

R. Kothari & Company

CHARTERED ACCOUNTANTS

KOLKATA, NEW DELHI

Independent auditor's Report on the Standalone Financial Results of Impex Ferro Tech Limited pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

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

1. We have audited the accompanying Statement of Financial Results of **M/s. Impex Ferro Tech Limited** ('the Company') for the year ended 31st March, 2019 together with the notes thereon (herein after referred to as "the Statement"), attached herewith, 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 July 5, 2016 and has been initialed by us for identification purpose.

Attention is drawn to the fact that the figures for the quarter ended 31st March, 2019 and the corresponding quarter ended in the previous year as reported in the Statement are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the current and previous financial year respectively. Also the figures upto the end of the third quarter had only been reviewed and not subject to audit.

Management's Responsibility for the Financial Results

2. The management is responsible for preparation of the accompanying Statement. The management is also responsible for the preparation of the annual statutory financial statements in accordance with the Accounting Standard specified under section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. The responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Statement that is free from material misstatement.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Financial Statement based on our audit. We conducted our audit in accordance with the Standard on Auditing specified under section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements 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 Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statement. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the Financial Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

We draw your attention to Note No.2 of the accompanying Financial Statements regarding non provision of interest expense on the borrowings of the Company amounting to ₹913.76 lakhs for the quarter ended 31st March, 2019 and ₹3685.53 lakhs for the year ended 31st March, 2019 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 March, 2019 would have been ₹914.39 Lakhs instead of ₹0.63 Lakhs and the finance cost for the year ended 31st March, 2019 would have been ₹3,804.23 lakhs instead of reported amount of ₹118.70 lakhs. The total expenses for the quarter and year ended 31st March, 2019 would have been ₹4,292.29 Lakhs and ₹15,370.01 lakhs instead of ₹3,378.53 Lakhs and ₹11,684.48 lakhs respectively. The Net Loss after tax for the quarter and year ended 31st March, 2019 would have been ₹1,507.21 Lakhs and ₹5,360.16 lakhs instead of reported amount of ₹593.45 Lakhs and ₹1,674.63 lakhs respectively. Total comprehensive Loss for the quarter and year ended 31st March, 2019 would have been ₹1,456.17 Lakhs and ₹5,318.13 lakhs instead of reported amount of ₹542.41 Lakhs and ₹1,632.60 lakhs respectively. Other equity as on 31st March, 2019 would have been ₹38,301.19 Lakhs instead of reported amount of ₹28,176.08 Lakhs and Other Current Financial Liability as on 31st March, 2019 would have been ₹18,466.15 Lakhs instead of reported amount of ₹8,341.04 Lakhs.

Qualified Opinion

4. In our opinion and to the best of our information and according to the explanation given to us, except for the matter as described in the Basis of Qualified Opinion paragraph above, these year to date results:

- b. give true and fair view of the financial performance including other comprehensive income and other financial information for the year ended 31st March, 2019 in accordance with the accounting principles generally accepted in India.

5. We draw your attention to the following matter:

- (a) *We draw your attention to Note No. 3 of the financial statements regarding preparation of the financial statements on going concern basis, for the reason mentioned therein. The company has accumulated losses during the quarter and year ended 31.03.2019. 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 the debt resolution of the company which is under process, the company's ability to raise requisite finance, generation of cash flows in future to meet its obligation and to earn profit in future.*
- (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 ₹ 580.38 Lakhs 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



Manoj Kumar Sethia

CA Manoj Kumar Sethia
Partner
Membership No.: 064308

Date: 27th May, 2019
Place: Kolkata

IMPEX FERRO TECH LIMITED

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CIN - L27101WB1995PLC071996

STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2019

(₹ In lacs)

