to Equity		**2.00**	(7.56)
Total Equity as per Ind AS		**(350.11)**	(71.23)

Footnotes:

A. Sales Tax Deferral Loan

The Company has fair valued the interest free sales tax deferral loan prospectively by availing exemption under Ind AS 101 and difference between the fair value of the loan and amount payable is considered to be in the nature of a government grant since it represents an incentive received by the company from the government. This incentive is accounted for in accordance with Ind AS 20, Accounting for Government Grants based on the terms of the scheme applicable to the company, and is deferred and amortised to the statement of profit and loss over the period of the sales tax deferral loan. Further The company has accrued interest expense on the loan liability at the effective interest rate (being the discount rate used to determine initial fair value) over the term of the sales tax deferral loan.

B. Excise Duty

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Thus, sale of goods under Ind AS has increased by the excise duty amounting to Rs 111.38 Crore with a corresponding increase in other expenses.

C. Provision for expected credit loss under Ind AS 109

Under Indian GAAP, the Company had recognized provision on trade receivables based on the expectation of the Company. Under Ind AS, the Company provides loss allowance on receivables based on the Expected Credit Loss (ECL) model which is measured following the "simplified approach" at an amount equal to the lifetime ECL at each reporting date.

D. Other financial assets - Security deposits

Under Ind AS, interest free lease deposits are valued at present value as compared to being carried at transaction value in the previous GAAP. The adjustment includes the difference between the book value and present value of interest free security deposits which has been recognised as deferred rent expense. This amount is subsequently charged to the Statement of Profit and Loss on a straight line basis as an interest expense. Further, interest income computed on the present value of the security deposit is recognised over the tenure of the security deposit using the EIR method.

E. Unsecured Loans

Under Ind AS, loans are valued at present value as compared to being carried at cost in the previous GAAP. This adjustment includes the difference between the book value and the present value of an interest free loan or loan below market rate. The interest on the present value of this loan is recognised over the tenure of the loan using the EIR method

F. Reclassification:

Other adjustments on account of transition to Ind AS include reclassification of items of assets, liabilities and taxes to appropriate line items of Ind-AS balance sheet prescribed under Schedule III to the Companies Act, 2013.

Notes to Financial Statement for the year ended March 31, 2018 (Contd.)

G. Assets held for sale

Under the previous GAAP, asset held for sale was presented as part of Property, Plant and Equipment and the same were depreciated over the useful life. Under Ind AS, asset held for sale are separately presented on the face of the Balance Sheet and the company has reversed the depreciation charged to statement of profit and loss for the year ended March 31, 2017 with corresponding effect to retained earnings.

H. Defined Benefit Liabilities

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

I. Advance to Subsidiary Company

Under Indian GAAP, Interest free advance to Subsidiary Company were presented at transaction value under Long Term Loan and Advances. However, under Ind AS, the advance for which repayment is neither planned nor likely in the foreseeable future will forms part of its investment in the subsidiary Company. Accordingly, the company has accounted the advance paid to Subsidiary Company as part of Investment in Subsidiary Company at cost (since the discount will be 100% of the advance amount and the fair value of the advance itself is zero).

J. Deferred Tax

Under Indian GAAP, deferred tax is accounted using the income statement approach as per timing differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the balance sheet approach as per temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences as on the transition date. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

K. Other Comprehensive Income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to total comprehensive income as per Ind AS.

L. Statement of Cash Flow

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

3.25 Events occurring after the Balance Sheet date

No adjusting or significant non - adjusting events have ocurred between the reporting date and the date of authorisation.

3.26 Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

As per our report of even date
For Damania & Varaiya
Chartered Accountants
Firm Registration No. 102079W

CA Bharat Jain
Partner
M. No.100583

Pune, June 11, 2018

For and on behalf of the Board of Directors

B. R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Chetan Nathani
Company Secretary
Pune, June 11, 2018

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

I Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018
[See Regulation 33/52 of the SEBI (LODR) (amendment Regulations, 2016]

Rs. in Crore

Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	1,500.38	1,500.38
2.	Total Expenditure	1,740.33	1,861.91
3.	Net Profit/(Loss)	(239.95)	(361.53)
4.	Earnings Per Share	(16.38)	(24.68)
5.	Total Assets	2,441.61	2,320.03
6.	Total Liabilities	3,031.07	3,031.07
7.	Net Worth	(589.46)	(711.04)
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

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

II. Audit qualification (each qualification separately):

(1) (a) Details of Audit Qualification:

The company has outstanding Minimum Alternate Tax (MAT) entitlement, classified as Deferred Tax Asset as per Ind AS- 12, Income Taxes, of Rs. 82.05 Crores as on March 31, 2018. Taking into consideration the loss during the period ended March 31, 2018 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of loss for the quarter and year ended March 31, 2018 and overstatement of the other equity by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the company.

(b) Type of Audit Qualification : Qualified Opinion

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

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

As per Ind AS- 12 "Income Tax", Minimum Alternate Tax (MAT) credit (unused tax credit) is regarded as Deferred Tax Assets and the same shall be recognised to the extent that it has become probable that future taxable profit will be available against which the unused tax credit can be utilised. In view of Business uncertainties and pending debt Resolution, it is difficult for the Company to fairly ascertain the probable future taxable profit against which MAT Credit can be utilized.

Accordingly, the unabsorbed MAT credit of Rs. 82.05 Crores as at March 31, 2018, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years.

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

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

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

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

(2) (a) Details of Audit Qualification:

The company, through its subsidiary, has invested Rs. 48.43 Crores in Structo Hydraulics AB Sweden (SHAB). Net receivables (net of write offs) to the company from SHAB against the supplies made is Rs.15.43 Crores and payment made towards invocation of guarantee given by the company in respect of loans availed by SHAB is Rs. 33.33 Crores (USD 5 Million). The Company has received the approval from regulatory authorities for treating the said payment against invocation as equity investment in SHAB (considered as investment on adoption of Ind AS) and the Company is taking steps for implementation of the same. SHAB has been incurring cash losses and its net worth is also eroded. No provision for diminution in value of investment and net receivable against supplies is made by the company. We are unable to comment on the same and ascertain its impact, if any, on the audited financial results in respect of the above matters.

(b) Type of Audit Qualification : Qualified Opinion

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

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

The Company through its Subsidiary Company, ISMT Enterprises S.A., Luxembourg has invested Rs. 48.43 Crore in Structo Hydraulics AB, Sweden (SHAB). The Company has received the approval from regulatory authorities for conversion into equity of an amount of Rs. 33.33 Crore (USD 5 Million) due from SHAB on account of payment towards invocation of guarantee by lender of SHAB, which is considered as investment on adoption of Ind AS and the Company is taking steps for implementation of the same. The net receivables on account of sales made to SHAB are Rs.15.43 Crore and the same is considered as collectible. No provision, however, has been made in respect of diminution in the value of investment, which is in the nature of forward integration and considered Strategic and Long Term.

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

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

(ii) If management is unable to estimate the impact, reason for the same: Not ascertainable.

(ii) Auditor's Comments on (i) or (ii) above: Not ascertainable as explained in the qualification stated above.

(3) (a) Details of Audit Qualification:

The company had recognized claim in earlier years, of which outstanding balance as on March 31, 2018 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Company has preferred appeal before the hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, Provisions, Contingent liabilities and Contingent assets. Recognition of the above claim has resulted in overstatement of other equity by Rs.39.53 Crores.

(b) Type of Audit Qualification : Qualified Opinion

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

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

Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. The Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore upto March 31, 2014, of which amount outstanding as on March 31, 2018 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.

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

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

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

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

(4) (a) Details of Audit Qualification:

Pending approval/sanction of the debt resolution by the lenders, the Company has not provided for the overdue /penal/ compounding of interest .The quantum and its impact on the financial statements, if any, is unascertainable.

(b) Type of Audit Qualification : Qualified Opinion

(c) Frequency of qualification : appearing second time in financial year 2017-18

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

The Company and its lenders had been exploring various options including OSDR for Debt Resolution. Subsequent to RBI circular dated February 12, 2018 the lenders have decided to explore assignment of debt as a Resolution Plan. Pending the same, interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis. However, no overdue/penal/ compounding of interest, if any, has been provided.

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

(i) Management's estimation on the impact of audit qualification: Not ascertainable.

(ii) If management is unable to estimate the impact, reason for the same: Not ascertainable.

(ii) Auditor's Comments on (i) or (ii) above: Not ascertainable as explained in the qualification stated above.

III Signatories:

Statutory Auditors
For Damania & Varaiya
Chartered Accountants
Firm Registration No. 102079W

CA Bharat Jain
Partner
M. No.100583

Pune, June 11, 2018

For ISMT Limited
For and on behalf of the Board of Directors

B. R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Deepa Mathur
Audit Committee Chairperson

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ISMT LIMITED

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of ISMT Limited ("the Parent Company") and its subsidiaries (collectively referred to as "Group"), comprising of the Consolidated Balance Sheet as at 31st March 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated statement of changes in equity and the Consolidated statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent 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 including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The Board of Directors of the respective Companies, included in the Group, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act or otherwise 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Parent Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's Judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls and checks relevant to the Company's preparation of the consolidated Ind AS 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 principles and procedures followed, accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS 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 Ind AS Financial Statements.

Basis for Qualified Opinion

a) The Parent company has outstanding Minimum Alternate Tax (MAT) entitlement, classified as Deferred Tax Asset as per Ind AS- 12, Income Taxes, of Rs. 82.05 Crores as on March 31, 2018. Taking into consideration the loss during the period ended March 31, 2018 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of loss for the year ended March 31, 2018 and overstatement of other equity by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the Group.

b) The Parent company had recognized claim in earlier years, of which outstanding balance as on March 31, 2018 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Parent Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Parent Company has preferred appeal before the hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, Provisions, Contingent liabilities and Contingent assets. Recognition of the above claim has resulted in overstatement of other equity by Rs.39.53 Crores. Refer Note No. 3.17 (i) forming part of the consolidated Ind AS financial statements.

c) Pending approval / sanction of the debt resolution by the lenders, the Parent Company has not provided for the overdue /penal/compounding of interest. The quantum and its impact on the consolidated Ind AS financial statements, if any, is unascertainable. Refer Note No. 3.15 forming part of the consolidated Ind AS financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements/ consolidated financial statements and on the other financial information of the subsidiaries, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS 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 Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and its consolidated net loss (including other comprehensive income), consolidated statement of changes in equity and its 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 Ind AS financial statements:

a) Note No.1.32 regarding remuneration to Managing Director and Executive Director of the Parent Company amounting to Rs. 3.15 Crores for the financial year 2017-2018 (Rs. 4.39 Crores cumulative up to March 31, 2018) is subject to approval of Central Government.

b) The Group has accumulated losses and its net worth has been fully eroded, the Group has incurred 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 Ind AS financial statements of the Group have been prepared on a going concern basis for the reasons stated in the Note No 3.14 forming part of the consolidated Ind AS financial statements.

c) Note No. 3.16 in the consolidated Ind AS financial statement explaining reason for non-provision for impairment if any, with respect to carrying value of Rs 104.63 Crores as on 31st March 2018 of thermal power project along with its captive port, which is discontinued and is held for sale.

d) Note No. 3.17(ii) in the consolidated Ind AS financial statement explaining reason for non-provision for impairment, if any, with respect to carrying value of Rs. 254.00 Crores as on 31st March 2018 of 40 MW Captive Power Project(CPP) at Chandrapur, Maharashtra, which is under suspended operations and is held for sale.

Our opinion is not qualified in respect of these matters.

Other Matters

a) We did not audit the financial statements/ financial information of eights subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 373.92 Crores as at March 31, 2018, total revenues of Rs. 188.57 Crores and net cash out flows amounting to Rs. 0.17 Crores for the year ended on that date, as considered in the consolidated Ind AS 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 Ind AS 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, insofar 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 two subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 1.45 Crores as at March 31, 2018, total revenues of Rs. 0.40 Crores and net cash out flows amounting to Rs. 0.03 Crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information are unaudited and have been furnished to us by management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statement/ financial information. In our opinion and according to information and explanations given to us by the management, these financial statements / financial information are not material to the group.

Our opinion on the Consolidated Ind AS 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.

c) The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening Balance Sheet as at April 1, 2016 included in these Consolidated Ind AS financial statements, are based on the consolidated financial statements for the year ended March 31, 2017 and March 31,2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by predecessor Auditors, whose audit report for the year ended March 31, 2017 and March 31, 2016 dated May 30, 2017 and May 27, 2016 respectively expressed an modified opinion on those financial statements. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

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 Ind AS financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 (including Other Comprehensive Income), Consolidated Statement of changes in equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account relevant for the purpose of preparation of the consolidated Ind AS financial statements.

   d) In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under to the extent applicable.

   e) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Parent company.

   f) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2018 taken on record by the Board of Directors of the Parent 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, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

   g) The qualifications relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

   h) 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".

   i) With respect to the other matters to be included in the Auditors' 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 of the consolidated Ind AS financial statements on Contingent Liabilities.

      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 Parent Company.

For Damania & Varaiya.
Chartered Accountants
Firm's registration No.: 102079W

CA Bharat Jain
Partner
Membership No.: 100583

Place: Pune
Date: June 11, 2018

ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(h) 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 Parent Company') and its subsidiary Companies which are companies incorporated in India, as at March 31, 2018 in conjunction with our audit of the consolidated Ind AS financial statements of the Group for the year ended and as on that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Parent Company and its subsidiary companies, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Group'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' 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 and the audit evidence obtained by other auditors in terms of their reports referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group'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.

Opinion:

In our opinion, the Parent Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, 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 ICAI.

