

# *R. Kothari & Company*

## CHARTERED ACCOUNTANTS

KOLKATA, NEW DELHI

Limited Review Report on Unaudited Quarterly Financial Results of Impex Ferro Tech Limited for the quarter and nine months ended December 31, 2018 pursuant to Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

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 and nine months ended December 31, 2018 and year-to-date results for the period from 1<sup>st</sup> April 2018 to 31<sup>st</sup> December 2018 together with the notes thereon ("the Statement") attached herewith. The statement is being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated 5 July, 2016 and has been initialed by us for identification purpose.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors in their meeting held on February 14, 2019 has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting ("Ind AS 34"), prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" specified under Section 143(10) of the Companies Act, 2013. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statement is free from material misstatement. A review is limited primarily to inquiries of the 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.

### **Basis of Qualified Conclusion**

4. We draw your attention to Note No.2 of the Unaudited Financial Results regarding non provision of interest expense amounting to ₹ 911.14 Lacs on the borrowings of the Company for the quarter ended December 31, 2018 and penal interest and charges thereof (amount remaining unascertained) which is not in accordance with the requirements of Ind AS 23: Borrowing Costs read with Ind AS 109: Financial Instruments. Had the aforesaid interest expense been recognized, the finance cost for the quarter ended December 31, 2018 would have been ₹ 915.89 Lacs instead of ₹ 4.75 Lacs and the total comprehensive loss for the quarter ended December 31, 2018 would have been ₹ 1333.85 Lacs instead of the loss of ₹ 422.71 Lacs.



**Qualified Conclusion**

5. Based on our review conducted as stated above, except for the matter referred in Paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial year results prepared in accordance with the applicable Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued there under and other 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 as modified by the Circular No. CIR/CFD/FAC/62/2016 dated July 05, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw your attention to the following matter:

(a) We draw your attention to Note No. 3 of the financial results which indicate that as at 31<sup>st</sup> December, 2018, the accumulated losses amounting to ₹ 33,014.14 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.


(b) As referred to Note No. 4 of the Financial Statements, no provision has been made in the books in respect of the fire occurred in the Captive Power Plant. The reported financials might have consequential impact which remains unascertained and unprovided for.

(c) Substantial amount of statutory dues amounting to ₹ 493.13 Lacs has become overdue and remain unpaid. Interest, penalty if any in respect of the same has remained unascertained and unaccounted for.

Our report is not modified in these matters.

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



  
CA. Manoj Kumar Sethia  
Partner  
Membership No.: - 064308

Date: 14<sup>th</sup> February, 2019  
Place: Kolkata



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## STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2018

₹ In lacs

Particulars	Quarter ended			Nine Months Ended		Year Ended
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	31-12-2018	30-09-2018	31-12-2017	31-12-2018	31-12-2017	31-03-2018
1 Revenue from Operations	3,055.83	2,432.49	2,908.96	7,199.27	10,333.69	13,341.41
2 Other Income	2.53	2.53	4.42	25.50	70.94	78.65
3 Total Revenue (1+2)	3,058.36	2,435.02	2,913.38	7,224.77	10,404.63	13,420.06
4 Expenses						
(a) Cost of materials consumed	1,976.02	1,813.88	1,736.94	5,272.76	7,440.58	10,002.86
(b) Changes in inventories of finished goods and work-in-progress	(100.43)	(143.15)	(73.74)	(196.75)	110.61	586.60
(c) Excise Duty	-	-	-	-	417.83	417.83
(d) Employee benefits expense	175.85	153.09	147.98	469.25	453.80	602.95
(e) Finance Cost	4.75	48.65	441.39	118.07	590.15	599.87
(f) Depreciation	177.20	177.21	179.39	532.30	535.96	711.93
(g) Power	649.51	23.26	611.82	955.13	3,603.28	4,163.91
(h) Bad Debts including provision for Bad & Doubtful Debts.	334.19	-	-	334.19	-	2,023.90
(i) Other expenses	260.98	277.60	236.78	821.03	857.43	1,144.66
Total expenses	3,478.07	2,350.54	3,280.56	8,305.98	14,009.64	20,254.51
5 Profit / Loss from operations before exceptional items and tax (3-4)	(419.71)	84.48	(367.18)	(1,081.21)	(3,605.01)	(6,834.45)
6 Exceptional items	-	-	-	-	-	-
7 Profit/(Loss) before tax (5-6)	(419.71)	84.48	(367.18)	(1,081.21)	(3,605.01)	(6,834.45)
8 Tax Expense	-	-	-	-	-	-
9 Net Profit/(Loss) for the period (7-8)	(419.71)	84.48	(367.18)	(1,081.21)	(3,605.01)	(6,834.45)
10 Other Comprehensive Income/(loss) (net of tax)	(3.00)	(3.00)	(4.00)	(9.00)	(12.00)	(11.00)
A) (i) Items that will not be reclassified to profit or loss	-	-	-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
B) (i) Items that will be reclassified to profit or loss	-	-	-	-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
11 Total Comprehensive Income /(Loss) for the period (8+9)	(422.71)	81.48	(371.18)	(1,090.21)	(3,617.01)	(6,845.45)
12 Paid-up equity share capital (Face Value ₹ 10 per share)	8,793.16	8,793.16	8,793.16	8,793.16	8,793.16	8,793.16
13 Earnings per share (of ₹ 10 per share) ( not annualized) :						
a) Basic ( In ₹)	(0.48)	0.10	(0.42)	(1.23)	(4.11)	(7.77)
b) Diluted ( In ₹)	(0.48)	0.10	(0.42)	(1.23)	(4.11)	(7.77)



