

# *R. Kothari & Company*

CHARTERED ACCOUNTANTS  
MUMBAI, KOLKATA, NEW DELHI

## LIMITED REVIEW REPORT

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

1. We have reviewed the accompanying Statement of unaudited financial results ('the Statement') of M/S. Impex Ferro Tech Limited ('the Company') for the quarter ended 30<sup>th</sup> June, 2017 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. The preparation of the Statement, in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34: "Interim Financial Reporting" specified under Section 133 of the Companies Act, 2013 read with Rule 3 of the companies Indian Accounting Standards Rules, 2015 and SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to express a conclusion on the Statement based on our review.
3. 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.
4. We draw attention to Note No. 3 of the unaudited financial results with regard to non provision of interest expenses amounting to Rs.903 Lacs on the borrowings of the Company for the quarter ended June 30, 2017 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 30<sup>th</sup> June, 2017 would have been **Rs.924 Lacs** instead of **Rs.21 Lacs** and total comprehensive loss would have been **Rs.3,874 Lacs** instead of **Rs. 2,971 Lacs**.

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, 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 principles generally accepted in India, 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.
6. (a) We draw your attention to **Note No.4** of the financial results which indicate that as at 30<sup>th</sup> June, 2017, the accumulated losses amounting to **Rs. 28,168 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) Certain secured loans and advances, trade receivables, trade payables and other liabilities are subject to confirmations and reconciliations.
- (c) In general it was noticed that applicable statutory dues were not deposited within due dates to the respective authorities. Substantial amount of statutory dues amounting to **Rs. 189 Lacs** has become overdue and remain unpaid. Interest and penalty, if any, in respect of the same has remained unascertained and unaccounted for.

Our report is not modified in this matter.

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



*Manoj Kumar Sethia*

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

Date: 14.09.2017  
Place: Kolkata

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CIN - L27101WB1995PLC071996

**Statement Of Unaudited Financial Results For the Quarter ended 30th June, 2017**

**PART I**

**(Rs. in Lacs)**

Particulars	Three Months ended	
	Unaudited	
	30-06-2017	30-06-2016
<b>1</b> Revenue From Operations	3,979	1,580
<b>2</b> Other Income	24	11
<b>Total Revenue (1)+(2)</b>	<b>4,003</b>	<b>1,591</b>
<b>3</b> Expenses		
(a) Cost of materials consumed	4,132	814
(b) Changes in inventories of finished goods and work-in-progress	96	(220)
(c) Excise Duty	418	124
(d) Employee benefits expense	155	115
(e) Finance Cost	21	866
(f) Depreciation	177	210
(g) Power	1,652	497
(h) Other expenses	319	213
<b>Total expenses</b>	<b>6,970</b>	<b>2,619</b>
<b>4</b> Profit / Loss from operations before exceptional items	(2,967)	(1,028)
<b>5</b> Exceptional items	-	-
<b>6</b> Profit/(Loss) before tax (4+5)	(2,967)	(1,028)
<b>7</b> Tax Expense	-	-
<b>8</b> Net Profit/(Loss) for the period (6-7)	(2,967)	(1,028)
<b>9</b> Other Comprehensive Income/(loss) (net of tax)	(4)	(4)
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	-	-
<b>10</b> Total Comprehensive Income /(Loss) for the period (8+9)	(2,971)	(1,032)
<b>11</b> Paid-up equity share capital (Face Value Rs.10 per share)	8,793	8,793
<b>12</b> Earnings per share (of Rs 10 per share) ( not annualized ) :		
a) Basic ( In Rs.)	(3.38)	(1.17)
b) Diluted ( In Rs.)	(3.38)	(1.17)



PART II			
Segment wise Revenue, Results ,Assets And Liabilities			
Sr No.	Particulars	(Rs. in Lacs)	
		Three Months Ended	
		Unaudited	
		30-06-2017	30-06-2016
<b>1</b>	<b>Segment revenue</b>		
	a. Ferro alloys	3,562	1,456
	b. Iron and steel	-	-
	c. Power	1,364	817
	<b>Total</b>	<b>4,926</b>	<b>2,273</b>
	Less: Inter segment revenue	1,364	817
	<b>Total income from operations (net)</b>	<b>3,562</b>	<b>1,456</b>
<b>2</b>	<b>Segment results</b>		
	a. Ferro alloys	(2,759)	(383)
	b. Iron and steel	-	-
	c. Power	(187)	219
	<b>Total segment profit before Finance cost and Tax</b>	<b>(2,946)</b>	<b>(164)</b>
	Less: Finance Cost	21	866
	Less: Exceptional Items	-	-
	<b>Total Profit/(Loss) before tax</b>	<b>(2,967)</b>	<b>(1,030)</b>
	<b>Segment Assets</b>		
	a) Ferro Alloys	14,458	20,924
	b) Iron & Steel	5,312	17,457
	c) Power	15,411	14,511
	d) Unallocated	266	267
	<b>Total Capital employed</b>	<b>35,447</b>	<b>53,159</b>
	<b>Segment Liabilities</b>		
	a) Ferro Alloys	11,911	9,585
	b) Iron & Steel	4,975	6,950
	c) Power	-	-
	d) Unallocated	-	-
	<b>Total Capital employed</b>	<b>16,886</b>	<b>16,535</b>
<b>3</b>	<b>Capital employed</b> (Segment assets- Segment liabilities)		
	a. Ferro alloys	2,547	11,339
	b. Iron and steel	337	10,507
	c. Power	15,411	14,511
	d. Unallocated	266	267
	<b>Total Capital employed</b>	<b>18,561</b>	<b>36,624</b>



**Notes:**

- 1) The above results for the quarter ended 30th June, 2017 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 14th September, 2017.
- 2) The Company has adopted Indian Accounting Standards (Ind AS) from 1 April, 2017. The figures for the Quarter ended 30th June, 2016 are also Ind AS compliant. They have not been subject to limited review or audit. However, the management has exercised necessary diligence to ensure that the financial results provide a true and fair view of the Company's affairs.
- 3) The lenders have stopped charging interest on debts, since the dues from the company have been categorized 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 of Rs. 903 Lacs in its books during the quarter ended 30th June, 2017.
- 4) The company has incurred loss of Rs.2971 Lacs for the quarter ended 30th June 2017. The accumulated loss as on 30th June, 2017 is Rs. 28168 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, 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 favorable impact thereof on the Company's operations and financials, the company has prepared the financial results on the basis of Going Concern assumption.
- 5) The management has evaluated and is of opinion that there are no major components of the fixed assets for adopting component based accounting as per Ind AS 16. However, the technical report in respect of the same is in process and the impact, if any, will be made on the receipt of the technical report.
- 6) Reconciliation of Net Profit as previously reported on account of transition from the previous Indian GAAP to Ind-AS for the quarter ended 30th June, 2016:

Particulars	Unaudited (Refer note 2)
<b>Net Profit/(Loss) for the period under previous Indian GAAP</b>	(1030)
<b>Adjustments on account of :</b>	
(A) Amortization of Deferred Government Grant	2
(B) Actuarial gain/(loss) reclassified through Other Comprehensive Income	(4)
(C) Impact of Deferred tax on (a) to (c) above	-
<b>Net Profit/(Loss) for the period under Ind AS</b>	<b>(1,032)</b>

- 7) The figures of the period/ previous year have been regrouped/ reclassified, wherever necessary to conform to the classification for the quarter ended 30th June, 2017.

Place: Kolkata

Dated: 14th September, 2017



On behalf of the Board of Directors

  
**SURESH KUMAR PATNI**  
CHAIRMAN