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, incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Damania & Varaiya.
Chartered Accountants
Firm's registration No.: 102079W

CA Bharat Jain
Partner
Membership No.: 100583
Place: Pune
Date: June 11 , 2018

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

Rs. in crore

Particulars	Note No.	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
ASSETS							
Non - Current Assets							
a) Property, Plant and Equipment	1.1	**1,186.56**		1,231.44		1,299.48	
b) Capital Work-in-Progress		**2.28**		17.29		5.01	
c) Goodwill on Consolidation		**37.67**		37.67		37.67	
d) Financial Assets							
i) Investments	1.2	**0.02**		0.02		-	
ii) Trade Receivables	1.3	**-**		-		-	
iii) Loans	1.4	**13.67**		10.64		0.55	
iv) Others Financial Assets	1.5	**-**		0.04		0.31	
e) Deferred Tax Asset (Net)	1.6	**82.05**		82.05		82.05	
f) Other Non Current Assets	1.7	**5.85**		5.39		10.06	
Sub Total			**1,328.10**		1,384.54		1,435.13
Current Assets							
a) Inventories	1.8	**345.63**		333.54		343.18	
b) Financial Assets							
i) Trade Receivables	1.9	**225.99**		197.70		173.08	
ii) Cash and Cash Equivalents	1.10	**24.72**		19.08		9.53	
iii) Bank Balance other than (ii) above	1.11	**29.69**		32.25		25.21	
iv) Loans	1.12	**0.86**		1.56		8.59	
v) Others Financial Assets	1.13	**0.96**		1.20		1.13	
c) Current Tax Assets (Net)	1.14	**4.55**		9.98		9.38	
d) Other Current Assets	1.15	**111.79**		110.34		118.14	
Sub Total			**744.19**		705.65		688.24
Assets held for sale			**358.63**		352.88		353.38
Total Assets			**2,430.92**		2,443.07		2,476.75
EQUITY AND LIABILITIES							
EQUITY							
a) Equity Share Capital	1.16	**73.25**		73.25		73.25	
b) Other Equity	1.17	**(719.27)**		(477.92)		(198.62)	
Equity attributable to owners		**(646.02)**		(404.67)		(125.37)	
Non Controlling Interest		**(0.16)**		(0.13)		(0.14)	
Total Equity			**(646.18)**		(404.80)		(125.51)
LIABILITIES							
Non - Current Liabilities							
a) Financial Liabilities							
i) Borrowings	1.18	**402.86**		628.15		833.65	
ii) Other Financial Liabilities	1.19	**6.88**		7.70		8.20	
b) Provisions	1.20	**6.04**		7.04		7.94	
c) Other Liabilities	1.21	**2.07**		4.10		6.14	
Sub Total			**417.85**		646.99		855.93
Current Liabilities							
a) Financial Liabilities							
i) Borrowings	1.22	**1,086.39**		1,075.76		942.05	
ii) Trade Payables	1.23	**107.94**		141.41		219.78	
iii) Others Financial Liabilities	1.24	**1,441.40**		962.04		570.89	
b) Provisions	1.25	**2.26**		3.00		2.89	
c) Other Current Liabilities	1.26	**21.26**		18.67		10.72	
Sub Total			**2,659.25**		2,200.88		1,746.33
Total Equity and Liabilities			**2,430.92**		2,443.07		2,476.75
Significant Accounting Policies	2						
Notes to Accounts	3						

As per our report of even date

For Damania & Varaiya
Chartered Accountants
Firm Registration No. 102079W

CA Bharat Jain
Partner
M. No.100583

Pune, June 11, 2018

For and on behalf of the Board of Directors

B. R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Chetan Nathani
Company Secretary
Pune, June 11, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018.

Rs. in Crore

Particulars	Note No.	2017-18		2016-17	
INCOME					
Revenue from Operations					
Sale of Products	1.27	**2,077.45**		1,511.82	
Less: Inter Segment Transfers		**345.94**		227.92	
: Inter Division Transfers		**104.42**		51.42	
: Sales to Subsidiary / Parent Company		**94.87**		54.41	
Net Sales			**1,532.22**		1,178.07
Other Operating Income	1.28		**25.69**		25.65
Other Income	1.29		**10.53**		9.31
Total Income			**1,568.44**		1,213.03
EXPENSES:					
Cost of Materials Consumed	1.30		**844.77**		529.63
Purchases of Stock-in-Trade			**-**		21.02
Changes in Inventories of Finished Goods & Work-in-Progress	1.31		**(15.75)**		14.40
Employee Benefits Expense	1.32		**137.69**		122.29
Finance Cost	1.33		**275.98**		270.38
Depreciation	1.34		**61.43**		66.30
Other Expenses	1.35		**511.57**		471.04
Total Expenses			**1,815.69**		1,495.06
Profit / (Loss) Before Exceptional Item and Tax			**(247.25)**		(282.03)
Exceptional Item -Foreign Exchange (Gain)/Loss			**(3.46)**		(0.29)
Profit / (Loss) Before Tax			**(243.79)**		(281.74)
Tax Expenses					
Current Tax			0.01		0.01
Deferred Tax			-		-
Earlier Years Tax			**(1.00)**		-
Profit / (Loss) for the Year			**(242.80)**		(281.75)
Other Comprehensive Income					
a) Items that will not be reclassified to profit and loss					
(i) Re-measurement gains/(losses) on defined benefit plans			**0.60**		0.74
(ii) Income tax effect on above			**-**		-
b) Items that will be reclassified to profit and loss					
i) Foreign Currency Translation Reserve			**0.83**		1.69
(ii) Income tax effect on above			**-**		-
Other Comprehensive Income			**1.43**		2.43
Total Comprehensive Income for the year			**(241.37)**		(279.32)
Profit /(Loss) attributable to :					
Equity Shareholders of Parent			**(242.78)**		(281.73)
Non Controlling Interest			**(0.02)**		(0.02)
Other Comprehensive Income attributable to :					
Equity Shareholders of Parent			**1.43**		2.43
Non Controlling Interest			**-**		-
Total Comprehensive Income attributable to :					
Equity Shareholders of Parent			**(241.35)**		(279.30)
Non Controlling Interest			**(0.02)**		(0.02)
Earning per Equity Share (Face Value of Rs. 5/- each)			**(16.57)**		(19.23)
Significant Accounting Policies	2				
Notes to Accounts	3				

As per our report of even date

For Damania & Varaiya
Chartered Accountants
Firm Registration No. 102079W

CA Bharat Jain
Partner
M. No.100583

Pune, June 11, 2018

For and on behalf of the Board of Directors

B. R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Chetan Nathani
Company Secretary
Pune, June 11, 2018

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

Rs. in Crore

	Particulars	2017-18		2016-17	
i)	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	Net Profit / (Loss) Before Tax		**(243.79)**		(281.74)
	Adjustments for :				
	Loss on Asset Discarded	**-**		0.11	
	Depreciation	**61.43**		66.30	
	Finance Costs	**275.98**		270.38	
	Interest Income	**(3.90)**		(3.83)	
	Unrealised Exchange (Gain) / Loss / Foreign Currency Translation Reserve	**(0.87)**		(0.48)	
	Provision for Doubtful Debts	**5.65**		2.15	
	Bad Debts	**-**		7.44	
	Provision for expected credit loss	**(0.95)**		(2.62)	
	Remeasurement of Defined Benefit Plan	**0.60**		0.74	
			337.94		340.19
	Operating Cash Profit before Working Capital Changes		**94.15**		58.45
	Adjustments for :				
	Trade and Other Receivables	**(33.04)**		(34.89)	
	Inventories (Increase) / Decrease	**(12.09)**		9.64	
	Trade Payables and Other Liabilities	**(35.34)**		(103.82)	
			(80.47)		(129.07)
	Taxes (Paid) / Refund		**6.42**		(0.61)
	Net Cash flow from Operating Activities		**20.10**		(71.23)
ii)	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Property, Plant and Equipment (net)	**(3.86)**		(9.64)	
	Interest Received	**2.79**		2.32	
	Purchase of Investment	**-**		(0.02)	
	Net Cash used in Investing Activities		**(1.07)**		(7.34)
iii)	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Dividend Paid	**(0.56)**		(0.60)	
	Proceeds from /(Repayment of) Borrowings	**(4.98)**		(21.38)	
	Interest Paid	**(18.48)**		(23.61)	
	Net Cash from Financing Activities		**(24.02)**		(45.59)
	Net Increase / (Decrease) in Cash and Cash Equivalents		**(4.99)**		(124.16)
	Cash and Cash Equivalents at the beginning of the year*		**(1,056.68)**		(932.52)
	Cash and Cash Equivalents at the end of the year *		**(1,061.67)**		(1,056.68)
	Net Increase / (Decrease) in Cash & Cash Equivalents		**(4.99)**		**(124.16)**

Note: The consolidated cash flow statement is prepared using the "indirect method" set out in Ind AS 7 - "Statement of Cash Flows".

***Cash and Cash Equivalents comprises the following**

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April1, 2016
(a) Balance with Banks (in current accounts)	**22.91**	19.02	9.47
(b) Money in Transit	**1.77**	-	-
(c) Cash in Hand	**0.04**	0.06	0.06
	24.72	19.08	9.53
Less: Bank Overdraft (Refer Note No. 1.22)	1,086.39	1,075.76	942.05
Cash and Cash Equivalents	**(1,061.67)**	**(1,056.68)**	**(932.52)**

As per our report of even date

For Damania & Varaiya
Chartered Accountants
Firm Registration No. 102079W

CA Bharat Jain
Partner
M. No.100583

Pune, June 11, 2018

For and on behalf of the Board of Directors

B. R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Chetan Nathani
Company Secretary
Pune, June 11, 2018

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

NOTE NO. 1.1 PROPERTY, PLANT AND EQUIPMENT

Rs. in Crore

Particulars	Land Freehold	Land Leasehold #	Buildings ##	Plant and machinery ##	Furniture and Fixtures	Office Equipment	Vehicles	Asset under Lease- Plant and machinery	Total
Cost or valuation									
As at April 1, 2016	**2.10**	**217.49**	**149.37**	**1,685.56**	**4.81**	**12.60**	**1.52**	**6.96**	**2,080.41**
Additions	-	-	-	(1.06)	-	0.15	-	-	(0.91)
Disposals	-	-	-	1.08	-	-	-	6.96	8.04
As at March 31, 2017	**2.10**	**217.49**	**149.37**	**1,683.42**	**4.81**	**12.75**	**1.52**	**-**	**2,071.46**
Additions	-	-	0.09	16.37	-	0.09	-	-	16.55
Disposals	-	-	-	-	-	-	-	-	-
As at March 31, 2018	**2.10**	**217.49**	**149.46**	**1,699.79**	**4.81**	**12.84**	**1.52**	**-**	**2,088.01**
Depreciation									
As at April 1, 2016	**-**	**4.92**	**55.46**	**699.11**	**4.05**	**12.07**	**1.44**	**3.88**	**780.93**
Charge for the year	-	3.24	5.57	54.11	0.23	0.07	-	3.08	66.30
Disposals	-	-	-	0.25	-	-	-	6.96	7.21
As at March 31, 2017	**-**	**8.16**	**61.03**	**752.97**	**4.28**	**12.14**	**1.44**	**-**	**840.02**
Charge for the year	-	3.23	5.58	*52.38	0.15	0.09	-	-	61.43
Disposals	-		-	-	-	-	-	-	-
As at March 31, 2018	**-**	**11.39**	**66.61**	**805.35**	**4.43**	**12.23**	**1.44**	**-**	**901.45**
Net Block									
As at April 1, 2016	**2.10**	**212.57**	**93.91**	**986.45**	**0.76**	**0.53**	**0.08**	**3.08**	**1,299.48**
As at March 31, 2017	**2.10**	**209.33**	**88.34**	**930.45**	**0.53**	**0.61**	**0.08**	**-**	**1,231.44**
As at March 31, 2018	**2.10**	**206.10**	**82.85**	**894.44**	**0.38**	**0.61**	**0.08**	**-**	**1,186.56**

The Parent 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 in the year 2014-15. Depreciation provided on the revalued amount of Rs. 3.14 Crore (Previous Year Rs. 3.14 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, Mumbai between The Indian Seamless Metal Tubes Limited and the Parent Company amounting to Rs. 3.84 Crore (Previous Year Rs. 4.03 Crore) has been transferred from Amalgamation Reserve to General Reserve.

The Subsidairy Company Structo Hydraulics AB has transferred amount of depreciation provided on revalued amount and revalued portion of assets disposed off amounting to Rs. 0.49 Crore (Previous Year Rs. 0.66 Crore) from Revaluation reserve to General Reserve. Gross Block of Property, Plant and Equipment include Rs. 11.05 Crore (Previous Year Rs. 11.05 Crore) on account of revaluation of Building and Plant and Machinery.

* Additions to Plant and Machinery include Exchange Difference loss of Rs. 0.39 Crore (Previous Year gain Rs. 2.88 Crore).

NOTE NO. 1.2 NON CURRENT FINANCIAL ASSETS - INVESTMENTS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Investment in Equity Instruments-Unquoted			
a) In Other Companies (At Cost)			
(At Fair Value Through Profit or Loss (FVTPL))			
i) OPGS Power Gujarat Pvt. Ltd	0.02	0.02	-
10,84,000 (March 31, 2017- 9,69,000; April 01, 2016- Nil) Equity Shares of Rs. 0.10 each fully paid			
Total	**0.02**	0.02	-
Aggregate amount of unquoted investments	0.02	0.02	-
Financial assets carried at Fair Value Through Profit or Loss	0.02	0.02	-

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

NOTE NO. 1.3 NON CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured Considered Doubtful	**26.30**	12.14	10.13
Less: Provision for Doubtful	**26.30**	12.14	10.13
Total	-	-	-

NOTE NO. 1.4 NON CURRENT FINANCIAL ASSETS - LOANS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Security Deposits	**13.67**	10.64	0.55
Total	**13.67**	10.64	0.55

NOTE NO. 1.5 NON CURRENT FINANCIAL ASSETS - OTHERS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Margin Money Deposits against Guarantees / Letter of Credit / with more than 12 months maturity	-	0.04	0.31
Total	-	0.04	0.31

NOTE NO. 1.6 DEFERRED TAX ASSETS (Net)

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) **Deferred Tax Liabilities**			
Depreciation	**247.27**	235.30	234.08
	247.27	235.30	234.08
ii) **Deferred Tax Assets**			
a) Accumulated Tax Lossess*	**30.79**	12.60	28.05
b) Unabsorbed Tax Depreciation	**208.03**	197.23	183.16
c) Deduction eligible in future period in respect of expenses already debited to the statement of Profit and Loss	**8.18**	24.81	22.32
d) Others	**0.27**	0.66	0.55
	247.27	235.30	234.08
iii) **MAT Credit Entitlement**	**82.05**	82.05	82.05
Deferred Tax Assets (Net)	**82.05**	82.05	82.05

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

NOTE NO. 1.7 NON CURRENT ASSETS - OTHERS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) Capital Advances	**0.21**	0.27	5.65
ii) Security Deposits	**1.91**	1.90	2.15
iii) Deferred Expenses	**2.23**	1.53	0.01
iv) Statutory Refunds from Government Authorities	**1.13**	1.13	1.13
v) Others	**0.37**	0.56	1.12
Total	**5.85**	5.39	10.06

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

NOTE NO. 1.8 CURRENT ASSETS - INVENTORIES
(Valued at cost or net realisable value whichever is lower)

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) Raw Materials	**87.45**	67.41	56.13
ii) Work-in-progress	**61.97**	98.87	112.13
iii) Finished goods	**104.27**	58.88	60.02
iv) Stores, Spares and Consumables	**91.94**	108.38	114.90
Total	**345.63**	333.54	343.18

NOTE NO. 1.9 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES
(Net of bills discounted with Banks)

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured			
Considered Good	**230.74**	203.40	181.40
Less: Provision for Expected Credit Loss	**4.75**	5.70	8.32
Total	**225.99**	197.70	173.08

NOTE NO. 1.10 CURRENT FINANCIAL ASSETS - CASH AND BANK BALANCES

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Cash and Cash Equivalents			
i) Balances with Banks	**22.91**	19.02	9.47
ii) Money -in-Transit	**1.77**	-	-
iii) Cash on Hand	**0.04**	0.06	0.06
Total	**24.72**	19.08	9.53

NOTE NO. 1.11 CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Other Earmarked Balances			
i) Unclaimed Dividend Accounts	**1.17**	1.73	2.33
ii) Unclaimed Debentures Accounts	**0.02**	0.02	0.02
iii) Deposits with Banks	**28.50**	30.50	22.86
Total	**29.69**	32.25	25.21
Deposits with Banks includes:			
i) Margin Money Deposits against Guarantees / Letter of Credit / with less than 12 months maturity	**28.50**	30.50	22.86

NOTE NO. 1.12 CURRENT FINANCIAL ASSETS - LOANS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, Considered Goods			
i) Security Deposits	**-**	0.55	6.28
ii) Loan and advance to Employees	**0.86**	1.01	2.31
Total	**0.86**	1.56	8.59

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

NOTE NO. 1.13 CURRENT FINANCIAL ASSETS - OTHERS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) Security Deposits	**0.70**	0.36	0.34
ii) Interest Receivables	**0.26**	0.84	0.79
Total	**0.96**	1.20	1.13

NOTE NO. 1.14 CURRENT TAX ASSETS (Net)

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Taxes paid	**4.77**	103.03	102.37
Less: Provision for Tax	**0.22**	93.05	92.99
Total	**4.55**	9.98	9.38

NOTE NO. 1.15 OTHER CURRENT ASSETS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) Balance with Custom and Excise	**11.86**	12.21	8.50
ii) Export Incentives and Other Refunds	**69.91**	79.70	85.59
iii) Others	**28.97**	17.60	23.80
iv) Deferred Expenses	**1.05**	0.83	0.25
Total	**111.79**	110.34	118.14

NOTE NO. 1.16 EQUITY SHARE CAPITAL

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Authorised			
i) 17,50,00,000 (March 31, 2017 - 17,50,00,000 and April 1, 2016 - 17,50,00,000) Equity Shares of Rs.5/- each.	**87.50**	87.50	87.50
ii) Unclassified Shares	**71.00**	71.00	71.00
	158.50	158.50	158.50
Issued, Subscribed and fully Paid up:			
i) 14,65,01,383 (March 31, 2017 - 14,65,01,383 and April 1, 2016 - 14,65,01,383) Equity Shares of Rs 5/- each.	**73.25**	73.25	73.25

The company has only one class of issued shares having par value of Rs. 5 /- each holder of equity shares is entitled to one vote per share.

