

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 of the Unaudited Financial Results for the quarter and nine months ended 31st December, 2021

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 31st December, 2021, together with notes thereon, attached herewith, being submitted by the Company pursuant to the requirement of Regulations 33 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.



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R Kothari & Co (a partnership firm with FRN-307069E) converted into R Kothari & Co LLP. (a Limited Liability Partnership with LLP Identification No, AAS-5294 w. e. f 3rd June, 2020)

4. Based on our review conducted as stated 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 IndAS as prescribed under Section 133 of the Act read with relevant rules issued there under 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, as amended, 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 Rs. 973.12 lakhs for the quarter ended 31st December, 2021 (Cumulative Non Provisioning of Rs. 20,222.67 lakhs till 31st December, 2021) 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 31st December, 2021 would have been ₹976.71 lakhs instead of ₹3.59 lakhs. The total expenses for the quarter ended 31st December, 2021 would have been ₹10,059.80 lakhs instead of ₹9,086.68 lakhs. The Net Profit (loss) after tax for the quarter ended 31st December, 2021 would have been (₹597.74 lakhs) instead of ₹375.38 lakhs. Total comprehensive income (loss) for the quarter ended 31st December, 2021 would have been (₹591.14 lakhs) instead of reported amount of ₹381.98 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 incurred profit for the quarter ended 31st December, 2021 but net worth as on date has 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 lockdowns 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. With reference to Note No. 6 to the financial result, "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 ₹ 326.43 lakhs have 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.

Date: 14th February, 2022
Place: Kolkata
UDIN: 22064308ACAXMR3342



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

A handwritten signature in blue ink, appearing to read 'Manoj Sethia', written over the printed name.

CA. 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, 2021

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31-Dec-21	30-Sep-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Mar-21
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1 Revenue from Operations	9,447.07	4,569.71	2,428.19	18,868.22	6,103.05	10,004.71
2 Other Income	14.99	7.98	2.52	25.47	8.78	1,192.44
3 Total Income (1+2)	9,462.06	4,577.69	2,430.71	18,893.69	6,111.83	11,197.15
4 Expenses						
(a) Cost of materials consumed	5,370.15	3,839.93	1,983.59	11,913.20	4,992.40	8,240.55
(b) Changes in inventories of finished goods and work-in-progress	(167.04)	44.89	(219.77)	(52.72)	(955.79)	(2,082.49)
(c) Purchase of Traded Goods	266.09	23.80	592.00	722.10	1,574.57	2,688.20
(d) Employee benefits expense	8.80	8.62	14.72	25.74	38.81	49.77
(e) Finance Cost	3.59	5.83	0.22	9.61	0.66	0.85
(f) Depreciation	165.50	165.19	164.99	493.81	489.01	650.72
(g) Power	2,945.69	1,065.05	145.45	4,788.10	647.91	1,114.92
(h) Other expenses	493.90	445.73	427.53	1,262.08	988.80	1,408.92
Total expenses	9,086.68	5,599.04	3,108.73	19,161.92	7,776.37	12,071.44
5 Profit / Loss from operations before exceptional items and tax (3-4)	375.38	(1,021.35)	(678.02)	(268.23)	(1,664.54)	(874.29)
6 Exceptional items	-	-	-	-	-	-
7 Profit/(Loss) before tax (5-6)	375.38	(1,021.35)	(678.02)	(268.23)	(1,664.54)	(874.29)
8 Tax Expense	-	-	-	-	-	-
9 Net Profit/(Loss) for the period (7-8)	375.38	(1,021.35)	(678.02)	(268.23)	(1,664.54)	(874.29)
10 Other Comprehensive Income/(loss)	6.60	52.60	(2.50)	56.21	(7.50)	(10.00)
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 (9+10)	381.98	(968.75)	(680.52)	(212.02)	(1,672.04)	(884.29)
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 (Face Value of ₹ 10 per share):						
a) Basic (In ₹)	0.43	(1.16)	(0.77)	(0.31)	(1.89)	(0.99)
b) Diluted (In ₹)	0.43	(1.16)	(0.77)	(0.31)	(1.89)	(0.99)



Notes:

- 1) The above results for the quarter and nine months ended 31st December, 2021 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 14th February, 2022.
- 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 nationwide lockdowns from time to time, 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) Various credit facilities availed from United Bank of India (UBI), Bank of Baroda (BOB) and State Bank of India (SBI) 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, between BOB and Rare Asset Reconstruction Ltd vide letter dated 18th August, 2020 and between SBI and Rare Asset Reconstruction Ltd vide letter dated 8th September, 2021.

In view of pending finalization of the restructuring plan with Rare Asset Reconstruction Limited, the Company has not provided accrued interest in its books as the account has been declared NPA by the respective banks. 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 ₹ 973.12 Lacs for the quarter ended 31st December, 2021 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 till 31st December, 2021, amounted to ₹ 20,222.67 Lacs. The same have consequential impact on the reported figures of this quarter as well as earlier periods.

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.

- 4) The Company has incurred profit of ₹ 375.38 Lacs and loss of ₹ 268.23 lacs for quarter and nine months ended 31st December, 2021 respectively. The accumulated loss as on 31st December, 2021 is ₹ 37,252.69 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. An amount of ₹ 424.53 Lacs has been received from the insurance company during the financial year 2020-21 as full and final settlement against amount of claim filed for ₹ 560.00 Lacs 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) As the Company's business activity falls within a single significant primary segment i.e, "Ferro Alloys", no separate segment information is disclosed.
- 8) Figures for the previous period/year have been regrouped and /or reclassified to confirm to the classification of current period/year wherever necessary.

Place: Kolkata

Dated: 14th day of February, 2022



For and on behalf of Board of Directors

Subham Bhagat

Subham Bhagat

Chairman cum Managing Director