

R. Kothari & Company

CHARTERED ACCOUNTANTS

KOLKATA, NEW DELHI

INDEPENDENT AUDITOR'S REVIEW REPORT

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

- 1) We have audited the accompanying Statement of Financial Results of **Impex Ferro Tech Limited** ("the Company") for the quarter and year ended 31st March, 2018 (hereinafter referred to as "the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

The Statement has been prepared on the basis of annual financial statements and reviewed quarterly financial results upto the end of third quarter which are the responsibility of the Company's management and approved by the Board of Directors, has been compiled from the related Financial Statements which has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statements based on our audit of such Financial Statements.

- 2) We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparations and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal



control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluating the overall presentation of Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) *Basis of Qualified Opinion*

We draw attention to Note No. 3 of the accompanying statement regarding non provision of interest expenses on the borrowing of the Company amounting to ₹943 Lacs for the quarter ended 31st March, 2018 and ₹3,174 Lacs for the year ended 31st March, 2018 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 March, 2018 would have been ₹953 Lacs instead of reported amount of ₹10 Lacs and finance cost for the year ended 31st March, 2018 would have been ₹3,174 Lacs instead reported amount of ₹600 Lacs. Total expenses for the quarter and year ended 31st March, 2018 would have been ₹7,184 Lacs and ₹23,430 Lacs instead reported amount of ₹6,241 Lacs and ₹20,256 Lacs. Net loss after tax for the quarter and year ended 31st March, 2018 would have been ₹4,168 Lacs and ₹10,009 Lacs instead of reported amount of ₹3,225 Lacs and ₹6,835 Lacs. Total comprehensive Loss for the quarter and year ended 31st March, 2018 would have been ₹4,171 Lacs and ₹10,020 Lacs instead reported amount of ₹3,228 Lacs and ₹6,846 Lacs, other equity would have been ₹(29,717) Lacs against reported amount of ₹(26,543) Lacs, other current financial liability would have been ₹24,270 Lacs instead of reported amount of ₹21,096 Lacs.

Qualified Opinion

- 4) Based on our audit conducted as above, except for the matter as described in the para 3 above "*Basis of Qualified Opinion*", in our opinion and to the best of our information and according to the explanations given to us, there quarterly financial results :
- (i) are presented in accordance with the requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and
 - (ii) give a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and total comprehensive loss and other financial information of the Company for the year ended March 31 , 2018.



Emphasis of matter

- 5 (a) We draw your attention to Note No. 4 of the financial results which indicate that as at 31st March, 2018, the accumulated losses amounting to ₹ 32,032 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) Substantial amount of statutory dues amounting to ₹ 370 Lacs has become overdue and remain unpaid. Interest, penalty, if any, in respect of the same has remained unascertained and unaccounted for.
- (c) As referred in Note No. 7, the balance of sundry debtors, advances, creditors etc. includes balances remaining outstanding for a substantial period. The balances are subject to confirmations and reconciliation. The reported financials might have consequential impact which remains unascertained.

Our conclusion is not qualified in respect of these matte`

Other Matter

- 5) The Statement includes the results for the Quarter ended March 31, 2018 being the balancing figure between the audited figures in respect of the full financial year and the published year to date figures up to third quarter of the current financial year which were subject to limited review by us.

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



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

Date: 29.05.2018
Place: Kolkata

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

IMPEX FERRO TECH LIMITED

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CIN - L27101WB1995PLC071996

STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2018

(₹ in Lacs)