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

Particulars	**March 31, 2018**		March 31 , 2017		April 01, 2016	
	Equity Shares Number	**Rs. in Crores**	Equity Shares Number	Rs. in Crores	Equity Shares Number	Rs. in Crores
Shares outstanding at the beginning of the year	14,65,01,383	73.25	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	14,65,01,383	73.25

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

The details of shareholders holding more than 5% shares.

Name of Shareholders	March 31, 2018		March 31 , 2017		April 01, 2016	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Seamless Enterprises Limited	68,918,858	47.04%	68,917,858	47.04%	55,533,788	37.91%
Vishkul Leather Garments Private Limited.	-	-	-	-	13,383,770	9.14%
Jiten Kirtanlal Shah	7,418,640	5.06%	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.

NOTE NO. 1.17 OTHER EQUITY

Rs. in Crore

Particulars	**Reserve and Surplus**							**Items of Other Comprehensive Income**		**Total impact on Other equity**
								Items that will be reclassified to profit and Loss	**Items that will not be reclassified to profit and Loss**	
	Capital Reserve	**Capital Redemption Reserve**	**Revaluation Reserve**	**Amalgamation Reserve**	**Reserve for Contingencies**	**General Reserve**	**Retained Earnings**	**Foregn Currency Translation Reserve**	**Re-measurement of the net defined benefit plans**	
As at April 1, 2016 (A)	**6.94**	**80.60**	**212.74**	**11.52**	**1.91**	**413.04**	**(925.37)**		**-**	**(198.62)**
Adjustments:										
Add : Transferred to General Reserves	-	-	(3.80)	(4.03)	-	7.83	-	-	-	-
Add: Remeasurement of the net defined benefit plans	-	-	-	-	-	-	-	-	0.74	0.74
Add: Foreign Currency Translation Reserve	-	-	-	-	-	-	-	1.69	-	1.69
Add: Profit / (Loss) for the year	-	-	-	-	-	-	(281.73)	-	-	(281.73)
Total (B)	**-**	**-**	**(3.80)**	**(4.03)**	**-**	**7.83**	**(281.73)**	**1.69**	**0.74**	**(279.30)**
As at March 31, 2017 (C) = (A) + (B)	**6.94**	**80.60**	**208.94**	**7.49**	**1.91**	**420.87**	**(1,207.10)**	**1.69**	**0.74**	**(477.92)**
Adjustments:										
Add : Transferred to General Reserves	-	-	(3.63)	(3.84)	-	7.47	-	-	-	-
Add: Foreign Currency Translation Reserve	-	-	-	-	-	-	-	0.83	-	0.83
Add: Remeasurement of the net defined benefit plans	-	-	-	-	-	-	-	-	0.60	0.60
Add: Profit / (Loss) for the year	-	-	-	-	-	-	(242.78)	-	-	(242.78)
Total (D)	**-**	**-**	**(3.63)**	**(3.84)**	**-**	**7.47**	**(242.78)**	**0.83**	**0.60**	**(241.35)**
As at March 31, 2018 (E) = (C) + (D)	**6.94**	**80.60**	**205.31**	**3.65**	**1.91**	**428.34**	**(1,449.88)**	**2.52**	**1.34**	**(719.27)**

NATURE AND PURPOSE OF RESERVES

A Capital Reserve

Represents application money on Equity Share Warrants not exercised.

B Capital Redemption Reserve

Represents Reserve created at the time of redemption of Preference Shares.

C Revaluation Reserve

Represents revaluation of Leasehold Land located at Ahmednagar and Baramati of Parent Company, Building and Plant & Machinery of its subsidary Company “Structo Hydraulic’s AB”.

D Amalgamation Reserve

Arising out of the Scheme of Arrangement between The Indian Seamless Metal Tubes Limited and the Parent Company.

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

E Reserve for Contingencies

Arising out of the Scheme of Arrangement between the Parent Company and Jejuri Steel & Alloys Limited.

F General Reserve

Represents profit transferred from Statement of Profit and Loss Account and are available for distribution to Shareholders.

G Retained Earnings

Represents Net Loss incurred by the Group as on March 31, 2018.

NOTE NO. 1.18 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. in Crore

Name of Shareholders	As at March 31, 2018		As at March 31 , 2017		As at April 01, 2016	
SECURED LOANS :						
Term Loans :						
i) From Banks						
a) Rupee Loans	**275.23**		515.00		630.54	
b) Foreign Currency Loans	**20.69**		82.17		184.38	
		295.92		597.17		814.92
ii) From Others						
Rupee Loans		**93.52**		14.75		-
UNSECURED LOANS :						
i) Sales Tax Deferral Loan		**7.40**		10.93		14.05
ii) Others – From Associate Company		**6.02**		5.30		4.68
Total		**402.86**		628.15		833.65

Secured Loans From Others represents Term Loans assigned by Banks to Asset Reconstruction Companies (ARC's).

Security

Parent Company

i) Term Loans of Rs. 802.62 Crore (including current maturities of Rs.520.27 Crore) (March 31, 2017 - Rs 802.26 Crore including current maturities of Rs. 338.25 Crore and April 1, 2016 - Rs 804.94 Crore including current maturities of Rs. 199.66 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) and (iv) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (v). These loans are further stipulated to be secured by a second charge ranking pari passu by way of hypothecation with other term lenders on the current assets of the Company on which the first pari passu charge is stipulated to be covered in favour of consortium of banks as mentioned in Note No. 1.22.

(ii) Term Loans of Rs. 108.00 Crore (including current maturities of Rs.21.60 Crore) (March 31, 2017 - Rs 108.00 Crore including current maturities of Rs. 8.10 Crore and April 1, 2016 Rs 108.00 Crore including current maturities of Rs. 1.35 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 (iv) has been stipulated and on 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.

iii) Term Loans of Rs. 12.71 Crore (including current maturities of Rs. 12.71 Crore) (March 31, 2017 Rs. 12.71 Crore including current maturities of Rs.12.71 Crore and April 1, 2016 Rs. 12.73 Crore including current maturities of Rs. 12.73 Crore) are stipulated to be secured by exclusive charge on the equipment financed.

iv) Term Loans of Rs. 79.38 Crore (including current maturities of Rs. 59.84 Crore) (March 31, 2017 Rs. 79.13 Crore including current maturities of Rs.46.27 Crore and April 1, 2016 Rs. 80.96 Crore including current maturities of Rs. 33.64 Crore) are stipulated to be secured by exclusive charge on the equipment financed.

v) Term Loans of Rs. 105.10 Crore (including current maturities of Rs.105.10 Crore) (March 31, 2017 Rs. 100.00 Crore including current maturities of Rs. 88.31 Crore and April 1, 2016 Rs. 103.87 Crore including current maturities of Rs. 70.74 Crore) are stipulated to be secured by first charge ranking pari passu on the Company's immovable properties and movable fixed assets relating to Captive Power Projects of the Company located in Chandrapur district.

vi) Further out of the above term loans from banks, loans amounting to Rs.400.50 Crores are secured by unencumbered properties located at Ahmednagar and Jejuri and also guaranteed by the Managing Director of the Company.

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

Subsidiary Companies

Structo Hydraulics AB :

vii) Term Loans of Rs. 2.16 Crore (including current maturities of Rs. 1.01 Crore) (March 31, 2017 Rs. 4.31 Crore including current maturities of Rs. 0.87 Crore and April 1, 2016 Rs 22.54 Crore including current maturities of Rs. 0.92 Crore) are secured by Company's Fixed Assets and Receivables.

viii) Maturity Schedule

Particulars	1-2 year	2-3 year	3-4 year	Beyond 4 years
a) Secured Term Loans	123.69	105.02	102.42	58.31
b) Sales Tax Deferral Loan	5.06	2.81	0.85	0.52

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

NOTE NO. 1.19 NON CURRENT FINANCIAL LIABILITIES - OTHERS

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
Others	**6.88**	7.70	8.20
Total	**6.88**	7.70	8.20

NOTE NO. 1.20 NON CURRENT LIABILITIES - PROVISIONS

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
Provision for Employee Benefits			
Leave Encashment	**6.04**	7.04	7.94
Total	**6.04**	7.04	7.94

NOTE NO. 1.21 NON CURRENT LIABILITIES - OTHERS

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
i) Deferred - Sales Tax	**1.34**	2.65	3.96
ii) Deferred Income	**0.73**	1.45	2.18
Total	**2.07**	4.10	6.14

NOTE NO. 1.22 CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
SECURED			
Loans Repayable on Demand			
Working Capital Borrowings From Banks			
i) Rupee Loans	**763.04**	987.91	891.10
ii) Foreign Currency Loans	**20.38**	17.11	19.63
Working Capital Borrowings From Others			
i) Rupee Loans	**271.65**	39.42	-
Unsecured			
Working Capital Borrowings From Banks			
i) Rupee Loans	**31.32**	31.32	31.32
Total	**1,086.39**	1,075.76	942.05

Working Capital Borrowings from Others represents Loans assigned by Banks to ARC's.

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

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. 1.18 (i) .

Subsidiary Companies

Structo Hydraulics AB

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

NOTE NO. 1.23 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
Acceptances	**5.73**	40.08	113.90
Other Trade Payables			
i) Micro,Small and Medium Enterprises	**0.01**	0.05	0.03
ii) Others	**102.20**	101.28	105.85
Total	**107.94**	141.41	219.78

NOTE NO. 1.24 CURRENT FINANCIAL LIABILITIES - OTHERS

Rs. in Crore

Particulars	**As at March 31, 2018**		As at March 31 , 2017		As at April 01, 2016	
Current Maturities of Long-Term Debt						
a) SECURED						
Term Loans :						
From Banks						
i) Rupee Loans	**369.87**		282.47		186.66	
ii) Foreign Currency Loans	**272.08**		207.05		132.45	
	@	**641.95**		489.52		319.11
From Others						
Rupee Loans	@	**78.57**		4.98		-
b) UNSECURED						
i) Sales Tax Deferral Loan		**5.06**		5.07		4.75
c) Other Payables – Capital creditors		**4.41**		6.56		4.67
d) Interest accrued but not due on borrowings		**0.37**		0.41		0.60
e) Interest accrued and due on borrowings *		**659.22**		401.68		154.72
f) Unclaimed dividends #		**1.17**		1.73		2.32
g) Provision for Expenses		**31.65**		24.15		19.24
f) Other Liabilities ##		**19.00**		27.94		65.48
Total		**1,441.40**		962.04		570.89

Rs. in Crore

Delay in No. of Days	**As at March 31, 2018**		As at March 31 , 2017		As at April 01, 2016	
	Principal @	**Interest ***	Principal @	Interest *	Principal @	Interest *
0 - 30 Days	**26.31**	**23.45**	23.60	23.36	17.54	22.92
31 - 60 Days	**11.01**	**18.71**	5.22	18.67	3.91	31.62
61 - 90 Days	**8.90**	**20.64**	7.92	23.29	38.15	0.04
More than 90 Days	**447.40**	**594.97**	281.38	334.90	72.89	98.69
Total	**493.62**	**657.77**	318.12	400.22	132.49	153.27

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

Over due amount of interest and principal instalments as on March 31, 2018 are disclosed based on the terms of sanction of loans. (Refer Note No. 3.15 of Notes to Accounts)
a) Secured Loans from others represents Term Loans assigned by Banks to ARC's.
b) Interest accrued and due on borrowings includes Rs. 123.44 Crore assigned by Banks to ARC's.
The amounts of unclaimed matured debentures including interest accrued and unclaimed dividends will be transferred to Investor Education and Protection Fund when due.
Other Liabilities includes Buyer's Credit - Others Rs. Nil Crore (March 31, 2017 Buyers Credit-Others Rs 12.01Crore and Rs.48.17 Crore as at 01st April, 2016).

NOTE NO. 1.25 CURRENT LIABILITIES - PROVISIONS

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for Employee Benefits			
i) Gratuity	**0.69**	0.94	0.79
ii) Leave Encashment	**0.57**	0.62	0.12
iii) Superannuation	**1.00**	1.44	1.98
Total	**2.26**	3.00	2.89

NOTE NO. 1.26 OTHER CURRENT LIABILITIES

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i) Advances From Customers	**17.33**	14.19	5.89
ii) Deferred Sales Tax	**1.30**	1.31	1.37
iii) Deferred Income	**0.73**	0.73	0.73
iv) Other Liabilities	**1.90**	2.44	2.73
Total	**21.26**	18.67	10.72

NOTE NO. 1.27 REVENUE FROM OPERATIONS

SALE OF PRODUCTS

Rs. in Crore

Particulars	2017-18	2016-17
i) Tube #	**1,270.82**	845.19
ii) Steel	**806.63**	666.63
Gross Sales **Total**	**2,077.45**	1,511.82

includes traded goods sold of Rs. Nil (Previous year Rs. 0.04 Crore).

NOTE NO. 1.28 OTHER OPERATING REVENUE (GROSS)

Rs. in Crore

Particulars	2017-18		2016-17	
Other Operating Revenues				
i) Sale of Scrap (Gross)	**66.27**		46.68	
Less : Inter Segment Transfers	**48.21**		37.81	
		18.06		8.87
ii) Export Incentives		**6.10**		4.46
iii) Mega Project Incentives		**1.53**		12.32
Total		**25.69**		25.65

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

NOTE NO. 1.29 OTHER INCOME

Rs. in Crore

Particulars	2017-18	2016-17
i) Interest Income #	**2.22**	2.38
ii) Miscellaneous Income	**5.32**	4.10
iii) Interest Income on financial instruments measured at amortised cost	**1.68**	1.45
iv) Government Grant-Sales Tax Deferral	**1.31**	1.38
Total	**10.53**	9.31

includes interest received from Bank of Rs. 1.55 Crore (Previous year Rs. 1.57 Crore).

