

# *R. Kothari & Company*

CHARTERED ACCOUNTANTS  
MUMBAI, KOLKATA, NEW DELHI

## Limited Review Report

(Regulation 33 of SEBI (LODR) Regulations, 2015)

### INDEPENDENT AUDITORS' REVIEW REPORT

To  
The Board of Directors  
M/S. Impex Ferro Tech Limited

1. We have reviewed the accompanying statement of unaudited financial results of M/S. Impex Ferro Tech Limited ("the Company") for the quarter ended **31<sup>st</sup> December, 2016** attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. We draw attention to Note No. 3 of the unaudited financial results regarding non provision of interest expenses amounting to ₹ 969.52 Lacs on the borrowings of the Company for the quarter ended December 31, 2016 and ₹ 2631.60 Lacs for nine months ended 31<sup>st</sup> December, 2016 which is not in accordance with the requirements of AS 16: Borrowing cost. The Company has also reversed the interest provided in the earlier periods from the date the accounts been categorized as Non Performing Assets by the respective lenders amounting to ₹ 90.01 Lacs in the quarter ended December 31, 2016 and ₹ 1752.09 Lacs in the nine months ended 31<sup>st</sup> December, 2016. This has consequential impact on the reported figures of this quarter as well as earlier periods. Had the aforesaid interest expenses been recognized the total comprehensive loss for the quarter ended 31<sup>st</sup> December, 2016 would have been ₹ 2,031 Lacs instead of ₹ 1,061 Lacs and for the nine month ended 31<sup>st</sup> December, 2016 would have been ₹ 4,957 Lacs instead of ₹ 2,325 Lacs.



4. Based on our review conducted as above except for the matter referred to in Paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued there under and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We also draw attention to the following matters:
- Certain loans and advances, trade receivables, trade payables and other liabilities as referred in Note No. 4 of unaudited financial results, are subject to confirmations and reconciliation.
  - Note No. 2 of unaudited financial results which indicate that as at 31<sup>st</sup> December, 2016, the accumulated losses amounting to ₹ 16,700.49 Lacs has eroded the entire net worth of the Company, indicating the existence of a material uncertainty about the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis for the reasons stated in the said note.
  - Substantial amount of statutory dues amounting to ₹ 150.98 Lacs has become overdue and remain unpaid, interest & penalty, if any, in respect of the same has remained unascertained and unaccounted for.

Our conclusion is not qualified in respect of these matters.

Date: 14-02-2017  
Place: Kolkata



For R.Kothari & Company  
Chartered Accountants  
Firm Reg. No.:-307069E

A handwritten signature in black ink, appearing to read "M. Sethia".