Particulars	Quarter ended			Year Ended	
	Audited	Unaudited	Audited	Audited	
	31-03-2018	31-12-2017	31-03-2017	31-03-2018	31-03-2017
1 Revenue from Operations	3,008	2,909	5,853	13,341	13,456
2 Other Income	8	4	225	79	299
3 Total Revenue (1+2)	3,016	2,913	6,078	13,420	13,755
4 Expenses					
(a) Cost of materials consumed	2,562	1,737	3,173	10,003	8,220
(b) Changes in inventories of finished goods and work-in-progress	476	(74)	2,762	587	2,669
(c) Excise Duty	-	-	634	418	1,325
(d) Employee benefits expense	146	148	138	603	524
(e) Finance Cost	10	441	40	600	52
(f) Depreciation	176	179	136	712	731
(g) Power	560	612	1,676	4,164	4,137
(h) Bad Debts including Provision for Bad & Doubtful Debts	2,024	-	3,440	2,024	3,440
(i) Other Expenses	287	237	542	1,145	1,435
Total Expenses	6,241	3,281	12,541	20,256	22,534
5 Profit / Loss from operations before exceptional items and tax (3-4)	(3,225)	(367)	(6,463)	(6,835)	(8,779)
6 Exceptional items	-	-	-	-	-
7 Profit/(Loss) before tax (5-6)	(3,225)	(367)	(6,463)	(6,835)	(8,779)
8 Tax Expense	-	-	-	-	-
9 Net Profit/(Loss) for the period (7-8)	(3,225)	(367)	(6,463)	(6,835)	(8,779)
10 Other Comprehensive Income/(Loss) (net of tax)	(3)	(4)	(3)	(11)	(15)
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)	(3,228)	(371)	(6,466)	(6,846)	(8,794)
12 Paid-up equity share capital (Face Value ₹ 10 per share)	8,793	8,793	8,793	8,793	8,793
13 Earnings per share (of ₹ 10 per share) (not annualized) :					
a) Basic (In ₹)	(3.67)	(0.42)	(9.54)	(7.77)	(9.98)
b) Diluted (In ₹)	(3.67)	(0.42)	(9.54)	(7.77)	(9.98)



SEGMENT WISE REVENUE, RESULTS, ASSETS AND LIABILITIES

Sr No.	Particulars				(₹ In Lacs)	
		Quarter ended			Year Ended	
		Audited	Unaudited	Audited	Audited	
		31-03-2018	31-12-2017	31-03-2017	31-03-2018	31-03-2017
1	Segment Revenue					
	a. Ferro Alloys	3,008	2,909	5,219	12,924	12,132
	b. Iron and Steel	-	-	-	-	-
	c. Power	869	764	1,638	4,241	5,137
	Total	3,877	3,673	6,857	17,165	17,269
	Less: Inter Segment Revenue	869	764	1,638	4,241	5,137
	Total Income from Operations (net)	3,008	2,909	5,219	12,924	12,132
2	Segment Results					
	a. Ferro Alloys	(3,427)	23	(6,288)	(5,909)	(9,322)
	b. Iron and Steel	-	-	-	-	-
	c. Power	212	52	(135)	(327)	595
	Total Segment Profit before Finance Cost and Tax	(3,215)	75	(6,423)	(6,235)	(8,727)
	Less: Finance Cost	10	441	40	600	52
	Less: Exceptional Items	-	-	-	-	-
	Total Profit/(Loss) before Tax	(3,225)	(367)	(6,463)	(6,835)	(8,779)
	Segment Assets					
	a. Ferro Alloys	8,806	11,269	13,595	8,806	13,595
	b. Iron and Steel	-	2,776	7,868	-	7,868
	c. Power	14,250	14,171	14,386	14,250	14,386
	d. Unallocated	267	267	267	267	267
	Total Segment Aseets	23,323	28,483	36,116	23,323	36,116
	Segment Liabilities					
	a. Ferro Alloys	8,467	8,697	9,299	8,467	9,299
	b. Iron and Steel	184	2,116	5,284	184	5,284
	c. Power	-	-	-	-	-
	d. Unallocated	-	-	-	-	-
	Total Segment Liabilities	8,651	10,813	14,583	8,651	14,583
3	Capital Employed (Segment Assets - Segment Liabilities)					
	a. Ferro alloys	339	2,572	4,296	339	4,296
	b. Iron and steel	(184)	660	2,584	(184)	2,584
	c. Power	14,250	14,171	14,386	14,250	14,386
	d. Unallocated	267	267	267	267	267
	Total Capital Employed	14,672	17,670	21,533	14,672	21,533