NOTE NO. 1.30 COST OF RAW MATERIAL CONSUMED

Rs. in Crore

Particulars	2017-18	2016-17
Opening Stock	**67.41**	56.13
Add : Purchases made during the year	**864.81**	540.91
	932.22	597.04
Less : Closing Stock	**87.45**	67.41
Total	**844.77**	529.63

RAW MATERIAL CONSUMED

Rs. in Crore

Particulars	2017-18	2016-17
Tube Segment		
Steel Bars	**754.81**	432.53
Less : Inter Segment Transfers included in above	**335.88**	202.22
Net Consumption	**418.93**	230.31
Steel Segment		
i) Pig & Sponge Iron, DRI and Steel Scrap	**406.61**	287.20
ii) Ferro Alloys	**66.13**	45.74
	472.74	332.94
Less : Inter Segment Transfer	**46.90**	33.62
Net Consumption	**425.84**	299.32
Total Raw Material Consumed Total	**844.77**	529.63

NOTE NO. 1.31 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Rs. in Crore

Particulars	2017-18	2016-17
Closing Stock		
i) Finished goods	**104.27**	58.88
ii) Work-in-Progress	**61.97**	98.87
	166.24	157.75
Opening Stock		
i) Finished goods	**58.88**	60.02
ii) Work-in-Progress	**98.87**	112.13
	157.75	172.15

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

Particulars	2017-18	2016-17
(Increase)/ Decrease in Inventories		
i) Finished Goods	**(45.39)**	1.14
ii) Work-in-Progress	**36.90**	13.26
	(8.49)	14.40
Excise Duty on Opening Stock of Finished Goods	**(7.26)**	-
Total	**(15.75)**	14.40

PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

Rs. in Crore

Particulars	2017-18	2016-17
i) Tube	**52.45**	85.00
ii) Steel	**9.52**	13.87
Total	**61.97**	98.87

NOTE NO. 1.32 EMPLOYEE BENEFITS EXPENSE

Rs. in Crore

Particulars	2017-18	2016-17
i) Salaries, Wages, Bonus and Allowances #	**117.75**	104.37
ii) Contributions to Provident Fund & Other Funds	**12.70**	11.61
iii) Staff Welfare Expenses	**7.24**	6.31
Total	**137.69**	122.29

Salaries, Wages, Bonus and Allowances includes remuneration paid / payable to Managing Director and Executive Director of the Parent Company amounting to Rs. 3.15 Crore (Previous Year of Rs. 1.92 Crore) is subject to approval of Central Government.

NOTE NO. 1.33 FINANCE COST

Rs. in Crore

Particulars	2017-18		2016-17	
i) Interest Expenses				
a) Term Loans	**118.70**		117.87	
b) Working Capital and others	**149.61**		142.55	
		268.31		260.42
ii) Other Finance Costs *		**7.67**		9.96
Total		**275.98**		270.38

* includes interest cost on Employee Benefits Plan gain of Rs. 0.02 Crore (previous year expense of Rs. 0.03 Crore).

NOTE NO. 1.34 DEPRECIATION

Rs. in Crore

Particulars	2017-18	2016-17
i) Depreciation for the year	**61.43**	66.30
Total	**61.43**	66.30

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

NOTE NO. 1.35 OTHER EXPENSES

Rs. in Crore

Particulars	2017-18		2016-17	
i) Materials				
a) Stores and Spares	**66.44**		40.23	
b) Consumables	**75.37**	**141.81**	37.39	77.62
ii) Energy				
a) Power Charges	**155.86**		137.19	
b) Fuel	**55.62**		44.07	
c) Gases	**19.50**		15.13	
d) Coal	**0.02**		-	
		231.00		196.39
iii) Direct Manufacturing				
a) Processing Charges	**8.56**		6.72	
b) Other Direct Expenses	**24.58**		17.67	
c) Repairs Maintenance to Plant and Machinery	**4.93**		3.43	
d) Repairs to Factory Building	**0.47**		0.65	
e) Machine Rentals	**1.74**		1.30	
		40.28		29.77
iv) Selling & Distribution				
a) Freight Charges	**17.69**		12.25	
b) Commission on Sales	**9.10**		1.15	
c) Selling and Other Expenses	**4.41**		2.16	
		31.20		15.56
v) Excise Duty on Stock of Finished Goods		**28.61**		111.53
vi) Administrative Expenses				
a) Rent	**1.45**		1.52	
b) Rates and Taxes	**0.83**		0.62	
c) Traveling	**2.76**		2.57	
d) Communication	**1.06**		1.12	
e) Repair and Maintenance (Others)	**0.60**		0.61	
f) Insurance	**1.53**		1.49	
g) Equipment Lease Rentals	**0.47**		0.49	
h) Miscellaneous Expenses (Refer Note No 3.13)	**29.97**		31.75	
		38.67		40.17
Total		**511.57**		471.04

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

1. Corporate Information:

ISMT Limited ("ISMT" or "the Parent Company") is a public limited company incorporated in India (CIN: L27109PN1999PLC016417) having its registered office in Pune. The Group is mainly engaged in manufacturing of seamless tubes, cylinder tubes, components and Engineering steels. The consolidated financial statement comprises financials of the parent company and its subsidiaries (referred to collectively as "the Group").

These consolidated financial statements for the year ended March 31, 2018 were approved for the issue by the Board of Directors at their Board Meeting dated June 11, 2018.

2. Significant Accounting Policies:

2.1 Statement of compliance:

The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS),including the rules notified under the relevant provisions of the Companies Act 2013 . For periods up to and including the year ended 31 March 2017, the Group prepared its consolidated financial statements in accordance with accounting standards notified under section 133 of the Act read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Refer Note No. 3.22 for the explanation of transition from previous GAAP to Ind AS.

These financial statements are the Group's first consolidated Ind AS financial statements.

2.2 Principles of Consolidation:

The consolidated Ind AS financial statements have been prepared in accordance with Ind AS 110 on "Consolidated Financial Statements" on the following principles:

a) Subsidiaries are entities controlled by the Parent Company. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. The financial statements of the subsidiaries are included in the consolidated Ind AS financial statements from the date on which control commences until the date on which the control ceases.

b) The consolidated Ind AS financial statements comprise of the financial statement of the Parent Company and its subsidiaries referred herein in Para h below. The financial statements of the Parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra group transactions and unrealized profits resulting there from and are presented to the extent possible, in the same manner as the Parent Company independent financial statements.

c) In case of foreign subsidiaries, revenue items are converted at the average rates prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the "Foreign Currency Translation Reserve".

d) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Parent Company i.e., year ended March 31, 2018.

e) Non-controlling interests in the net assets of consolidated subsidiaries consists of:

- The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
- The non-controlling interests' share of movements in equity since the date parent subsidiary relationship came into existence.
- The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Statement of Profit and Loss and Statement of Changes in Equity.

f) **Business Combinations:**

In accordance with Ind AS 101 First time adoption of Indian Accounting Standards, the Group has elected to apply the requirements of Ind AS 103, "Business Combinations" prospectively to business combinations on or after the date of transition (April 1, 2016). Pursuant to this exemption, goodwill / capital reserve arising from business combination has been stated at the carrying amount under previous GAAP. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when the control is transferred to the Group. The consideration transferred for the business combinations is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment.

If a business combination is achieved in stages, any

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI as appropriate.

g) **Common Control:**

Business combinations involving entities that are ultimately controlled by the same part(ies) before and after the business combination are considered as Common control entities and are accounted using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect the fair values, or recognise new assets or liabilities. Adjustments are made to harmonise accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee.

The difference if any, between the amounts recorded as share capital plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

h) The consolidated Ind AS Financial Statements present the consolidated accounts of ISMT Limited with its subsidiaries including indirect subsidiary companies.

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

@ Compiled by the Management and reviewed by other Auditor.

Compiled by the Management as on March 31, 2018.

* 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 is March 31, 2018 except for PT ISMT Resources; it is December 31, 2017.

2.3 Basis of Preparation:

The consolidated Ind AS financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities (including financial instruments) which have been measured at fair value at the end of each reporting period as explained in the accounting policies stated below.

2.4 Functional and presentation currency and Rounding off of the amounts:

The Functional and presentation currency of the Group is Indian rupees. Accordingly, all amounts disclosed in the consolidated Ind AS financial statements and notes have been shown in Indian rupees and all values are shown in Crore and rounded to two decimals except when otherwise indicated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

2.5 Current versus non-current classification:

The Group has classified all its assets and liabilities under current and non-current as required by Ind AS 1- Presentation of Financial Statements. The asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

All liabilities are current when:

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.6 Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment including excise duty collected which flows to the Group on its own account but excluding taxes or duties collected on behalf of the government.

The Group follows specific recognition criteria as described below before the revenue is recognized.

i **Sales:**

a) Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

b) Inter Division / Segment Transfer represents transfer of finished / semi-finished products within the Division/ Segment for further processing and sale.

ii **Other Operating Revenue:**

Other Operating revenue comprises of following items:

- Export incentives
- Sale of scrap

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.

iii **Interest Income:**

Interest income from financial assets is recognized using effective interest rate method.

2.7 Property, Plant and Equipment (PPE):

i Property, plant and equipment 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 Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized as expense in profit and loss statement as and when incurred.

iii 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.

iv The Group has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its PPE as recognised in the financial statement as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (April 01,2016).

2.8 Depreciation:

i 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 Deprecation 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 except in case of Tridem Port and Power Company Private Limited and Nagapattinam Energy Private Limited where straight line method is followed

iv Depreciation on property, plant and equipment of the Group's foreign subsidiaries has been provided on straight line method as per the estimated useful life of such assets. Details of estimated useful life of property, plant and equipment of these foreign subsidiaries are as follows:

Sr. No.	Class of Assets	Useful life in Years
1	Building	45 Years
2	Equipment's, Tools, Fixtures and Fittings	3 to 5 years
3	Plant & Machinery and Equipment	3 to 30 Years
4	Computer Hardware and Software	5 Years

v The management believes that the estimated useful lives are realistic and reflects fair approximation of the period over which the assets are likely to be used. At each financial year end, management reviews the residual values, useful lives and method of depreciation of property, plant and equipment and values of the same are adjusted prospectively where needed

2.9 Leases:

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The determination of whether an arrangement is a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is considered as a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

2.10 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.

Subsidiary Companies - 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 net realisable value respectively. Obsolescence risk have been considered.

2.11 Employee Benefits:

I. Parent Companies / Indian Subsidiaries Companies

a. Defined Contribution Plan

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

b. Defined Benefit Plan :

- **Leave Encashment:**

The Companies provides for the liability at year end on account of unavailed earned leave as per the actuarial valuation.

- **Gratuity:**

The Parent Company provides for gratuity obligations through a Defined Benefits Retirement plan ('The Gratuity Plan') covering all employees. The present value of the obligation under such Defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method with actuarial valuations being carried out at the end of each reporting period.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to Statement of Profit or Loss in subsequent periods.

The Parent Company operates a defined benefit plan for gratuity, which requires contributions to be made to a separately administered fund.

II. Subsidiary Companies - Structo Hydraulics 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.

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

2.12 Research and 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.

2.13 Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated at the exchange rate prevailing on the date of Balance Sheet.

Exchange rate differences resulting from foreign currency transactions settled during the period including year-end translation of assets and liabilities are recognized in the Statement of Profit and Loss.

Non-monetary assets, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss are also recognized in OCI or Statement of Profit and Loss, respectively).

The Group has availed the exemption available in IND AS 101, to continue capitalisation of foreign currency fluctuation on long term foreign currency monetary liabilities outstanding on transition date, Refer Note No 3.22.

2.14 Borrowing Costs:

Borrowing Costs directly attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset upto the date the asset is put to use. Other Borrowing Costs are charged to the profit and loss account in the year in which they are incurred.

2.15 Government Incentives:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per accounting policy applicable to financial liabilities.

2.16 Cash and cash equivalents:

Cash and cash equivalents comprises cash on hand and at bank and demand deposits with banks which are short-term, highly liquidinvestments with original maturities of three months or less,that are readily convertible into a known amounts of cash and which aresubject to an insignificant risk of changes in value.

2.17 Non-current assets held for sale:

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset available for immediate sale in its present condition subject to terms which are usual and customary for sale of such assets.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, Plant and Equipment and intangible assets classified as held for sales are not depreciated or amortized.

2.18 Fair Value Measurement:

The Group measures certain financial instruments at fair value at each balance sheet date. Certain accounting policies and disclosures require the measurement of fair values, for both financial and nonfinancial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows::

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices)

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.19 Financial instruments:

A Group recognizes financial assets and financial liabilities when it becomes party to the contractual provision of the instrument.

I. Financial Assets:

a) Initial recognition and measurement:

Financial assets are initially measured at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognized immediately in profit and loss. However, trade receivable that do not contain a significant financing component are measured at transaction price.

b) Subsequent measurement:

For subsequent measurement, the Group classifies financial asset in following broad categories:

i. **Financial asset carried at amortized cost (net of any write down for impairment, if any):**

Financial assets are measured at amortized cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognized in the statement of profit or loss. Cash and bank balances, trade receivables, loans and other financial asset of the Group are covered under this category.

ii. **Financial asset carried at fair value through other comprehensive income (FVTOCI):**

Financial asset under this category are measured initially as well as at each reporting date at fair value, when asset is held with a business model whose objective is to hold asset for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

iii. **Financial asset carried at Fair Value through profit or loss (FVTPL):**

Financial asset under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognized in the statement of profit or loss.

c) **Other equity instruments:**

All other equity instruments are measured as fair value, with value changes recognized in Statement of Profit and Loss, except for those equity instrument for which the Group has elected to present the value changes in 'Other Comprehensive Income'.

d) **Derecognition of Financial Assets:**

A financial asset is primarily derecognized when rights to receive cash flows from the asset have expired or the Group has transferred its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risk and reward of the ownership of the financial asset.

e) **Impairment of financial asset:**

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

For trade receivables Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

II. Financial Liabilities:

a) Initial recognition and measurement:

The Group recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. Group classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

b) Subsequent measurement:

Financial liabilities are carried at amortized cost using the Effective Interest Rate (EIR) method. For trade and other payable maturing within one year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

c) Derecognition of financial liabilities:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

III. Offsetting of Financial Instruments:

Financial assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.20 Segment accounting:

The Group's operating segments are established on the basis of those components of the group that are evaluated regularly by the ExecutiveCommittee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and inassessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and theinternal business reporting systems.

2.21 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to the shareholders' of the Group and weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to the shareholder's of the Group and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

2.22 Provision for Current and Deferred Tax:

The tax expense for the period comprises current and deferred tax. Taxes are recognised in the statement of profit and loss, except to the extent that it relates to the items recognised in the other comprehensive income or in Equity. In which case, the tax is also recognised in other comprehensive income or in Equity.

Current tax:

Provision for Current tax is made on the basis of relevant provision of The Income Tax Act, 1961 as applicable to the financial year.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary timing difference. Deferred tax assets are recognized for deductible temporary differences. to the extent that they are probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date.

Minimum Alternate Tax (MAT) Credit:

MAT credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period.

Foreign Subsidiary Companies:

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

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

2.23 Impairment of non-financial Assets:

The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.24 Provision and Contingencies :

Provisions are recognized when the Group has present obligation (legal or constructive) as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to a provision is presented in the statement of profit and loss net of any reimbursement/ contribution towards provision made.

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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.

2.25 Events occurring after the Consolidated Balance Sheet Date:

Events occurring after the Consolidated Balance Sheet date and till the date on which the consolidated financial statements are approved, which are material in the nature and indicate the need for adjustments in the consolidated financial statements have been considered.