C.A. Manoj Kumar Sethia  
Partner  
Membership No.:- 064308

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CIN - L27101WB1995PLC071996

**Statement Of Unaudited Financial Results For the Quarter and Nine Months Ended 31st December, 2016**

PART I	Particulars	Quarter- Ended			Nine Months Ended		Year- Ended
		Unaudited					Audited
		31-12-2016	30-09-2016	31-12-2015	31-12-2016	31-12-2015	31-03-2016
<b>1</b>	<b>Income from Operations</b>						
	(a) Net Sales/Income from Operations (Net of excise duty)	2,679	2,749	7,439	6,872	22,897	26,752
	(b) Other Operating Income	9	17	105	40	399	444
	<b>Total Income from Operations (net)</b>	<b>2,688</b>	<b>2,766</b>	<b>7,544</b>	<b>6,912</b>	<b>23,296</b>	<b>27,196</b>
<b>2</b>	<b>Expenses</b>						
	(a) Cost of materials consumed	2,062	2,172	3,926	5,047	11,300	14,413
	(b) Purchase of traded goods	-	-	2,613	-	6,819	8,292
	(c) Changes in Inventories of finished goods and work-in-progress	175	(48)	(131)	(93)	(403)	(143)
	(d) Employee benefits expense	143	128	120	387	331	442
	(e) Depreciation	192	193	178	595	554	730
	(f) Power	1,017	947	1,768	2,461	5,503	6,201
	(g) Other expenses	273	406	622	892	1,812	2,094
	<b>Total expenses</b>	<b>3,862</b>	<b>3,798</b>	<b>9,096</b>	<b>9,289</b>	<b>25,916</b>	<b>32,029</b>
<b>3</b>	<b>Profit / Loss from operations before other income, finance costs and exceptional items (1-2)</b>	<b>(1,174)</b>	<b>(1,032)</b>	<b>(1,552)</b>	<b>(2,377)</b>	<b>(2,620)</b>	<b>(4,833)</b>
<b>4</b>	<b>Other Income</b>	<b>39</b>	<b>18</b>	<b>7</b>	<b>65</b>	<b>89</b>	<b>121</b>
<b>5</b>	<b>Profit/(Loss) from ordinary activities before finance costs and exceptional items(3+4)</b>	<b>(1,135)</b>	<b>(1,014)</b>	<b>(1,545)</b>	<b>(2,312)</b>	<b>(2,531)</b>	<b>(4,712)</b>
<b>6</b>	<b>Finance costs</b>	<b>(74)</b>	<b>(780)</b>	<b>851</b>	<b>13</b>	<b>2,573</b>	<b>3,424</b>
<b>7</b>	<b>Profit/(Loss) from ordinary activities after finance costs but before exceptional items (5-6)</b>	<b>(1,061)</b>	<b>(234)</b>	<b>(2,396)</b>	<b>(2,325)</b>	<b>(5,104)</b>	<b>(8,136)</b>
<b>8</b>	<b>Exceptional items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9</b>	<b>Profit/ (Loss) from ordinary activities before tax (7-8)</b>	<b>(1,061)</b>	<b>(234)</b>	<b>(2,396)</b>	<b>(2,325)</b>	<b>(5,104)</b>	<b>(8,136)</b>
<b>10</b>	<b>Tax Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>11</b>	<b>Net Profit/(Loss) from ordinary activities after tax (9-10)</b>	<b>(1,061)</b>	<b>(234)</b>	<b>(2,396)</b>	<b>(2,325)</b>	<b>(5,104)</b>	<b>(8,136)</b>
<b>12</b>	<b>Extraordinary items (net of tax expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>13</b>	<b>Net Profit/(Loss) for the period (11-12)</b>	<b>(1,061)</b>	<b>(234)</b>	<b>(2,396)</b>	<b>(2,325)</b>	<b>(5,104)</b>	<b>(8,136)</b>
<b>14</b>	<b>Paid-up equity share capital (Face Value Rs 10 per share)</b>	<b>8,793</b>	<b>8,793</b>	<b>8,793</b>	<b>8,793</b>	<b>8,793</b>	<b>8,793</b>
<b>15</b>	<b>Reserves excluding Revaluation Reserves as per Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,827)</b>
<b>16</b>	<b>Earnings per share (before and after extraordinary items) (of Rs 10 per share) ( not annualised) :</b>						
	a) Basic ( In Rupees)	(1.21)	(0.27)	(2.73)	(2.64)	(5.80)	(9.77)
	b) Diluted ( In Rupees)	(1.21)	(0.27)	(2.73)	(2.64)	(5.80)	(9.77)



