

ISMT Limited

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PART I
STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2016.
Rs. in Crore

Sr. No	Particulars	Quarter ended	Quarter ended	Quarter ended	Year ended
		June 30 , 2016	March 31, 2016	June 30 , 2015	March 31, 2016
		Unaudited	Refer Note No 9	Unaudited	Audited
1	Gross Sales/ Income from Operations	349.57	317.81	364.88	1,331.28
	Less : Inter Segment Transfers	55.44	49.58	71.00	232.55
	Inter Division Transfers	11.30	5.90	5.38	24.57
	Excise Duty	28.34	27.03	28.04	105.72
	(a) Net Sales / Income from Operations	254.49	235.30	260.46	968.44
	(b) Other Operating Income	6.45	7.70	5.72	23.24
	Total Income from Operations (a+b)	260.94	243.00	266.18	991.68
2	Expenses				
	(a) Consumption of Raw Materials	135.05	115.15	136.57	477.62
	(b) Purchase of stock-in-trade	-	-	0.02	0.04
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1.96)	23.73	9.48	51.52
	(d) Employee Benefits Expense	27.38	27.91	26.54	106.30
	(e) Depreciation, Amortisation and Obsolescence	17.03	18.01	17.86	71.83
	(f) Other Expenses :				
	(i) Energy	49.86	42.08	50.59	189.49
	(ii) Other Direct Expenditure	30.56	28.48	27.52	113.77
	(iii) Other Expenditure	9.30	10.90	6.94	31.36
	Total Expenses	267.22	266.26	275.52	1,041.93
3	Profit / (Loss) from Operations before other income, finance costs and exceptional items (1-2)	(6.28)	(23.26)	(9.34)	(50.25)
4	Other Income	1.88	6.34	2.39	12.08
5	Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	(4.40)	(16.92)	(6.95)	(38.17)
6	Finance Costs	71.54	77.85	60.98	280.13
7	Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(75.94)	(94.77)	(67.93)	(318.30)
8	Exceptional items				
	(a) Foreign Exchange (Gain) / Loss	(0.14)	(4.80)	7.20	45.08
	(b) Others (Refer Note No 4)	1.30	2.15	1.14	9.44
9	Profit / (Loss) from ordinary activities before tax (7- 8)	(77.10)	(92.12)	(76.27)	(372.82)
10	Tax Expenses - Debit / (Credit)	-	9.39	-	9.39
11	Net Profit / (Loss) from ordinary activities after tax (9-10)	(77.10)	(101.51)	(76.27)	(382.21)
12	Extraordinary items	-	-	-	-
13	Net Profit / (Loss) for the period (11-12)	(77.10)	(101.51)	(76.27)	(382.21)
14	Paid-up Equity Share Capital (Face Value of Rs. 5/- per share)	73.25	73.25	73.25	73.25
15	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year.	-	-	-	(343.46)
16	Earnings per share before extraordinary items	(5.26)	(6.93)	(5.21)	(26.09)
	Basic & Diluted Earnings per share of Rs. 5/- each (Rs.) (not annualised)				
17	Earnings per share after extraordinary items	(5.26)	(6.93)	(5.21)	(26.09)
	Basic & Diluted Earnings per share of Rs. 5/- each (Rs.) (not annualised)				

SEGMENT WISE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER JUNE 30 , 2016.

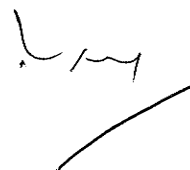
Rs. in Crore

Sr No	Particulars	Quarter ended	Quarter ended	Quarter ended	Year ended
		June 30, 2016	March 31, 2016	June 30, 2015	March 31, 2016
		Unaudited	Refer Note No 9	Unaudited	Audited
1 Segment Revenue					
a) Gross Sales – Tube		177.31	172.33	173.31	644.85
Less : Inter Division		11.30	5.90	5.38	24.57
Excise Duty		15.32	15.73	14.27	53.84
Sub total		150.69	150.70	153.66	566.44
b) Gross Sales – Steel		172.26	145.48	191.57	686.43
Less : Inter Segment		55.44	49.58	71.00	232.55
Excise Duty		13.02	11.30	13.77	51.88
Sub total		103.80	84.60	106.80	402.00
Total Net Sales/ Income from Operations		254.49	235.30	260.46	968.44
2 Segment Results					
Profit / (Loss) after Depreciation and Before Finance Costs & Exceptional items ,Unallocable income (net) and Tax.					
a) Tube		(14.52)	(22.54)	(16.67)	(66.11)
b) Steel *		10.99	3.94	10.40	29.61
Total		(3.53)	(18.60)	(6.27)	(36.50)
Less : Finance Costs		71.54	77.85	60.98	280.13
: Exceptional item - Foreign Exchange (Gain) / Loss		(0.14)	(4.80)	7.20	45.08
- Others (Refer Note No. 4)		1.30	2.15	1.14	9.44
Add : Unallocable Income (Net of Unallocable Expenses)		(0.87)	1.68	(0.68)	(1.67)
Total Profit / (Loss) Before Tax		(77.10)	(92.12)	(76.27)	(372.82)
Less : Tax Expenses - Debit / (Credit)		-	9.39	-	9.39
Total Profit / (Loss) After Tax		(77.10)	(101.51)	(76.27)	(382.21)
3 Capital Employed (Segment Assets – Segment Liabilities)					
a) Tube		1,350.76	1,287.40	1,326.76	1,287.40
b) Steel		318.36	287.18	172.78	287.18
c) Unallocable		(1,809.88)	(1,638.25)	(1,296.44)	(1,638.25)