2.26 Standards Issued but not yet Effective:

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. These amendments shall be applicable to the Group from April 01, 2018.

- **Ind AS 115 - Revenue from Contracts with Customers:**

  Ind AS 115 will supersede the current revenue recognition guidance including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and the related interpretations. Ind AS 115 provides a single model of accounting for revenue arising from contracts with customers based on the identification and satisfaction of performance obligations.

- **Amendment to Existing issued Ind AS:**

  The MCA has also carried out amendments of the following accounting standards:

i. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

ii. Ind AS 40 - Investment Property

iii. Ind AS 12 - Income Taxes

iv. Ind AS 28 - Investments in Associates and Joint Ventures and

v. Ind AS 112 - Disclosure of Interests in Other Entities

Applications of above standards are not expected to have any significant impact on the Group's Consolidated Ind AS Financial Statements.

2.27 Key accounting judgments, estimates and assumptions:

The preparation of the Group's consolidated Ind AS financial statements requires the management to make judgments', estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Group continually evaluates these estimates and assumption based on the most recently available information.

In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

- Assessment of functional currency;
- Financial instruments;
- Estimates of useful lives and residual value of PPE and intangible assets;
- Impairment of financial and non-financial assets;
- Valuation of inventories;
- Measurement of recoverable amounts of cash-generating units;
- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Allowances for uncollected trade receivable and advances;
- Provisions;
- Evaluation of recoverability of deferred tax assets; and
- Contingencies.

Revisions to accounting estimates are recognized prospectively in the consolidated Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

3.1 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

Rs. in Crore

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i)	**Contingent Liabilities**			
	Parent Company			
a)	Claims against the Company not acknowledged as debt			
	Sales Tax	**14.67**	15.06	13.16
	Income Tax disputed by the Company	**1.43**	0.70	4.45
	Excise and Customs Duty	**26.22**	27.39	28.53
	Others	**139.24**	153.61	155.72
b)	Corporate Guarantees *	**-**	-	16.58
c)	Bills discounted on behalf of third party	**32.39**	15.74	67.18
	Subsidiary Companies			
a)	Claims against the Company not acknowledged as debt			
	Others	**9.38**	9.38	9.38
b)	Corporate Guarantees **	**6.23**	6.05	8.36
ii)	**Commitments**			
a)	Capital Commitments			
	Parent Company			
	Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	**5.24**	5.30	14.24

* Given on behalf of Structo Hydraulics AB, Sweden of Rs. Nil Crore (March 31, 2017 Rs Nil and April 1, 2016 Rs 16.58 Crore in respect of loans availed.

** Given on behalf of ISMT Europe AB, Sweden of Rs. 6.23 Crore (March 31, 2017 Rs 6.05 and April 1, 2016 Rs 8.36 Crore in respect of loans availed.

3.2 Parent Company

Considering the uncertainty related to realisation, the following items are not considered to accrue till they are setlled / sanctioned / received as the case may be:

a) Insurance claims except specific claims stated separately

b) Interest on receivables and

c) Electricity Refund (Additional Supply Charges).

3.3 Parent Company

In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the previous year ended March 31, 2017 and for the period April 1, 2017 to June 30, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1 July 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sales as per the requirements of Ind AS 18. Accordingly, Revenue from operation for the year ended March 31, 2018 are not comparable with the figures of the previous year.

3.4 Segment Reporting :

Group operating segments are established on the basis of those components of the Group that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The Group is engaged primarily into manufacturing of Steel and Tubes. The Group's primary segments are Tube Segment and Steel Segment.

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.

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

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".

Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale. Profit or loss on inter Division transfers are eliminated at the Group level.

I Segment Information

Rs. in Crore

Sr No	Particulars	As on March 31, 2018				As on March 31, 2017			
		Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
i)	**Segment Revenue**								
	Total External Sales (Gross)	1,071.53	460.69		1,532.22	739.36	438.71		1,178.07
	Add : Inter Segment Transfers (Gross)	-	345.94		345.94	-	227.92		227.92
	: Inter Division Transfers (Gross)	104.42	-		104.42	51.42			51.42
	: Sale to Subsidiary Companies	94.87	-		94.87	54.41	-		54.41
		1,270.82	806.63		2,077.45	845.19	666.63		1,511.82
	Less : Inter Segment Transfers (Net)	-	345.94		345.94	-	227.92		227.92
	Inter Division Transfers (Net)	104.42			104.42	51.42			51.42
	Sale to Subsidiary Companies	94.87	-		94.87	54.41	-		54.41
	Net Sales	1,071.53	460.69		1,532.22	739.36	438.71		1,178.07
ii)	**Segment Results**								
	Profit Before Finance Costs , Foreign Exchange Loss and Taxes	(9.08)	29.62	8.19	28.73	(43.34)	25.90	5.79	(11.65)
	Less : Finance Costs				275.98				270.38
	: Foreign Exchange (Gain)/Loss				(3.46)				(0.29)
	Profit / (Loss) Before Tax				(243.79)				(281.74)
	Less : Tax Expenses				(0.99)				0.01
	Profit / (Loss) After Tax				(242.80)				(281.75)
	Add : Other Comprehensive Income				1.43				2.43
	Profit / (Loss) After Comprehensive Income				(241.37)				(279.32)
iii)	**Other Information**								
	Total Segment Assets	1,442.22	403.22	-	1,845.44	1,447.19	387.72	-	1,834.91
	Total Segment Liabilities	130.75	57.22	-	187.97	125.92	86.47	-	212.39
	Total cost incurred for acquiring Segment Assets (excluding revaluation of Leasehold Land)	(0.14)	1.69	-	1.55	(10.53)	13.86	-	3.33
	Segment Depreciation	47.94	13.49	-	61.43	52.85	13.45	-	66.30
	Non - Cash Expenses	5.24	0.44	-	5.68	7.56	1.90	-	9.46
	Total Unallocable Assets				585.48				608.16
	Total Unallocable Liabilities				2,889.13				2,635.48

II Information about Geographical Segment - Secondary Segment

Rs. in Crore

Particulars	2017-18	2016-17
Revenue from External Customers		
Domestic	1,336.04	1,060.33
Exports	196.18	117.74
Total revenue	1,532.22	1,178.07

III Revenue from Major Customers

Revenue under the segment 'Steel' include Rs 61.02 Crore (Previous Year: Rs Nil Crore) from one customers (Previous Year: Nil customers) having more than 10% revenue of total segment revenue. There is no single customer that accounts for more than 10% of the revenue in Tube Segment.

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

3.5 Pending reconciliation / confirmations of 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.

3.6 Leases

Operating Lease:

a) The Group has entered into a lease agreements for certain office premises and Plant and Machinery for a period ranging from 5 to 10 years which are renewable by mutual consent on mutually agreeable terms. There are no restrictions imposed by lease arrangements and there are no sub leases. There are no contingent rents. Disclosures as required under Ind-AS 17 on "Lease" are given below:

Future minimum Lease payments under operating lease:

Rs. in Crore

	Particulars	As at March 31, 2018	As at March 31, 2017
	Parent Company		
1)	Machine Rentals and Rent debited to statement of profit and loss during the year	**2.33**	1.72
2)	Future Minimum Lease payments payable in:		
	i) Less than one year	**2.39**	0.67
	ii) One to five years	**8.09**	1.98
	iii) More than five years	**1.88**	-

b) The Group enters into cancellable operating leases in respect of office premises, staff quarters and others which are cancellable by giving appropriate notices as per respective agreements. During the year Rs 0.86 Crores (Previous year Rs 1.10 Crores) has been charged to Statement of Profit and Loss on account of lease rentals.

3.7 Foreign currency fluctuation on long term borrowing capitalised

Parent Company

The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of April 1, 2016 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset. Accordingly, the Company has capitalised such exchange fluctuation loss to fixed assets of Rs 5.48 Crore and gain of Rs 6.75 Crore (including Assets held for sale) for the year ended March 31, 2018 and March 31, 2017 respectively.

3.8 Related Party Transactions

In accordance with the requirements of Ind AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances with whom transactions have taken place during the reporting period are given below:

Name and Relationships of the Related Parties:

I Key Management Personnel (KMP)

Sr No	Name of the Related Party	Designation
1	Mr. B.R. Taneja	Managing Director
2	Mr. Rajiv Goel	Chief Financial Officer (ISMT Limited)
3	Mr. Jerry Johansson	Executive Director (Structo Hydraulics AB) w.e.f October 1, 2017
4	Mr. Goran Larsson	Executive Director (Structo Hydraulics AB) upto September 30, 2017

II Entities where control exists - Subsidiary, Indirect Subsidiaries and Associate Companies

Sr No	Name of the Related Party
A	**Associate Companies**
1	Indian Seamless Enterprises Limited
2	Taneja Aerospace and Aviation Limited
3	First Airways Inc, USA

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

i Details of Transaction with Key Management Personnel:

Remuneration for the year Rs 4.01 Crore* (Previous Year Rs 3.67 Crore)

* Excludes provision for compensated leave and gratuity for KMP as liabilities are provided on overall company basis and is not identified separately in actuarial valuation.

ii Details of Transaction with Subsidiary and Associate Companies:

Rs. in Crore

Sr No	Nature of Transactions / Relationship	Subsidiary Companies		Associate Companies	
		2017-18	2016-17	**2017-18**	2016-17
1	Sale of Finished Goods	-	-	13.89	7.69
2	Lease Rent Paid	-	-	-	0.30
3	Quality claims / Reimbursement of Expenses	0.04	-	-	-
4	Interest Paid	-	-	0.15	0.15
	Outstanding as at Balance Sheet date				
1	- Receivables (net of provisions)	-	-	2.21	-
2	- Payables	-	-	0.08	0.03
3	- Advance Payable	-	-	1.00	1.00
4	- Unsecured Loan Payable	-	-	7.75	7.75

a) Sales of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs. 6.18 Crore (Previous Year Rs. 7.69 Crore), Taneja Aerospace and Aviation Limited Rs.3.27 Crore (Previous Year Rs. Nil) and First Airways Inc, USA Rs. 4.44 Crore (Previous Year Rs. Nil).

b) Lease rent paid to Associate Company - Indian Seamless Enterprises Limited is Rs Nil (Previous Year Rs. 0.30 Crore).

c) Interest paid to Associate Company - Taneja Aerospace and Aviation Limited is Rs. 0.15 Crore (Previous Year Rs.0.15 Crore).

3.9 Income tax expenses

A The major components of income tax expenses for the year are as under:

Rs. in Crore

	Particulars	2017-18	2016-17
I	**Income Tax recognised in the statement of profit and loss**		
	Current tax	**0.01**	-
	Deferred tax	**-**	-
	Earlier Year Tax	**(1.00)**	-
	Total Income Tax recognised in the statement of profit and loss	**(0.99)**	-
II	**Income Tax recognised in Other Comprehensive Income**		
	Deferred tax	**-**	-
	Total Income Tax recognised in Other Comprehensive Income	**-**	-

B Reconciliation of income tax expenses and the accounting profit for the year is under:

Rs. in Crore

Particulars	2017-18	2016-17
Accounting profit before income tax expenses	**(243.79)**	(281.74)
Enacted tax rates in India (%)	**34.608%**	34.608%
Expected income tax expenses	**(84.37)**	(97.49)
Tax Effect of :		
Expenses not deductible	**70.97**	87.66
Non taxable subsidiaries and effect of differential tax rate	**0.02**	0.62
Capital Gain taxable @ 20.60%	**-**	0.01
Accelerated capital allowances	**0.60**	1.96
Expenses on which no deduction is admissible	**0.92**	(6.60)
Loss in respect of which deferred tax assets not recognized for the year*	**11.87**	13.86
Tax expenses recognised in statement of profit and loss	**0.01**	0.01
Adjustments recognised in current year in relation to the current tax of earlier years	**(1.00)**	-
Income tax expense reported	**(0.99)**	0.01
Effective tax rate (%)	**NIL**	NIL

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

There are certain income-tax related legal proceedings which are pending against the Group. Potential liabilities, if any have been adequately provided for.

*Deferred tax assets on unabsorbed depreciation/business loss have been recognised to the extent of deferred tax liabilities on taxable temporary differences available.

C Significant components of Deferred tax assets & liabilities recognized in Financial Statements

As at March 31, 2018

Rs. in Crore

Particulars	As at April 1, 2017	**Charged / (credited) to Statement of income**	**Charged / (credited) to OCI**	**As at March 31, 2018**
Tax effect of item constituting Deferred Tax Liabilities				
i) Property, Plant and Equipment	235.30	11.97	-	247.27
	235.30	**11.97**	**-**	**247.27**
Tax effect of item constituting Deferred Tax Assets				
i) Unabsorbed Tax loss*	12.60	18.19	-	30.79
ii) Unabsorbed Tax Depreciation	197.23	10.80	-	208.03
iii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss	24.81	(16.63)	-	8.18
iv) Others	0.66	(0.39)		0.27
v) MAT Credit Entitlement	82.05	-	-	82.05
	317.35	**11.97**	**-**	**329.32**
Net Deferred Tax Asset/ (Liability)	**82.05**	**-**	**-**	**82.05**

As at March 31, 2017

Rs. in Crore

Particulars	**As at April 1, 2016**	**Charged / (credited) to Statement of income**	**Charged / (credited) to OCI**	As at March 31, 2017
Tax effect of item constituting Deferred Tax Liabilities				
i) Property, Plant and Equipment	234.08	1.22	-	235.30
	234.08	**1.22**	**-**	**235.30**
Tax effect of item constituting Deferred Tax Assets				
i) Unabsorbed Tax loss*	28.05	(15.45)	-	12.60
ii) Unabsorbed Tax Depreciation	183.16	14.07	-	197.23
iii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss	22.32	2.49	-	24.81
iv) Others	0.55	0.11		0.66
v) MAT Credit Entitlement	82.05	-	-	82.05
	316.13	**1.22**	**-**	**317.35**
Net Deferred Tax Asset/ (Liability)	**82.05**	**-**	**-**	**82.05**

*Deferred tax assets on unabsorbed business loss have been recognised to the extent of deferred tax liabilities on taxable temporary differences available. It is expected that any reversals of the deferred tax liability would be offset against the reversal of the deferred tax assets.

The Group has unused tax losses under the head Business Loss and unabsorbed depreciation as per the Income Tax Act, 1961.Based on the probable uncertainty regarding the set off of these losses, the Group has not recognized deferred tax asset in the Balance Sheet. Details of tax losses under the head business losses and unabsorbed depreciation with expiry is as follows:

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 01, 2016
Within five years	**190.10**	43.51	4.19
Later than five years but less than ten years	**328.89**	475.95	514.96
No expiry	**581.94**	551.15	483.62
Total	**1,100.93**	1,070.61	1,002.77

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

3.10 Disclosure as required by Ind AS - 19 Employee Benefits

Retirement benefit obligations

1 Defined Contribution plan

Parent Company

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

Rs. in Crore

Particulars	2017-18	2016-17
a) Employer's Contribution to Provident Fund and Employee Pension Scheme	**5.15**	4.92
b) Employer's Contribution to Superannuation Fund	**2.78**	2.88
Total	**7.93**	7.80

In respect of provident fund trust setup 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.