Particulars	Quarter Ended			Year Ended	
	Audited	Unaudited	Audited	Audited	Audited
	31-03-2019	31-12-2018	31-03-2018	31-03-2019	31-03-2018
1 Revenue from Operations	2,782.60	3,055.83	3,007.72	9,981.88	13,341.41
2 Other Income	2.47	2.53	7.79	27.97	78.65
3 Total Revenue (1+2)	2,785.07	3,058.36	3,015.51	10,009.85	13,420.06
4 Expenses					
(a) Cost of materials consumed	2,087.87	1,976.02	2,562.02	7,360.62	10,002.86
(b) Changes in inventories of finished goods and work-in-progress	(20.15)	(100.43)	475.99	(216.90)	586.60
(c) Excise Duty					417.83
(d) Employee benefits expense	216.34	175.85	146.15	685.59	602.95
(e) Finance Cost	0.63	4.75	9.72	118.70	599.87
(f) Depreciation	175.47	177.20	175.67	707.77	711.93
(g) Power	633.79	649.51	560.33	1,588.91	4,163.91
(h) Bad Debts including provision for Bad & Doubtful Debts.	31.28	334.19	2,023.90	365.47	2,023.90
(i) Other expenses	253.29	260.98	287.23	1,074.32	1,144.66
Total expenses	3,378.52	3,478.07	6,241.01	11,684.48	20,254.51
5 Profit / Loss from operations before exceptional items and tax (3-4)	(593.45)	(419.71)	(3,225.50)	(1,674.63)	(6,834.45)
6 Exceptional items					
7 Profit/(Loss) before tax (5-6)	(593.45)	(419.71)	(3,225.50)	(1,674.63)	(6,834.45)
8 Tax Expense					
9 Net Profit/(Loss) for the period (7-8)	(593.45)	(419.71)	(3,225.50)	(1,674.63)	(6,834.45)
10 Other Comprehensive Income/(Loss) (net of tax)	51.04	(3.00)	(3.00)	42.04	(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)	(542.41)	(422.71)	(3,228.50)	(1,632.60)	(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
13 Earnings per share (of ₹ 10 per share) (not annualized) :					
a) Basic (In ₹)	(0.67)	(0.48)	(3.67)	(1.90)	(7.77)
b) Diluted (In ₹)	(0.67)	(0.48)	(3.67)	(1.90)	(7.77)



Notes:

- 1) The above results for the quarter and year ended 31st March, 2019 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 27th May, 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 ₹ 913.76 Lacs for the quarter ended 31st March, 2019 and ₹ 3685.53 Lacs for the year ended 31st March, 2019 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, 2019 amounted to ₹ 10125.11 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 ₹ 542.41 Lacs for quarter ended 31st March, 2019. The accumulated loss as on 31st March, 2019 is ₹ 33556.54 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 on 6th September, 2017 damaging turbine, alternator, etc and a surveyor has been appointed by 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) Subsequent to introduction of Goods and Service Tax (GST) w.e.f. July 1, 2017, Revenue is required to be disclosed net of GST. Accordingly, the figures of Revenue from operation for the financial year ended 31 March, 2019 is not comparable with the figures of financial year ended 31 March, 2018.
- 7) Ind AS 115 on Revenue from contracts with customers is mandatory for reporting periods starting 1 April, 2018. The application of Ind AS 115 did not have any impact on recognition and measurement of revenue and related items in the financial results.
- 8) The figures for the last quarter of the current year and for the previous year are the balancing figures between the audited figures in respect of the full financial year ended 31 March and the unaudited published figures upto third quarter ended 31 December.
- 9) Previous periods figures have been regrouped / rearranged wherever necessary.

Place: Kolkata

Dated: 27th May, 2019

On behalf of the Board of Directors


Suresh Kumar Patni
Chairman



IMPEX FERRO TECH LIMITED
BALANCE SHEET AS AT 31ST MARCH , 2019

(₹ In Lacs)