* Includes profit on steel captively consumed by Tube Segment

NOTES ON UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2016

1. The Company had exercised the option as per Para 46A inserted in the AS-11 for treatment of exchange difference on long term monetary liabilities. Accordingly during the quarter ended June 30, 2016, Exchange Loss capitalized is Rs 3.60 Crore.
2. The Company through its Subsidiary Company, ISMT Enterprises S.A., Luxembourg has invested Rs. 48.43 Crore in Structo Hydraulics AB, Sweden (SHAB). The Company had given a corporate guarantee / Stand by Letter of Credit of Rs 33.81 Crore (USD 5 million) in respect of loans availed by SHAB and the same has been invoked by the lender of SHAB and the Company is seeking requisite approvals from the regulatory authorities for treating the said payment as equity investment in SHAB. The receivable on account of sales made to SHAB is Rs. 59.88 Crore against which a provision for doubtful debts was made of Rs. 47.24 Crore in financial year 2014-15 and the net balance as on June 30, 2016 of Rs.12.64 Crore is collectible. No provision, however, has been made in respect of temporary diminution in the value of investment made in ISMT Enterprises S.A., which is in the nature of forward integration and considered Strategic and Long Term.
3. Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding non-implementation of Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company had appealed to Appellate Tribunal (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. The Company has preferred appeal before the hon'ble Supreme Court and the same has been admitted by the Supreme Court on August 1, 2016. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore up to March 31, 2014, of which amount outstanding as on June 30, 2016 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking facility. There was no further accrual since April 1, 2014 on account of temporary suspension of operation of power plant.
4. Exceptional item - Others Include legal and other related expenses of Rs. 1.30 Crore incurred on international litigation for the quarter ended June 30, 2016.
5. Employee Benefits Expense includes remuneration payable to the Managing Director and Executive Director for the quarter ended June 30, 2016 of Rs. 0.30 Crore, which is subject to approval of the Central Government.
6. The Company has unabsorbed Minimum Alternate Tax (MAT) credit entitlement as at June 30, 2016 of Rs. 82.05 Crore which is allowed to be carried forward for a period of ten years under the Income Tax Act, 1961 from the year in which MAT was paid and will lapse thereafter. Accordingly, the unabsorbed MAT credit shall be provided in the statement of Profit and Loss to the extent it lapses in the respective years. Out of the total MAT credit entitlement, Rs. 15.39 Crore would lapse as on March 31, 2017, if not utilised.
7. Consequent upon erosion of more than 50% of Peak Net Worth of the Company as at March 31, 2015, the Company had reported the same to Board of Industrial and Financial Restructuring on November 19, 2015. The Company has continued to incur losses on account of adverse market conditions in both domestic and export markets. A provisional anti-dumping duty has already been levied by the Government on import of tubes from China. The Company is taking various corrective steps – All round reduction in fixed and variable costs; Realignment of its debts in line with the available cash flows and sale of non-core assets. The Company has, therefore, continued to prepare its financial statements on Going Concern basis.
8. The Lenders of the Company had constituted a Joint Lenders Forum (JLF) and undertaken a Corrective Action Plan (CAP) for the Company during the year 2014-15, which could not be effective on account of steep decline in volumes during latter part of the year 2014-15 due to weak domestic / export demand and dumping of China imports. The JLF on June 13, 2015 agreed in-principle for restructuring the debt of the Company and initiated various steps as per JLF guidelines culminating into an agreed Restructuring Scheme on January 5, 2016. After Lead Bank's approval, the Scheme will require approval of the Independent Evaluation Committee (IEC) before its implementation by respective Banks.



9. The figures for the last quarter of year ended March 31, 2016 are the balancing figures between audited figures of the full financial year and the published year to date figures upto the third quarter of that financial year.
10. The comparative figures have been regrouped and reclassified to meet the current quarter's classification.

The above results have been reviewed by the Audit committee and approved by the Board of Directors at their respective meetings held on August 10, 2016.

For ISMT Limited



Rajiv Goel
Chief Financial Officer

Place: Pune
Date: August 10, 2016