**Notes:**

- 1) The above results for the quarter ended and Nine Months ended 31st December, 2018 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 14th February, 2019.
- 2) 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 as the account has been declared NPA by the respective lenders. The amount of interest has been recognised in the books of account to the extent the amount charged/realised by the banks only. The amount of interest not so provided stands at ₹ 911.14 Lacs for the quarter ended 31st December, 2018 and ₹ 2771.77 Lacs for the nine months ended 31st December, 2018 and penal interest and charges thereof (amount remaining unascertained) has not been provided for. The unprovided liability in respect of interest on long term and short term borrowings as on 31st December, 2018 amounted to ₹ 9211.35 Lacs. The same have consequential impact on the reported figures of this quarter as well as earlier periods.
- 3) The company has incurred loss of ₹ 422.71 Lacs for quarter ended 31st December, 2018. The accumulated loss as on 31st December, 2018 is ₹ 33014.14 Lacs which is in excess of the entire net worth of the company. With the substantial improvement in raw material availability, 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.
- 4) A fire has occurred in the Captive Power Plant damaging turbine, alternator, etc and a surveyor has been appointed an insurance company to assess the loss. A preliminary repairing estimate of loss is ₹ 525.00 Lacs. Pending assessment of actual loss, no effect has been given in the reported financials which may have consequential impact. The necessary provisions would be made once the assessment is done and settled by the Insurance Company.
- 5) As the Company's business activity falls within a single significant primary segment i.e. "Ferro Alloys", no separate segment information is disclosed.
- 6) This Financial Statement has been prepared in accordance with Regulation 33 of SEBI (Listing Obligation Requirements) Regulation 2015.
- 7) Consequent to the introduction of Goods & Service Tax (GST) with effect from 01 July, 2017, Central Excise, Value Added Tax (VAT), etc. Have been replaced by GST. In accordance with Ind AS 115 on Revenue and Schedule III of the Companies Act, 2013, GST is not included in Gross Revenue from Operations in applicable periods. In view of the aforesaid restructuring of the indirect taxes, revenue from operations for the nine months ended 31st December, 2018 is not comparable to that extent with that of the corresponding previous quarter.
- 8) Over the years the coal gets spilled in the ground and 4099 MT of coal has been recovered during the quarter ended 30th September 2018. The same is valued at nil cost and has been entirely consumed during the quarter ended 30th September 2018. As a result, the power consumption cost is not comparable with the earlier periods.
- 9) During the quarter under review, the company has raised debit note of ₹ 19.93 Lacs on a supplier which is yet to be acknowledged by the supplier. Pending such acknowledgement, the Company has recognized the same during the quarter.
- 10) The figures of the previous period has been regrouped / reclassified, wherever necessary to conform to the classification for the quarter ended 31st December, 2018.

Place: Kolkata

Dated: 14th February, 2019



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Suresh Kumar Patni  
Chairman

