

# *R Kothari & Co LLP*

**CHARTERED ACCOUNTANTS  
KOLKATA, NEW DELHI**

## **INDEPENDENT AUDITOR'S REVIEW REPORT ON UNAUDITED FINANCIAL RESULTS**

**TO  
THE BOARD OF DIRECTORS  
IMPEX FERRO TECH LIMITED**

**Limited Review Report on Unaudited Financial Results of IMPEX FERRO TECH LIMITED for the quarter and nine months ended 31<sup>st</sup> December, 2020 pursuant to Regulation 33 of SEBI (Listing and Disclosure Requirements) Regulation 2015, as amended.**

### **Qualified Conclusion**

1. We have reviewed accompanying Statement of Unaudited Financial Results of **IMPEX FERRO TECH LIMITED** (the 'Company') for the quarter and nine months ended 31<sup>st</sup> December, 2020 together with notes thereon attached herewith being submitted by the Company pursuant to the requirement of Regulations 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations') as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS) for Interim Financial Reporting ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of Listing Regulations. Our responsibility is to issue a report on these Financial Statements 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' 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 provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.



16A, SHAKESPEARE SARANI, KOLKATA -700 071PHONE: 2282-6776/6809/6807, FAX NO: 91(033) 2282-5921,  
Website : [www.rkothari.in](http://www.rkothari.in), Web-mail:[kolkata@rkothari.in](mailto:kolkata@rkothari.in)

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4. Based on our review conducted as above, except for the possible effects of the matter described in the paragraph 5 below "Basis for qualified conclusion" and read with our comments in paragraph 6 & 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the applicable Indian Accounting Standards as prescribed under Section 133 of the Act as amended and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, read with the Circular, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**5. Basis for Qualified Conclusion**

*We draw your attention to Note No. 3 of the accompanying Financial Statements regarding non provision of interest expense on the borrowings of the Company amounting to ₹873.89 lakhs for the quarter ended 31<sup>st</sup> December, 2020, (Cumulative Non Provisioning of ₹ 16,512.34 lakhs till 31.12.2020 and penal interest and charges thereof remain 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 31<sup>st</sup> December, 2020 would have been ₹874.14 lakhs instead of ₹0.25 lakhs. The total expenses for the quarter ended 31<sup>st</sup> December, 2020 would have been ₹3,982.62 lakhs instead of ₹3,108.73 lakhs. The Net Loss after tax for the quarter ended 31<sup>st</sup> December, 2020 would have been ₹1,551.91 lakhs instead of ₹678.02 lakhs. Total comprehensive Loss for the quarter ended 31<sup>st</sup> December, 2020 would have been ₹1,554.41 lakhs instead of reported amount of ₹680.52 lakhs.*

*The above reported interest has been calculated using Simple Interest rate.*

**6. Material Uncertainty Related to Going Concern**

We draw your attention to **Note No. 4** of the financial results regarding preparation of the financial statements on going concern basis, for the reason mentioned therein. The company has accumulated losses during the quarter and ended 31.12.2020. As on date the company's current liabilities are substantially higher than its current assets and net worth has also been fully eroded. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as going concern. The appropriateness of assumption of going concern is critically dependent upon market scenario, the debt resolution of the company, the company's ability to raise requisite finance, generation of cash flows in future to meet its obligation and to earn profit in future. Our opinion is not modified in respect of this matter.

**7. Emphasis of Matter**

- i. We draw your attention to Note No 2 to the financial result which explains the uncertainties and the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve.





- ii. As referred in Note No 6 of the Financial Results, "Trade Receivables", "Trade payables", "Advances from Customer", "Advances Recoverable In Cash or Kind" and "Advance to Suppliers and Other Parties" etc includes balances remaining outstanding for a substantial period. The balances are subject to confirmation/reconciliation. The reported Financials might have consequential impact which remains unascertained.
- iii. *Statutory dues amounting to ₹ 438.35 lakhs 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 modified in respect of this matter.

For R Kothari & Co LLP  
Chartered Accountants  
FRN: 307069E/E300266



*Manoj Kumar Sethia*

CA. Manoj Kumar Sethia  
Partner  
Membership No: 064308

Date: 13<sup>th</sup> February, 2021  
Place: Kolkata  
UDIN: 21064308AAAAAQ4272

# IMPEX FERRO TECH LIMITED

Registered Office : 35, Chittaranjan Avenue, Kolkata 700012

Contact- +91-33-40168000, Fax No: +91-33-40168191 E-mail: id-cs@impexferrotech.com

Website: www.impexferrotech.com

CIN - L27101WB1995PLC071996

## STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2020

(₹ In Lacs)