STATEMENT OF ASSETS AND LIABILITIES

(₹ in Lacs)

Particulars	31-03-2018	31-03-2017
ASSETS		
NON CURRENT ASSETS		
Property, Plant and Equipments	16,983	17,362
Other Intangible Assets	1	3
Financial Assets		
-Loans & Advances	36	30
Other Non Current Assets	10	-
Sub-Total (A)	17,030	17,395
CURRENT ASSETS		
Inventories	3,855	6,345
Financial Assets		
-Trade Receivables	515	9,282
-Cash and Cash Equivalents	90	454
-Short Term Loans & Advances	1,004	2,212
Other Current Assets	36	428
Sub-Total (B)	5,500	18,721
TOTAL (A+B)	22,530	36,116
EQUITY AND LIABILITIES		
EQUITY		
-Equity Share Capital	8,793	8,793
-Other Equity	(26,543)	(19,698)
Sub-Total (A)	(17,750)	(10,905)
LIABILITIES		
NON CURRENT LIABILITIES		
-Deferred Government Grant	150	160
Financial Liabilities		
- Borrowings	12,566	15,434
Sub-Total (B)	12,716	15,594
CURRENT LIABILITIES		
Financial Liabilities		
-Borrowings	13,598	13,657
-Trade payable	7,498	12,646
Other Current Liabilities	6,214	4,942
Provisions	255	183
Sub-Total (C)	27,565	31,428
TOTAL (A+B+C)	22,530	36,116



Notes:

- 1) The above results for the quarter and year ended 31st March, 2018 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 29th May, 2018.
- 2) The financial results have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Companies (Indian Accounting Standard) Rules, 2015 as amended by the Companies (Indian Accounting Standard) Amendment Rules, 2016. Beginning April 01, 2017 the company has for the first time adopted Ind AS with a transition date of April 01, 2016, accordingly these financial results (including for all the periods presented) have been prepared in accordance with the recognition and measurement principles stated therein, as prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.
- 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 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 ₹ 943 Lacs for the quarter ended 31st March, 2018 and ₹ 3,174 Lacs for the year ended 31st March, 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 March, 2018 amounted to ₹ 6,439 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 ₹ 6,846 Lacs for year ended 31st March, 2018. The accumulated loss as on 31st March, 2018 is ₹ 32,032 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 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 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 or at the year end, whichever is earlier.
- 6) Reconciliation of Net Profit as previously reported on account of transition from the previous Indian GAAP to Ind-AS for the quarter and year ended 31st March, 2017 is given below:

Particulars	(₹ in Lacs)		
	Profit & Loss		Equity
	Quarter Ended 31-03-2017	Year Ended 31-03-2017	Year Ended 31-03-2017
As Per Indian GAAP	(8,387)	(10,711)	(10,745)
Adjustment on account of			
Amortisation of deferred Government Grant	2	10	10
Actuarial Gain/(loss) reclassified through Other Comprehensive Income	(3)	(15)	-
Prior Period Adjustment restated	1,922	1,922	-
Recognition of capital reserve as Non Current Liability at amortised cost	-	-	(170)
	(6,466)	(8,794)	(10,905)

- 7) In the opinion of the management, current and non current assets 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.
- 8) Revenue from operations for periods upto 30th June, 2017 includes excise duty, which is discontinued effectively 1st July, 2017 upon implementation of Goods and Service Tax (GST). In accordance with 'Ind AS 18-Revenue', GST is not included in Revenue from Operations. In view of aforesaid change in indirect taxes, Revenue from operations for the quarter and year ended 31st March, 2018 is not comparable to the quarter and year ended 31st March, 2017.
- 9) The figures of the previous period have been regrouped / reclassified, wherever necessary to conform to the classification for the quarter and year ended 31st March, 2018.
- 10) This Financial Statement has been prepared in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 11) The figures of the last quarter are the balancing figures between the audited figures in respect of the full current financial year and the published year to date figures upto the third quarter of the current financial year.