PART II						
Segment wise Revenue, Results and Capital Employed under Regulation 33 of the SEBI ( Listing Obligations & Disclosure Requirements) Regulations, 2015.						
(Rs. in lacs)						
Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31-12-2016	30-09-2016	31-12-2015	31-12-2016	31-12-2015	31-03-2016
<b>1 Segment revenue</b>						
a. Ferro alloys	2,688	2,766	4,903	6,912	16,382	18,953
b. Iron and steel	-	-	2,641	-	6,914	8,243
c. Power	1,093	1,589	-	3,499	-	154
Total	3,781	4,355	7,544	10,411	23,296	27,350
Less: Inter segment revenue	1,093	1,589	-	3,499	-	154
<b>Total income from operations (net)</b>	<b>2,688</b>	<b>2,766</b>	<b>7,544</b>	<b>6,912</b>	<b>23,296</b>	<b>27,196</b>
<b>2 Segment results</b>						
a. Ferro alloys	(1,109)	(1,552)	(1,471)	(3,044)	(2,322)	(4,308)
b. Iron and steel	-	-	28	-	95	(48)
c. Power	(26)	539	(102)	732	(304)	(356)
Total segment profit before Interest and tax	(1,135)	(1,014)	(1,545)	(2,312)	(2,531)	(4,712)
Less: Interest expenses	(74)	(780)	851	13	2,573	3,424
<b>Profit before tax</b>	<b>(1,061)</b>	<b>(234)</b>	<b>(2,396)</b>	<b>(2,325)</b>	<b>(5,104)</b>	<b>(8,136)</b>
<b>3 Capital employed</b> (Segment assets- Segment liabilities)						
a. Ferro alloys	10,311	11,434	11,323	10,311	11,323	10,512
b. Iron and steel	10,166	10,347	11,046	10,166	11,046	10,629
c. Power	14,729	14,486	14,648	14,729	14,648	14,548
d. Unallocable	268	267	264	268	264	266
<b>Total Capital employed</b>	<b>35,474</b>	<b>36,534</b>	<b>37,281</b>	<b>35,474</b>	<b>37,281</b>	<b>35,955</b>

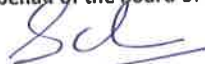


- 1) The above results for the quarter ended 31st December, 2016 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on February 14, 2017.
- 2) The operations of the company are severely impacted by weak steel industry scenario and lack of demand for company's finished product. Lower utilisation of capacity and drop in finished goods price realisation has impacted the topline as well as bottom line of the company. The company has incurred loss of Rs. 1061.00 Lacs for the quarter and Rs 2325.00 Lacs for the nine months ended 31.12.2016. The accumulated loss as on 31st December, 2016 is Rs 16700.49 Lacs which is in excess of the entire net worth of the company. The company has made an application to State Bank of India, Lead Consortium Member, regarding revival plan of the company. With the substantial improvement in raw material availability, likely improvement in market scenario with notification of Minimum Import Price on steel, it is expected that the overall financial health would improve considerably. Considering the above developments and favourable impact thereof on the Company's operations and financials, the company has prepared the financial results on the basis of Going Concern assumption.
- 3) The lenders have stopped charging interest on debts, since the dues from the company have been categorised as Non Performing Asset. The company is in active discussion/negotiation with its lenders to restructure its debt at a sustainable level. In view of the above, pending finalization of the restructuring plan, the company has not provided accrued interest in its books during the quarter and reversed interest provided in earlier quarters pertaining to the period the account was declared NPA by the respective lenders. The amount of interest not provided for the quarter ended 31st December, 2016 stands at Rs.969.52 lacs and for the nine months ended 31st December, 2016 Rs. 2631.60 lacs. The amount of interest reversed for earlier periods for the quarter ended 31st December, 2016 is Rs.90.01 lacs and for the nine months ended 31st December, 2016 Rs. 1752.09 lacs. The same have consequential impact on the reported figures of this quarter as well as earlier periods.
- 4) In the opinion of the management, current and non current asset have a value of realisation in the ordinary course of business at least equal to the amount at which they are stated in the accounts. Certain Balances of the sundry creditors, sundry debtors, unsecured loans and advances are subject to confirmations and reconciliation.
- 5) The figures of the period/ previous year have been regrouped/ reclassified, wherever necessary to conform to the classification for the quarter ended 31st December, 2016.
- 6) The company has made a reference to the erstwhile Board for Financial and Industrial Reconstruction (BIFR) as per provisions of Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985, since repealed, on November 23,2016 in terms of Resolution passed by Circulation on November 23,2016.

Place: Kolkata

Dated: 14th February, 2017

On behalf of the Board of Directors



SURESH KUMAR PATNI  
CHAIRMAN