Particulars	Quarter Ended			Nine Month ended		Year Ended
	31-Dec-20	30-Sep-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Mar-20
	Uaudited	Uaudited	Uaudited	Uaudited	Uaudited	Audited
1 Revenue from Operations	2,428.19	2,490.31	943.21	6,103.05	4,255.63	5,291.24
2 Other Income	2.52	2.53	15.62	8.78	24.46	156.16
3 Total Revenue (1+2)	2,430.71	2,492.84	958.83	6,111.83	4,280.09	5,447.40
4 Expenses						
(a) Cost of materials consumed	1,983.59	2,550.81	963.63	4,992.40	3,836.01	5,098.32
(b) Changes in inventories of finished goods and work-in-progress	(219.77)	(1,292.57)	(96.01)	(955.79)	(343.59)	(477.89)
(c) Purchase of Traded Goods	592.00	982.57	22.20	1,574.57	323.40	323.40
(d) Employee benefits expense	14.72	13.16	30.00	38.81	144.62	116.65
(e) Finance Cost	0.22	0.26	0.34	0.66	2.09	2.55
(f) Depreciation	164.99	160.96	165.72	489.01	520.54	684.05
(g) Power	145.45	270.95	197.88	647.91	792.88	1,145.70
(h) Other expenses	427.53	286.58	150.23	988.80	786.24	1,059.43
Total expenses	3,108.73	2,972.72	1,433.99	7,776.37	6,062.19	7,952.21
5 Profit / Loss from operations before exceptional items and tax (3-4)	(678.02)	(479.88)	(475.16)	(1,664.54)	(1,782.10)	(2,504.81)
6 Exceptional items	-	-	-	-	-	-
7 Profit/(Loss) before tax (5-6)	(678.02)	(479.88)	(475.16)	(1,664.54)	(1,782.10)	(2,504.81)
8 Tax Expense	-	-	-	-	-	-
9 Net Profit/(Loss) for the period (7-8)	(678.02)	(479.88)	(475.16)	(1,664.54)	(1,782.10)	(2,504.81)
10 Other Comprehensive Income/(loss) (net of tax)	(2.50)	(2.50)	10.00	(7.50)	30.00	(10.11)
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 (9+10)	(680.52)	(482.38)	(465.16)	(1,672.04)	(1,752.10)	(2,514.92)
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 ₹)	(0.77)	(0.55)	(0.54)	(1.89)	(2.03)	(2.85)
b) Diluted (In ₹)	(0.77)	(0.55)	(0.54)	(1.89)	(2.03)	(2.85)



**Notes:**

1) The above results for the quarter and nine months ended 31st December, 2020 have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under section 133 of the Companies Act, 2013 read together with the Companies (Indian Accounting Standards) Rules, 2015 and have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 13th February, 2021.

2) The COVID-19 pandemic has adversely impacted the economy and business. Supply Chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in several states followed by a nationwide lockdown to curb the spread of COVID-19. Due to this, the manufacturing operations of the Company along with supply and distribution got temporarily disrupted.

In light of these circumstances, the management has evaluated the impact on the carrying amounts and recoverability of its assets including financial assets, inventory, property plant and equipment, Intangibles etc. as at the balance sheet date, and has concluded that there are no material adjustments required in the financial statements. Management believes that it has taken into account all the possible impact of known events arising from COVID 19 pandemic in the preparation of the financial statements upto the date of approval of accounts. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

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. 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 ₹873.89 Lacs for the quarter ended 31st December, 2020 and ₹ 2,716.42 lakhs for nine months ended 31st December, 2020, 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, 2020, amounted to ₹ 16,512.34 Lacs. The same have consequential impact on the reported figures of this quarter as well as earlier periods.

4) The Company has incurred loss of ₹ 678.01 Lacs for quarter ended 31st December, 2020. The accumulated loss as on 31st December, 2020 is ₹ 37,774.73 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.

5) A fire has occurred in the Captive Power Plant on 6th September, 2017 damaging turbine, alternator, etc. Pending assesment of actual loss, no effect has been given in the reported financials till 30.06.2020. During the quarter ended 30.09.2020 an amount of ₹ 424.53 lakhs has been received as full and final settlement against amount of claim filed for ₹ 560.00 lakhs to insurance company and the same is adjusted with the book value of related fixed assets. However the Company has demanded for balance amount of claim and necessary accounting adjustment of the same will be made once it is received.

6) The balance of "Trade Receivables", "Trade Payables", "Advances from Customers", "Advances Recoverable in cash or Kind" and Advance to Suppliers and Other Parties" includes balances remaining outstanding for a substantial period. The balances are subject to confirmations and reconciliations. The Balance with revenue authorities are subject to final assesment order and/or submission of returns. The reported financials might have consequential impact once the confirmation are recieved and reconciliation if any is made.

7) Various credit facilities availed from United Bank of India (UBI) and Bank of Baroda (BOB) have been assigned in favour of Rare Asset Reconstruction Ltd under assignment agreement between UBI and Rare Asset Reconstruction Ltd executed on 29th June, 2019 and between BOB and Rare Asset Reconstruction Ltd vide letter dated 18th August, 2020. In absence of information about the terms of assignment, the company is carrying the various credit facilities as appearing in the books as per the previous terms with respective Banks.

State Bank of India and Punjab National Bank have filed an application with National Company Law Tribunal, Kolkata Bench(NCLT) for initiating Corporate Insolvency Resolution Process(CIRP) under Insolvency and Bankruptcy Code (IBC) and the matter is sub judice. The Company already exited from the CDR mechanism, hence all the long term borrowings except borowings assigned to Rare Asset Reconstruction Ltd have been treated as current maturities.

8) As the company's business activity falls within a single significant primary segment i.e, "Ferro Alloys", no separate segment information is disclosed.

9) Figures for the previous period/year have been regrouped and /or reclassified to conform to the classification of current period/year wherever necessary.

Place: Kolkata

Dated: 13th Febuary, 2021

On behalf of the Board



Suresh Kumar Patni  
Chairman