Place: Kolkata
Date: 29th May, 2018



On behalf of the Board of Directors



Suresh Kumar Patni
(Managing Director)



Impex Ferro Tech Limited

CIN No. : L27101WB1995PLC071996

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ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results

Statement on Impact on Audit Qualifications for the Financial Year ended March 31, 2018				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (₹ in Lacs)	Adjusted Figures (audited figures after adjusting for qualifications) (₹ in Lacs)
	1.	Turnover / Total income	13,420	13,420
	2.	Total Expenditure	20,256	23,430
	3.	Net Profit/(Loss)	(6,846)	(10,020)
	4.	Earnings Per Share	(7.77)	(8.84)
	5.	Total Assets	22,530	22,530
	6.	Total Liabilities	40,281	43,455
	7.	Net Worth	(17,750)	(20,924)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification (each audit qualification separately):			
	a. Details of Audit Qualification:			
	1) Basis of Qualified Opinion			
	<p>We draw attention to Note No. 3 of the accompanying statement regarding non provision of interest expenses on the borrowing of the Company amounting to ₹ 943 Lacs for the quarter ended 31st March, 2018 and ₹ 3,174 Lacs on the borrowings of the Company for year ended 31st March, 2018 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 March, 2018 would have been ₹ 953 Lacs instead reported amount of ₹ 10 Lacs and finance cost for the year ended 31st March, 2018 would have</p>			



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been ₹ 3174 Lacs instead reported amount of ₹ 600 Lacs. Total expenses for the quarter and year ended 31st March, 2018 would have been ₹ 7,184 Lacs and ₹ 23,430 Lacs instead reported amount of ₹ 6,241 Lacs and ₹ 20,256 Lacs. Net loss after tax for the quarter and year ended 31st March, 2018 would have been ₹ 4,168 Lacs and ₹ 10,009 Lacs instead of reported amount of ₹ 3,225 Lacs and ₹ 6,835 Lacs. Total comprehensive Loss for the quarter and year ended 31st March, 2018 would have been ₹ 4,171 Lacs and ₹ 10,02 Lacs instead reported amount of ₹ 3,228 Lacs and ₹ 6,846 Lacs, other equity would have been ₹ (29,717) Lacs against reported amount of ₹ (26,543) Lacs, other current financial liability would have been ₹ 24,270 Lacs instead of reported amount of ₹ 21,096 Lacs.

Qualified Opinion

2) Based on our audit conducted as above, except for the matter as described in the para 3 above "**Basis of Qualified Opinion**", in our opinion and to the best of our information and according to the explanations given to us, there quarterly financial results :

- (i) are presented in accordance with the requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and
- (ii) give a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and total comprehensive loss and other financial information of the Company for the year ended March 31, 2018.

b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing



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	<p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</p> <p>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 debts at a sustainable level including waiver of unpaid interest. In view of the above, pending finalization of the restructuring plan, the Company has stopped providing interest accrued and unpaid effective April 1, 2016 in its books. The amount of such accrued and unpaid interest not provided for stands at ₹ 3174 Lacs for the year ended 31st March, 2018 and accordingly the same has not been considered for compilation of Results for the year ended 31st March, 2018.</p>
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>
	<p>i. Management's estimation on the impact of audit qualification: NA</p>
	<p>ii. If management is unable to estimate the impact, reasons for the same: NA</p>
	<p>iii. Auditors' Comments on (i) or (ii) above: NA</p>



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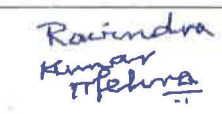
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III.	Signatories:	
	Managing Director – Mr. Suresh Kumar Patni	
	CFO – Mr. Sanjeet Kumar Gupta	
	Audit Committee Chairman – Mr. Ravindra Kumar Mehra	
	Statutory Auditor – M/s R. Kothari & Company Chartered Accountants	
	Place: Kolkata	
	Date: 29.05.2018	