Subsidiary Companies : Structo Hydraulics AB

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

Rs. in Crore

Particulars	2017-18	2016-17
a) Social Security Contribution	**3.24**	3.02
Total	**3.24**	3.02

2 Defined benefit plan

Parent Company - Gratuity and Leave Encashment

Gratuity is payable to all eligible employees of the company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

The following tables summarises the changes in the projected benefit obligation and plan assets and amounts recognised in the Balance Sheet as at March 31, 2018 and March 31, 2017, being the respective measurement dates:

Rs. in Crore

	Particulars	Gratuity (Funded)	
		2017 - 2018	2016 - 2017
a)	**Changes in present value of defined benefit obligations**		
	Present value of defined benefit obligation at the beginning of the Year	**29.46**	28.37
	Current Service Cost	**2.79**	1.55
	Interest Cost	**2.07**	2.19
	Actuarial changes arising from change in financial assumptions	**0.24**	(1.53)
	Actuarial changes arising from change in experience adjustments	**(0.81)**	0.11
	Benefits paid	**(1.55)**	(1.23)
	Present value of defined benefit obligation at the end of the Year	**32.20**	29.46
b)	**Changes in fair value of Plan Assets:**		
	Fair value of Plan Assets as at beginning of the Year	**28.53**	27.59
	Interest Income	**2.09**	2.16
	Employer Contribution	**1.07**	(0.69)
	Return on plan assets excluding interest income	**0.03**	(0.01)
	Benefits paid	**(0.20)**	(0.52)
	Fair value of plan Assets as at end of the Year	**31.52**	28.53

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

Rs. in Crore

	Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
		2017 - 2018	2016 - 2017	**2017 - 2018**	2016 - 2017
c)	**Net asset / (liability) recognised in the balance sheet**				
	Present value of defined benefit obligation at the end of the Year	**32.20**	29.46	**5.62**	6.57
	Fair value of plan Assets as at end of the Year	**31.52**	28.53	**-**	-
	Amount recognised in the Balance Sheet	**0.68**	0.93	**5.62**	6.57
	Net (liability) / assets - Current	**0.68**	0.93	**0.56**	0.61
	Net (liability) / assets - Non - current		-	**5.06**	5.96
d)	**Expenses recognised in the Statement of Profit and Loss for the year**				
	Current Service Cost	**2.79**	1.55	**0.54**	0.50
	Interest Cost on benefit obligation (net)	**(0.02)**	0.03	**0.42**	0.47
	Actuarial (gain)/ Loss		-	**(0.43)**	0.32
	Total expenses included in employee benefits expenses	**2.77**	1.58	**0.53**	1.29

Rs. in Crore

	Particulars	Gratuity (Funded)	
		2017 - 2018	2016 - 2017
e)	**Recognised in other comprehensive income for the year**		
	Actuarial changes arising from change in financial assumptions	**0.24**	(1.53)
	Actuarial changes arising from change in experience adjustments	**(0.81)**	0.11
	Return on plan assets excluding interest income	**(0.03)**	0.68
	Recognised in other comprehensive income	**(0.60)**	(0.74)
f)	**Estimate of expected defined benefit obligation (in absolute terms i.e. undiscounted)**		
	within the next 12 months	**5.45**	4.20
	Between 2 to 5 Years	**10.18**	8.51
	6 years and onwards	**27.91**	24.12
g)	**Quantitative sensivity analysis for significant assumption**		
	1 % increase in discount rate	**30.05**	27.34
	1% decrease in discount rate	**34.62**	31.85
	1% increase in salary growth rate	**34.34**	31.60
	1% decrease in salary growth rate	**30.24**	27.51
	1% increase in employee withdrawal rate	**32.45**	29.83
	1% decrease in employee withdrawal rate	**31.93**	29.05

The above sensitivity analysis is based on a change in an assumption while holding the other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation within the balance sheet.

Rs. in Crore

	Particulars	Gratuity (Funded)	
		2017 - 2018	2016 - 2017
h)	**Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the Year**		
	Government of India Securities	**2.25%**	2.48%
	Corporate Bonds	**0.09%**	0.10%
	Special Deposit Scheme	**0.25%**	0.28%
	Insurer Managed Funds	**95.50%**	95.18%
	Others	**1.91%**	1.96%
	Total	**100.00%**	100.00%

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

Rs. in Crore

	Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
		2017 - 2018	2016 - 2017	**2017 - 2018**	2016 - 2017
i)	**Principal Actuarial Assumptions used as at the Balance Sheet date :**				
	Discount Rate	**7.90%**	7.20%	**7.90%**	7.20%
	Expected Rate of Return on Plan Assets	**7.20%**	7.90%	**0.00%**	0.00%
	Salary Escalation Rate	**6.00%**	4.50%	**6.00%**	4.50%

Defined benefit plan - Tridem Port and Power Company Private Limited - Gratuity and Leave Encashment

Gratuity is payable to all eligible employees of the company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

The following tables summarises the changes in the projected benefit obligation and amounts recognised in the Ind AS Balance Sheet as at March 31, 2018 and March 31, 2017, being the respective measurement dates:

Rs. in Crore

	Particulars	Gratuity (Non-Funded)	
		2017 - 2018	2016 - 2017
a)	**Changes in present value of defined benefit obligations**		
	Present value of defined benefit obligation at the beginning of the Year	**0.01**	0.01
	Current Service Cost	**0.00**	0.00
	Interest Cost	**0.00**	0.00
	Actuarial changes arising from change in financial assumptions	**0.00**	0.00
	Actuarial changes arising from change in experience adjustments	**0.01**	0.00
	Present value of defined benefit obligation at the end of the Year	**0.02**	0.01

Rs. in Crore

	Particulars	Gratuity (Non-Funded)		Leave Encashment (Non Funded)	
		2017 - 2018	2016 - 2017	**2017 - 2018**	2016 - 2017
b)	**Net asset / (liability) recognised in the balance sheet**				
	Present value of defined benefit obligation at the end of the Year	**0.02**	0.01	**0.01**	0.01
	Fair value of plan Assets as at end of the Year	**0.00**	0.00		0.00
	Amount recognised in the Balance Sheet	**0.02**	0.01	**0.01**	0.01
	Net (liability) / assets - Current	**0.02**	0.01	**0.01**	0.01
	Net (liability) / assets - Non - current	**0.00**	0.00	**0.00**	0.00
c)	**Expenses recognised in the Statement of Profit and Loss for the year**				
	Current Service Cost	**0.001**	0.000	**-**	-
	Interest Cost on benefit obligation (net)	**0.001**	0.001	**-**	-
	Actuarial (gain)/ Loss	**0.000**	0.000	**-**	-
	Total expenses included in employee benefits expenses	**0.002**	0.001	**-**	-

Rs. in Crore

	Particulars	Gratuity (Non-Funded)	
		2017 - 2018	2016 - 2017
d)	**Recognised in other comprehensive income for the year**		
	Actuarial changes arising from change in demographic assumptions		
	Actuarial changes arising from change in financial assumptions	**0.000**	0.000
	Actuarial changes arising from change in experience adjustments	**0.001**	0.001
	Return on plan assets excluding interest income	**0.000**	0.000
	Recognised in other comprehensive income	**0.001**	0.001

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

Rs. in Crore

	Particulars	Gratuity (Non-Funded)	
		2017 - 2018	2016 - 2017
e)	**Estimate of expected defined benefit obligation (in absolute terms i.e. undiscounted)**		
	within the next 12 months	**0.02**	0.01
	Between 2 to 5 Years	**0.00**	0.00
	6 years and onwards	**0.00**	0.00
f)	**Quantitative sensivity analysis for significant assumption**		
	1 % increase in discount rate	**0.02**	0.01
	1% decrease in discount rate	**0.02**	0.01
	1% increase in salary growth rate	**0.02**	0.01
	1% decrease in salary growth rate	**0.02**	0.01
	1% increase in employee withdrawal rate	**0.02**	0.01
	1% decrease in employee withdrawal rate	**0.02**	0.01

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation within the balance sheet.

Rs. in Crore

	Particulars	Gratuity (Non-Funded)		Leave Encashment (Non Funded)	
		2017 - 2018	2016 - 2017	**2017 - 2018**	2016 - 2017
g)	**Principal Actuarial Assumptions used as at the Balance Sheet date :**				
	Discount Rate	**7.80%**	6.90%	**7.80%**	6.90%
	Expected Rate of Return on Plan Assets	**1.00%**	1.00%	**1.00%**	1.00%
	Salary Escalation Rate	**3.00%**	3.00%	**3.00%**	3.00%

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. Same assumptions were considered for comparative period i.e. 2016-2017 as considered in previous GAAP on transition to Ind AS. The above information is certified by the Actuary.

3.11 Parent Company

As per Ind AS 12 " Income Tax", Minimum Alternate Tax (MAT) credit (unused tax credit) is regarded as Deferred Tax Assets and the same shall be recognised to the extent that it has become probable that future taxable profit will be available against which the unused tax credit can be utilised. In view of business uncertainties and pending debt Resolution, it is difficult for the company to fairly ascertain the probable future taxable profit against which Mat Credit can be utilised. Accordingly, the unabsorbed MAT credit of Rs 82.05 Crores as at March 31, 2018, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years.

3.12 Earnings per share

Net profit available to equity holders of the Group used in the basic and diluted earnings per share was determined as follows:

Rs. in Crore

Particulars	2017-18	2016-17
Net Profit / (Loss) for the year attributable to Equity Shareholders (Rs. In Crore)	**(242.78)**	(281.73)
Weighted Average Number of Equity Shares outstanding for basic and diluted	**146,501,383**	146,501,383
Nominal Value of Equity Share (in Rs.)	**5.00**	5.00
Earnings Per Share (in Rs.) (Basic and Diluted)	**(16.57)**	(19.23)

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

3.13 Miscellaneous Expenses includes:

Rs. in Crore

Particulars	**2017-18**	2016-17
i) Repair and Maintenance - Other Building	**0.01**	0.04
ii) Director Sitting Fees	**0.28**	0.34
iii) Auditors Remuneration		
a) Statutory Audit Fees	**0.46**	0.44
b) Taxation Matters	**-**	0.02
c) Out of Pocket Expenses	**0.01**	0.02
iv) Provision for Doubtful Debts	**5.65**	2.15
v) Bad Debts	**-**	7.44
vi) Investment written off*	**-**	0.001

* Investment of Structo Hydraulcs AB, Sweden in Structo UK Ltd.

3.14 As a result of various measures taken by the Group, net loss for the financial year 2017 -2018 had come down to Rs 241.35 Crore against loss of Rs 279.30 Crore of financial year 2016 -2017. The levy of anti-dumping duty by the Government of India on import of tubes from China effective February 17, 2017, an increasing trend in international oil prices and the gradual pick-up in domestic demand are some of the factors resulting in increase in revenue and EBIDT. The Group has, therefore, continued to prepare its financial statements on Going Concern basis.

3.15 Parent Company

The Company and its lenders had been exploring various options including OSDR for Debt Resolution. Subsequent to RBI Circular dated February 12, 2018 the lenders have decided to explore assignment of debt as a Resolution Plan. Pending the same, interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis. However, no overdue / penal / compounding of interest, if any, has been provided.

3.16 Tridem Port and Power Company Private Limited (TPPCL) along with its subsidiaries had proposed to set up a thermal power project alongwith its captive port in Tamil Nadu. However, on account of subsequent adverse developments , the Group had decided not to pursue these projects. No provision has, however, been considered necessary for the amount invested in Property, Plant and Equipments including Capital work-in-progress Rs. 104.63 Crore (March 31, 2017 Rs 104.62 Crore ; April 1, 2016 Rs 105.53 Crore) of the said project, since in the opinion of the management, the Group expects to realise not less than its carrying amount of assets.

3.17 Parent Company

i) Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016 . The Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore up to March 31, 2014, of which amount outstanding as on March 31,2018 is Rs. 39.53 Crore, (March31, 2017 is Rs. 39.53 Crore and April 1, 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 of energy facility. There has been no further accrual since April 1 , 2014 on account of suspension of operation of power plant.

ii) In view of the above, the Company has not been able to operate the 40 MW Captive Power Plant(CPP) and is held for sale. In the opinion of the management, the Company expects to realise not less than its carrying amount of Rs. 254.00 Crore as on March 31, 2018.

3.18 Assets held for sale

Captive Power Project (CPP) at Chandrapur, Maharashtra and Port and Power project at Nagapattinam, Tamilnadu (Refer Note No. 3.16 and 3.17 (ii)).

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Non Current Assets	**358.63**	352.88	353.38
	358.63	352.88	353.38

Includes Exchange Difference loss of Rs.5.09 Crore (March 31,2017 gain of Rs. 3.87 crore; April 01,2016 loss Rs. 7.14 Crore).

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

3.19 Financial risk management

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

Risk management framework

Group's board of directors has overall responsibility for establishment of Company's risk management framework and formed Risk Management Committee. Management is responsible for developing and monitoring Company's risk management policies, under the guidance of Risk Management Committee. Management identifies, evaluate and analyses the risks to which the company is exposed to and set appropriate risk limits and controls to monitor risks and adherence to limits. Management periodically reviews its risk policy and systems to assess need for changes in the policies to adapt to the changes in market conditions and align the same to the business of the Group.

Group has exposure to following risks arising from financial instruments:

a) Credit risk

Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from Trade receivables is managed as per the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal criteria reviewed and monitored from time to time. Majority of the customers are long standing customers and regularly monitored by individual business managers who deal with those customers. Management monitors trade receivables on regular basis and take suitable action where needed to control the receivables crossing set criteria / limits.

Credit risk arising from derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the reputed credit rating agencies.

Management does an impairment analysis at each reporting date as per set procedure and computes credit loss allowance based on a provision matrix. Further, the Group's customers base is widely distributed both economically as well as geographically and in view of the same, the quantum risk also gets spread across wide base and hence management considers risk with respect to trade receivable as low.

Expected credit loss for trade receivables under simplified approach as at the end of each reporting period is as follows:

Rs. in Crore

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Gross Carrying Amount	**230.74**	203.40	181.40
Less: Expected credit loss at simplified approach	**4.75**	5.70	8.32
Carrying amount of trade receivables (net of impairment)	**225.99**	197.70	173.08

b) Liquidity risk.

The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels. Group aims to maintain the level of its cash and cash equivalents at levels to meet its expected cash outflows on operational and financial liabilities. Also Refer note no 3.15 regarding exploring of various options including OSDR for Debt resolution with the lenders.

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments

Rs. in Crore

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2018				
Borrowings	1,086.39	396.84	6.02	1,489.25
Trade and other payables	107.94	-	-	107.94
Other fiancial liabilities	1,441.40	-	-	1,441.40
Total	**2,635.73**	**396.84**	**6.02**	**3,038.59**
March 31, 2017				
Borrowings	1,075.76	622.85	5.30	1,703.91
Trade and other payables	141.41	-	-	141.41
Other fiancial liabilities	962.04	-	-	962.04
Total	**2,179.21**	**622.85**	**5.30**	**2,807.36**
April 01, 2016				
Borrowings	942.05	770.66	62.99	1,775.70
Trade and other payables	219.78	-	-	219.78
Other fiancial liabilities	570.89	-	-	570.89
Total	**1,732.72**	**770.66**	**62.99**	**2,566.37**

c) Competition and price risk

The Group faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises following types of risks :

i. Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the long term debt obligations and Buyer's credit obligations with floating interest rates. The Group has not used any interest rate derivatives.

We refer to note no 3.15 regarding exploring of various options including OSDR for Debt resolution with the lenders. Pending the same, the Group is not able to determine its exposure to interest rate risk which primary related to the long term debt.

ii. Foreign Currency Risk and sensitivity

The Group is exposed to foreign exchange risk arising from export sales, operating and capital expenditure in foreign currency, foreign currency loans and economic exposure on account of mismatch between foreign currency and INR assets and liabilities. The risk is measured through a forecast of highly probable foreign currency cash flows.

Primarily, the exposure in foreign currencies is denominated in USD, EURO. At any point in time, Group covers foreign currency risk by taking appropriate percentage of its net foreign currency exposure by entering into forward exchange contracts on past performance basis mostly with a maturity of less than one year. The Group does not enter into derivative instruments.

Details of Unhedged exposure in foreign currency denominated monetary items:

Currency	**As at March 31, 2018**		As at March 31, 2017		As at April 1, 2016	
	Foreign Currency in Million	**Rs in Crore**	Foreign Currency in Million	Rs in Crore	Foreign Currency in Million	Rs in Crore
Parent Company						
Secured Loans						
US Dollars	**39.32**	**255.78**	39.32	254.99	40.65	269.65
EURO	**4.32**	**34.83**	4.32	29.92	4.46	33.51
Receivables						
US Dollars	**5.52**	**34.01**	3.05	17.98	4.30	26.40
EURO	**3.83**	**29.98**	11.99	81.89	10.32	72.18

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

Currency	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Foreign Currency in Million	Rs in Crore	Foreign Currency in Million	Rs in Crore	Foreign Currency in Million	Rs in Crore
Australian Dollar	**0.03**	**0.13**	0.04	0.20	0.02	0.10
GBP	**0**	**0.0001**	0.03	0.23	-	-
Payables						
US Dollars	**2.87**	**18.65**	6.68	43.32	12.96	85.95
EURO	**0.11**	**0.91**	0.11	0.74	0.13	0.99
Interest Payable						
US Dollars	**4.25**	**27.75**	2.77	18.36	0.09	0.60
EURO	**0.56**	**4.54**	0.35	2.53	-	-
Subsidiary Companies						
Secured Loans						
US Dollars	**-**	**-**	-	-	2.50	16.54
Receivables						
US Dollars	**4.26**	**27.76**	-	-	-	-
EURO	**2.54**	**20.43**	3.61	25.05	2.72	20.50
Payables						
US Dollars	**0.13**	**0.85**	-	-	-	-
EURO	**11.36**	**91.20**	13.48	93.55	12.99	97.90
Interest Payable						
US Dollars	**-**	**-**	-	-	0.13	0.88

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

5% appreciation in USD and EURO with respect to Indian Rupees would have result in increase in loss before tax by approximately Rs 16.11 crore for March 31, 2018 and increase in Loss before tax by approximately Rs 15.96 crore for March 31, 2017.

5% depreciation in USD and EURO with respect to Indian Rupees would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant..

iii. Commodity price risk

The Group is exposed to the movement in price of key raw materials in domestic and international markets. The Group reviews the prices of key raw materials on weekly basis and enters into most of the contracts for procurement of material on short term fixed price basis.

3.20 Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's Capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings.

In order to achieve this overall objective, the Group's capital management, amongst other things, aim to ensure that its meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

3.21 Fair value measurement

A) The carrying value and Fair value of Financial assets and liabilities by categories are as follows :

Rs. in Crore

Particulars	Carrying value of the financial assets/ liabilities			Fair value of the financial assets/liabilities		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Financial Assets at Fair Value Through Profit and Loss (non-current)						
Investment in Equity Shares	**0.02**	0.02	-	**0.02**	0.02	-
Total	**0.02**	0.02	-	**0.02**	0.02	-
Financial Assets at amortised cost (non-current)						
Loans	**13.67**	10.64	0.55	**13.67**	10.64	0.55
Other financial Assets	**-**	0.04	0.31	**-**	0.04	0.31
Total	**13.67**	10.68	0.86	**13.67**	10.68	0.86
Financial Assets at amortised cost (current)						
Trade Receivables	**225.99**	197.70	173.08	**225.99**	197.70	173.08
Cash and Bank Balances	**54.41**	51.33	34.74	**54.41**	51.33	34.74
Loans	**0.86**	1.56	8.59	**0.86**	1.56	8.59
Other financial Assets	**0.96**	1.20	1.13	**0.96**	1.20	1.13
Total	**282.22**	251.79	217.54	**282.22**	251.79	217.54
Financial Liabilities at amortised cost (non-current)						
Sales Tax Deferral Loan	**7.40**	10.93	14.05	**7.40**	10.93	14.05
Long Term Loans from Banks and Others	**395.46**	617.22	819.60	**395.46**	617.22	819.60
Total	**402.86**	628.15	833.65	**402.86**	628.15	833.65
Financial Liabilities at amortised cost (current)						
Sales Tax Deferral Loan	**5.06**	5.07	4.75	**5.06**	5.07	4.75
Long Term Loans	**720.52**	494.50	319.11	**720.52**	494.50	319.11
Short Term Loans	**1,086.39**	1,075.76	942.05	**1,086.39**	1,075.76	942.05
Trade and other Payables	**107.94**	141.41	219.78	**107.94**	141.41	219.78
Other financial Liabilities	**715.82**	462.47	247.03	**715.82**	462.47	247.03
Total	**2,635.73**	2,179.21	1,732.72	**2,635.73**	2,179.21	1,732.72

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

B) Level wise disclosures of financial assets and liabilities by categories are as follows :

Rs. in Crore

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	Level	Valuation techniques and key inputs
Financial Assets at amortised cost (non-current)					
Deposit for premises / Security Deposits	**13.67**	10.64	0.55	3	Discounted cash flow method using interest rate for similar financial instrument
Financial Assets at amortised cost (current)					
Deposit for premises / Security Deposits	**-**	0.55	6.28	3	Discounted cash flow method using interest rate for similar financial instrument
Financial Liabilities at amortised cost (non-current)					
Sales tax Deferral Loan	**7.40**	10.93	14.05	3	Discounted cash flow method using interest rate for similar financial instrument
Loan from Associate Company	**6.02**	5.30	4.68	3	Discounted cash flow method using interest rate for similar financial instrument
Financial Liabilities at amortised cost (current)					
Sales tax Deferral Loan	**5.06**	5.07	4.75	3	Discounted cash flow method using interest rate for similar financial instrument

Fair value of cash and cash equivalents, short term loans, trade receivables, trade payables, other financial assets/liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2017.

During the reporting period ended March 31, 2018 and March 31, 2017, there were no transfers between level 1, level 2 and level 3 fair value measurements.

Reconciliation of Level 3 fair values

The following table shows a reconciliation of the opening and closing balances for Level 3 fair values.

Rs. in Crore

Particulars	Deposit for premises / Security Deposits	Sales Tax Deferral Loan	Loan from Associate Company
Opening Balance (April 01, 2016)	**6.83**	**18.80**	**4.68**
Additions	3.86	-	-
Interest Expenses	-	1.95	0.62
Interest Income	0.50	-	-
Repayment of Loan		(4.75)	-
Closing Balance (March 31, 2017)	**11.19**	**16.00**	**5.30**
Additions	1.53	-	-
Interest Income	0.95	-	-
Interest Expenses	-	1.54	0.72
Repayment of Loan	-	(5.08)	-
Closing Balance (March 31, 2018)	**13.67**	**12.46**	**6.02**

A one percentage point change in the unobservable inputs used in fair valuation of level 3 assets or liabilities does not have significant input in its value.

3.22 First Time Adoption of Ind AS

These are the Group's first consolidated financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2.1 have been applied in preparing the consolidated Ind AS financial statements for the year ended 31 March 2018, the comparative information presented in these consolidated financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS consolidated Balance Sheet at April 01, 2016 (the Group's

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

date of transition). In preparing its opening consolidated Ind AS Balance Sheet, the Group has adjusted the amounts reported previously in consolidated financial statements prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

Ind AS 101 deals with First time adoption of Indian Accounting Standards which allows exemptions from the retrospective application and exemption from application of certain requirements of other Ind AS. On transition, the Group has availed / adopted the following exemptions / exception as per Ind AS 101:

a) The Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

b) The Group has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of April 1, 2016 i.e. foreign exchange differences arising on settlement or translation of longterm foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset.

c) Appendix C of Ind AS 17 requires an entity to assess whether a contract of arrangement contains a lease. This assessment should be carried out at the inception of the contract or arrangement. The Group has used Ind AS 101 exemption and assessed all the arrangements based for embedded leases based on the conditions in place as at the date of transition.

d) The Group has elected not to apply Ind AS 103- Business Combinations, retrospectively to past business combinations that occurred before 1st April, 2016. Consequent to use of this exemption from retrospective application.

i) The carrying amounts of assets and liabilities acquired pursuant to past business combinations and recognized in the financial statements prepared under Previous GAAP, are considered to be the deemed cost under Ind AS, on the date of acquisition. On the date of transition, measurement of such assets and liabilities is in accordance with respective Ind AS. Also, there is no change in classification of such assets and liabilities.

ii) The Group has not recognized assets and liabilities that neither were recognized in the financial statements prepared under Previous GAAP nor qualify for recognition under Ind AS in the Balance Sheet of the acquiree;

iii) The Group excluded from its opening Ind AS Balance sheet as at April 1, 2016, those assets and liabilities which were recognized in accordance with Previous GAAP but do not qualify for recognition as an asset or liability under Ind AS;

e) Derecognition of financial assets and liabilities:

The Group has elected to use the exemption for derecognition of financial assets and liabilities prospectively i.e. April 01, 2016.

f) The requirement of Ind AS 20- "Accounting for Government Grants and Disclosure of Government Assistance" is opted to be applied prospectively to interest free sales tax deferral loan existing at the date of transition to Ind AS a government grant and which is to be amortised to the Statement of Profit and Loss over the period of sales tax deferral loan. Further, the Group has applied Ind AS 109 to carrying amount of such loan as per the previous GAAP as on the date of transition to Ind AS to arrive at fair value.

g) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of the facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

h) Non-current assets held for sale :

This exemption requires non-current assets (or disposal groups) that meet the criteria to be classified as held for sale to be carried at lower of its carrying amount and fair value less cost to sell as per Ind AS 105 and recognize directly in retained earnings any difference between that amount and the carrying amount of those assets at the date of transition to Ind AS. The Group has elected to apply this exemption and measured the assets held for sale at lower of carrying value and fair value less costs to sell at the date of transition.

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

Impact of transition to Ind AS

The following is a summary of the effects of the differences between Ind AS and Indian GAAP on the Group's total equity shareholders' funds and profit and loss for the financial period for the periods previously reported under Indian GAAP following the date of transition to Ind AS.

I Reconciliation of Balance Sheet as at April 1, 2016

Rs. in Crore

	Particulars	Reference	Amount as per IGAAP	Reclassification/ Adjustments	Amount as per Ind AS
	ASSETS				
I	**Non Current Assets**				
a)	Property, Plant and Equipment	G	1,563.76	(264.28)	1,299.48
b)	Capital Work-In-Progress		94.11	(89.10)	5.01
c)	Goodwill on Consolidation		37.67	-	37.67
d)	Financial Assets				
	(i) Investments		-	-	-
	(ii) Trade Receivables		-	-	-
	(iii) Loans	D		0.55	0.55
	(iv) Other financial assets	D	-	0.31	0.31
e)	Deferred Tax Assets	I	-	82.05	82.05
f)	Other Non-Current Assets	D	92.76	(82.70)	10.06
II	**Current Assets**				
a)	Inventories		343.18	-	343.18
b)	Financial assets				
	(i) Trade receivables	C	181.40	(8.32)	173.08
	(ii) Cash and cash equivalents		35.05	(25.52)	9.53
	(iii) Bank balances other than (ii) above		-	25.21	25.21
	(iv) Loans	D	-	8.59	8.59
	(v) Other financial assets	D	31.77	(30.64)	1.13
c)	Current Tax assets (Net)		-	9.38	9.38
d)	Other Current Assets		106.00	12.14	118.14
III	**Assets held for sale**	**G**	-	353.38	353.38
	Total		**2,485.70**	**(8.95)**	**2,476.75**
	EQUITY AND LIABILITIES				
I	**Equity**				
a)	Equity Share capital		73.25	-	73.25
b)	Other equity	A to J	(190.52)	(8.10)	(198.62)
	Equity attributable to owners		**(117.27)**	**(8.10)**	**(125.37)**
	Non Controlling Interest		-	(0.14)	(0.14)
	Total Equity		**(117.27)**	**(8.24)**	**(125.51)**
	Liabilities				
II	**Non-current liabilities**				
a)	Financial Liabilities				
	(i) Borrowings	A & E	850.25	(16.60)	833.65
	(ii) Other financial liabilities		-	8.20	8.20
b)	Provisions		7.97	(0.03)	7.94
c)	Other non-current Liabilities	A & E	-	6.14	6.14
III	**Current Liabilities**				
a)	Financial Liabilities				
	(i) Borrowings		942.05	-	942.05
	(ii) Trade Payables		219.78	-	219.78
	(iii) Other financial liabilities		580.05	(9.16)	570.89
b)	Provisions		2.87	0.02	2.89
c)	Other Current Liabilities	A & E	-	10.72	10.72
	Total		**2,485.70**	**(8.95)**	**2,476.75**

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

II Reconciliation of Balance Sheet as at March 31, 2017

Rs. in Crore

	Particulars	Reference	Amount as per IGAAP	Reclassification/ Adjustments	Amount as per Ind AS
	ASSETS				
I	**Non Current Assets**				
a)	Property, Plant and Equipment	G	1,488.58	(257.14)	1,231.44
b)	Capital Work-In-Progress		105.56	(88.27)	17.29
c)	Goodwill on Consolidation		37.67	-	37.67
d)	Financial Assets				
	(i) Investments		0.02	-	0.02
	(ii) Trade receivables		-	-	-
	(iii) Loans	D		10.64	10.64
	(iv) Other financial assets	D	-	0.04	0.04
e)	Deferred Tax Assets	I	-	82.05	82.05
f)	Other Non-Current Assets	D	86.99	(81.60)	5.39
II	**Current Assets**				
a)	Inventories		333.54	-	333.54
b)	Financial assets				
	(i) Trade receivables	C	203.40	(5.70)	197.70
	(ii) Cash and cash equivalents		51.37	(32.29)	19.08
	(iii) Bank balances other than (ii) above		-	32.25	32.25
	(iv) Loans	D	-	1.56	1.56
	(v) Other financial assets	D	29.21	(28.01)	1.20
c)	Current Tax assets (Net)		-	9.98	9.98
d)	Other Current Assets		105.50	4.84	110.34
III	**Assets held for sale**	G	-	352.88	352.88
	Total		**2,441.84**	**1.23**	**2,443.07**
	EQUITY AND LIABILITIES				
I	**Equity**				
a)	Equity Share capital		73.25	-	73.25
b)	Other equity	A to J	(479.40)	1.48	(477.92)
	Equity attributable to owners		**(406.15)**	**1.48**	**(404.67)**
c)	Non Controlling Interest		-	(0.13)	(0.13)
	Total Equity		**(406.15)**	**1.35**	**(404.80)**
	Liabilities				
II	**Non-current liabilities**				
a)	Financial Liabilities				
	(i) Borrowings	A & E	641.68	(13.53)	628.15
	(ii) Other financial liabilities		-	7.70	7.70
b)	Provisions		7.47	(0.43)	7.04
c)	Other non-current Liabilities	A & E	-	4.10	4.10
III	**Current Liabilities**				
a)	Financial Liabilities				
	(i) Borrowings		1,075.76	-	1,075.76
	(ii) Trade Payables		141.41	-	141.41
	(iii) Other financial liabilities			962.04	962.04
b)	Provisions		2.57	0.43	3.00
c)	Other Current Liabilities	A & E	979.10	(960.43)	18.67
	Total		**2,441.84**	**1.23**	**2,443.07**

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

III Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

Rs. in Crore

	Particulars	Reference	Amount as per IGAAP	Reclassification/ Adjustments	Amount as per Ind AS
I	**Revenue from Operations**	B	1,094.61	109.11	1,203.72
II	Other Income	A,D & E	6.48	2.83	9.31
III	**Total Income (I+II)**		**1,101.09**	**111.94**	**1,213.03**
IV	Expenses				
	Cost of Materials Consumed	D	529.10	0.53	529.63
	Purchase of Stock-in-Trade		21.02	-	21.02
	Changes in Inventories of finished goods, Stock-in-Trade and work-in-progress		14.40	-	14.40
	Employee Benefit Expense	H	121.55	0.74	122.29
	Finance Costs	A & E	270.07	0.31	270.38
	Depreciation and Amortisation expense	G	73.78	(7.48)	66.30
	Other expenses	B,C & D	362.05	108.99	471.04
	Total Expenses (IV)		**1,391.97**	**103.09**	**1,495.06**
V	**Profit/(loss) before exceptional items and tax (III - IV)**		(290.88)	8.85	(282.03)
VI	Exceptional Items		(0.29)	-	(0.29)
VII	**Profit/(loss) before tax (V - VI)**		**(290.59)**	**8.85**	**(281.74)**
VIII	Tax expense:				
	(1) Current Tax		0.01	-	0.01
	(2) Deferred Tax	I	-	-	-
	(3) MAT credit entitlement		-	-	-
	Total Tax Expense (VIII)		**0.01**	**-**	**0.01**
IX	**Profit/(loss) for the period (VII-VIII)**		**(290.60)**	**8.85**	**(281.75)**
X	**Other comprehensive income:**				
	A. Items that will not be reclassified to profit or loss				
	(i) Re-measurement gains (losses) on defined benefit plans and its Income tax effect	H	-	0.74	0.74
	B. Items that will be reclassified to profit or loss				
	(i) Foreign Currency Translation Reserve gains (losses) and its Income tax effect		-	1.69	1.69
	Total Other comprehensive income		**-**	**2.43**	**2.43**
XI	**Total Comprehensive Income for the period (IX+X)**		**(290.60)**	**11.28**	**(279.32)**

IV Reconciliation of total equity:

Rs. in Crore

Particulars	Note	As at March 31, 2017	As at April 1, 2016
Total equity (Shareholder Funds) as per Previous GAAP		(406.15)	(117.27)
Adjustments :			
Fair Value of Sales Tax Deferral Loan	A	(0.58)	-
ECL Provision on Trade Receivables	C	(5.70)	(8.32)
Fair Valuation of Financial Liabilities - Loan	E	0.28	0.17
Fair Valuation of Financial Assets	D	(0.05)	(0.02)
Reversal of Depreciation on Assets held for sale	G	7.48	-
Others		(0.08)	(0.07)
Deferred tax on above adjustment	I	0.43	(2.62)
Deferred Tax Assets (adjusted to the extent of Deferred Tax Liability)	I	(0.43)	2.62
Total Adjustment to Equity		1.35	(8.24)
Total Equity as per Ind AS		(404.80)	(125.51)

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

Footnotes:

A. Sales Tax Deferral Loan

The Group has fair valued the interest free sales tax deferral loan prospectively by availing exemption under Ind AS 101 and difference between the fair value of the loan and amount payable is considered to be in the nature of a government grant since it represents an incentive received by the group from the government. This incentive is accounted for in accordance with Ind AS 20, Accounting for Government Grants based on the terms of the scheme applicable to the group, and is deferred and amortised to the statement of profit and loss over the period of the sales tax deferral loan. Further The Group has accrued interest expense on the loan liability at the effective interest rate (being the discount rate used to determine initial fair value) over the term of the sales tax deferral loan.

B. Excise Duty

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Thus, sale of goods under Ind AS has increased by the excise duty amounting to Rs 111.38 Crore with a corresponding increase in other expenses.

C. Provision for expected credit loss under Ind AS 109

Under Indian GAAP, the Group had recognized provision on trade receivables based on the expectation of the Group. Under Ind AS, the Group provides loss allowance on receivables based on the Expected Credit Loss (ECL) model which is measured following the "simplified approach" at an amount equal to the lifetime ECL at each reporting date.

D. Other financial assets - Security deposits

Under Ind AS, interest free lease deposits are valued at present value as compared to being carried at transaction value in the previous GAAP. The adjustment includes the difference between the book value and present value of interest free security deposits which has been recognised as deferred rent expense. This amount is subsequently charged to the Statement of Profit and Loss on a straight line basis as an interest expense. Further, interest income computed on the present value of the security deposit is recognised over the tenure of the security deposit using the EIR method.

E. Unsecured Loans

Under Ind AS, loans are valued at present value as compared to being carried at cost in the previous GAAP. This adjustment includes the difference between the book value and the present value of an interest free loan or loan below market rate. The interest on the present value of this loan is recognised over the tenure of the loan using the EIR method

F. Reclassification:

Other adjustments on account of transition to Ind AS include reclassification of items of assets, liabilities and taxes to appropriate line items of Ind-AS balance sheet prescribed under Schedule III to the Companies Act, 2013.

G. Assets held for sale

Under the previous GAAP, asset held for sale was presented as part of Property, Plant and Equipment and the same were depreciated over the useful life. Under Ind AS, asset held for sale are separately presented on the face of the Balance Sheet and the Group has reversed the depreciation charged to statement of profit and loss for the year ended March 31, 2017 with corresponding effect to retained earnings.

H. Defined Benefit Liabilities

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income instead of profit and loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

I. Deferred Tax

Under Indian GAAP, deferred tax is accounted using the income statement approach as per timing differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the balance sheet approach as per temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences as on the transition date. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Notes to Consolidated Financial Statement for the year ended March 31, 2018 (Contd.)

J. Other Comprehensive Income

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to total comprehensive income as per Ind AS.

K. Statement of Cash Flow

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

3.23 Events occurring after the Balance Sheet date

No adjusting or significant non - adjusting events have occurred between the reporting date and the date of authorisation.

3.24 Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

3.25 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)		Share in Other comprehensive income		Share in Total comprehensive income	
		As % of consolidated Net Assets	Rs. in Crore	As % of consolidated Profit / (Loss)	Rs. in Crore	As % of consolidated Other comprehensive income	Rs. in Crore	As % of consolidated profit or loss	Rs. in Crore
	Parent								
	ISMT Limited	91.24	(589.46)	98.83	(239.95)	41.96	0.60	99.17	(239.35)
	Indian Subsidiaries								
1	Tridem Port and Power Company Private Limited	(16.64)	107.51	0.12	(0.28)	-	-	0.12	(0.28)
2	Nagapattinam Energy Private Limited	(8.94)	57.75	0.00	(0.01)	-	-	0.00	(0.01)
3	Best Exim Private Limited	(0.01)	0.05	0.00	(0.01)	-	-	0.00	(0.01)
4	Success Power & Infraprojects Private Limited	(0.77)	4.95	0.00	(0.01)	-	-	0.00	(0.01)
5	Marshal Microware Infrastructure Development Company Private Limited	(0.21)	1.37	0.00	(0.00)	-	-	0.00	(0.00)
	Foreign Subsidiaries								
1	ISMT Enterprises SA, Luxembourg	(9.65)	62.34	0.09	(0.22)	-	-	0.09	(0.22)
2	Structo Hydraulics AB, Sweden	13.06	(84.35)	1.63	(3.96)	-	-	1.64	(3.96)
3	ISMT Europe AB, Sweden	0.56	(3.62)	(0.58)	1.40	-	-	(0.58)	1.40
4	Indian Seamless Inc., USA	(0.16)	1.04	(0.08)	0.19	-	-	(0.08)	0.19
5	PT ISMT Resources, Indonesia	0.01	(0.08)	0.01	(0.03)	-	-	0.01	(0.03)
	Minority Interest in all Subsidiaries	**0.02**	**(0.16)**	**0.01**	**(0.02)**	**-**	**-**	**0.01**	**(0.02)**
	Sub-Total	**68.52**	**(442.66)**	**100.05**	**(242.90)**	**41.96**	**0.60**	**100.39**	**(242.30)**
	Total Elimination	31.48	(203.36)	(0.05)	0.12	58.04	0.83	(0.39)	0.95
	Grand Total	**100.00**	**(646.02)**	**100.00**	**(242.78)**	**100.00**	**1.43**	**100.00**	**(241.35)**

As per our report of even date

For Damania & Varaiya
Chartered Accountants
Firm Registration No. 102079W

CA Bharat Jain
Partner
M. No.100583

Pune, June 11, 2018

For and on behalf of the Board of Directors

B. R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Chetan Nathani
Company Secretary
Pune, June 11, 2018

FORM AOC - 1

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES AS PER SECTION 129 (3) OF COMPANIES ACT, 2013

PART 'A' SUBSIDIARIES:

Rs. in Crore

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Share Capital	Other Equity	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	65.01	(2.67)	63.45	1.11	-	-	(0.22)	-	(0.22)	-	99.62%
2	Structo Hydraulics AB, Sweden	SEK	0.82	(85.17)	75.66	160.01	-	46.12	(3.96)	-	(3.96)	-	100.00%
3	ISMT Europe AB, Sweden	SEK	0.08	(3.70)	54.77	58.39	-	142.44	1.40	-	1.40	-	100.00%
4	Indian Seamless Inc., USA	USD	2.07	(1.03)	1.45	0.41	-	0.40	0.20	(0.01)	0.19	-	100.00%
5	Tridem Port and Power Company Private Limited	INR	2.58	104.93	115.11	7.60	-	-	(0.29)	0.01	(0.28)	-	100.00%
6	Nagapattinam Energy Private Limited	INR	0.25	57.50	57.75	-	-	-	(0.02)	0.01	(0.01)	-	100.00%
7	PT ISMT Resources, Indonesia	Rupiah	4.22	(4.30)	0.01	0.09	-	-	(0.03)	-	(0.03)	-	100.00%
8	Best Exim Private Limited	INR	0.01	0.04	0.06	0.01	-	-	-	-	(0.01)	-	100.00%
9	Success Power and Infraprojects Private Limited	INR	0.19	4.76	4.95	-	-	-	-	-	(0.01)	-	100.00%
10	Marshal Microware Infrastructure Development Company Private Limited	INR	0.01	1.36	2.18	0.81	-	-	-	-	(0.00)	-	100.00%

Excluding Share Capital and Other Equity

Exchange Rates	Closing Exchange Rate for Assets and Liabilities	Average Rate for Profit and Loss items
Euro to INR	80.2777	74.8309
SEK to INR	7.7934	7.5259
GBP to INR	91.26540	86.2801
Rupiah to INR	0.004730	0.004796
USD to INR	65.1366	64.9978

Reporting dates of all Subsidiary is Mar 31, 2018 except for PT ISMT Resources, is December 31, 2017.

Note : 1. Names of subsidiaries which are yet to commence operations : None

2. 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

Rajiv Goel
Chief Financial Officer

Chetan Nathani
Company Secretary

Pune, June 11, 2018

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

I Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018
[See Regulation 33/52 of the SEBI (LODR) (Amendment Regulations, 2016]

Rs. in Crore

Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications
1.	Turnover / Total income	1,568.44	1,568.44
2.	Total Expenditure	1,811.24	1,932.82
3.	Net Profit/(Loss)	(242.80)	(364.38)
4.	Earnings Per Share (excluding share of non controlling interest)	(16.57)	(24.87)
5.	Total Assets	2,430.92	2,309.34
6.	Total Liabilities	3,077.10	3,077.10
7.	Net Worth	(646.18)	(767.76)
8.	Any other financial item(s) (as felt appropriate by the management)	-	-

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

II. Audit qualification (each qualification separately):

(1) (a) Details of Audit Qualification:

The Parent Company has outstanding Minimum Alternate Tax (MAT) entitlement, classified as Deferred Tax Asset as per Ind AS- 12, Income Taxes, of Rs. 82.05 Crores as on March 31, 2018. Taking into consideration the loss during the period ended March 31, 2018 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of loss for the quarter and year ended March 31, 2018 and overstatement of the other equity by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the Group.

(b) Type of Audit Qualification : Qualified Opinion

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

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

As per Ind AS- 12 "Income Tax", Minimum Alternate Tax (MAT) credit (unused tax credit) is regarded as Deferred Tax Assets and the same shall be recognised to the extent that it has become probable that future taxable profit will be available against which the unused tax credit can be utilised. In view of Business uncertainties and pending debt Resolution, it is difficult for the Parent Company to fairly ascertain the probable future taxable profit against which MAT Credit can be utilized. Accordingly, the unabsorbed MAT credit of Rs. 82.05 Crores as at March 31, 2018, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years.

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

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

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

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

(2) (a) Details of Audit Qualification:

The Parent Company had recognized claim in earlier years, of which outstanding balance as on March 31, 2018 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Parent Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Parent Company has preferred appeal before the hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, Provisions, Contingent liabilities and Contingent assets. Recognition of the above claim has resulted in overstatement of other equity by Rs.39.53 Crores.

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

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

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

Maharashtra Electricity Regulatory Commission (MERC) had disallowed Parent Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Parent Company filed an appeal before the Appellate Tribunal (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. The Parent Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court.The Parent Company had accrued EBA benefit aggregating to Rs. 49.97 Crore upto March 31, 2014, of which amount outstanding as on March 31, 2018 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.

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

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

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

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

(3) (a) Details of Audit Qualification:

Pending approval/sanction of the debt resolution by the lenders, the Parent Company has not provided for the overdue / penal/compounding of interest .The quantum and its impact on the financial statements, if any, is unascertainable.

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

(c) **Frequency of qualification :** appearing second time in financial year 2017-18

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

The Parent Company and its lenders had been exploring various options including OSDR for Debt Resolution. Subsequent to RBI circular dated February 12, 2018 the lenders have decided to explore assignment of debt as a Resolution Plan. Pending the same interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis. However, no overdue/penal/ compounding of interest, if any, has been provided.

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

(i) **Management's estimation on the impact of audit qualification: Not ascertainable.**

(ii) **If management is unable to estimate the impact, reason for the same: Not ascertainable.**

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

Not ascertainable as explained in the qualification stated above.

III Signatories:

Statutory Auditors
For Damania & Varaiya
Chartered Accountants
Firm Registration No. 102079W

CA Bharat Jain
Partner
M. No.100583

Pune, June 11, 2018

For ISMT Limited
For and on behalf of the Board of Directors

B. R. Taneja
Managing Director

Rajiv Goel
Chief Financial Officer

Deepa Mathur
Audit Committee Chairperson

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ISMT LIMITED

Solutions You Can Trust

Registered Office

ISMT Limited

Lunkad Towers, Viman Nagar, Pune - 411 014

Tel: +91 20 41434100/01

Fax: +91 20 26630779