PARTICULARS	31st March, 2019	31st March, 2018
I ASSETS		
(1) NON-CURRENT ASSETS		
(a) Property, Plant & Equipment	16,676.13	16,982.85
(b) Intangible Assets	1.35	1.34
(c) Financial Assets		
(i) Other Financial Assets	12.36	35.50
(d) Other Non-Current Assets	34.92	10.39
Total Non-Current Assets	16,724.76	17,030.08
(2) CURRENT ASSETS		
(a) Inventories	3,259.24	3,855.30
(b) Financial Assets		
(i) Trade Receivables	845.35	515.18
(ii) Cash And Cash Equivalents	15.12	90.42
(iii) Other Bank Balances	-	-
(iv) Other Financial Assets	9.99	30.70
(c) Current Tax Assets (Net)	267.95	267.95
(d) Other Current Assets	759.95	740.84
Total Current Assets	5,157.60	5,500.39
Total Assets	21,882.36	22,530.47
II EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	8,793.16	8,793.16
Other Equity		
Reserves & Surplus	(28,176.08)	(26,543.46)
Total Equity	(19,382.92)	(17,750.30)
Liabilities		
(1) Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	9,774.11	12,565.98
(b) Deferred Government Grant	130.24	140.26
(c) Deferred Tax Liabilities/(Assets)	-	-
Total Non-Current Liabilities	9,904.35	12,706.24
(2) CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	13,382.43	13,597.78
(ii) Trade Payables	7,871.14	7,497.76
(iii) Other Financial Liabilities	8,341.04	5,553.04
(b) Other Current Liabilities	1,456.86	670.88
(c) Provisions	309.46	255.07
Total Current Liabilities	31,360.93	27,574.53
Total Equity & Liabilities	21,882.36	22,530.47



Impex Ferro Tech Limited

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Corporate & Communication Office :

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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, 2019				
[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	9981.88	9981.88
	2.	Total Expenditure	11684.48	15370.01
	3.	Net Profit/(Loss)	(1674.63)	(5360.16)
	4.	Earnings Per Share	(1.90)	(6.10)
	5.	Total Assets	21882.36	21882.36
	6.	Total Liabilities	41265.28	44950.81
	7.	Net Worth	(19382.92)	(23068.45)
	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 your attention to Note No.2 of the accompanying Financial Statements regarding non provision of interest expense on the borrowings of the Company amounting to ₹913.76 lakhs for the quarter ended 31st March, 2019 and ₹ 3685.53 lakhs for the year ended 31st March, 2019 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.</p>			





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Had the aforesaid interest expense been recognized, the finance cost for the quarter ended 31st March, 2019 would have been ₹ 914.39 Lakhs instead of ₹ 0.63 Lakhs and the finance cost for the year ended 31st March, 2019 would have been ₹ 3,804.23 lakhs instead of reported amount of ₹ 118.70 lakhs. The total expenses for the quarter and year ended 31st March, 2019 would have been ₹ 4,292.29 Lakhs and ₹ 15,370.01 lakhs instead of ₹ 3,378.53 Lakhs and ₹ 11,684.48 lakhs respectively. The Net Loss after tax for the quarter and year ended 31st March, 2019 would have been ₹ 1,507.21 Lakhs and ₹ 5,360.16 lakhs instead of reported amount of ₹ 593.45 Lakhs and ₹ 1,674.63 lakhs respectively. Total comprehensive Loss for the quarter and year ended 31st March, 2019 would have been ₹ 1,456.17 Lakhs and ₹ 5,318.13 lakhs instead of reported amount of ₹ 542.41 Lakhs and ₹ 1,632.60 lakhs respectively. Other equity as on 31st March, 2019 would have been ₹ 38,301.19 Lakhs instead of reported amount of ₹ 28,176.08 Lakhs and Other Current Financial Liability as on 31st March, 2019 would have been ₹ 18,466.15 Lakhs instead of reported amount of ₹ 8,341.04 Lakhs.

Qualified Opinion

- 2) In our opinion and to the best of our information and according to the explanation given to us, except for the matter as described in the Basis of Qualified Opinion paragraph above, these year to date results:
 - a. are presented in accordance with the requirements 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
 - b. give true and fair view of the financial performance including other comprehensive income and other financial information for the year ended 31st March, 2019 in accordance with the accounting principles generally accepted in India.

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





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	c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing
	d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: 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 ₹ 3685.53 Lacs for the year ended 31 st March, 2019 and accordingly the same has not been considered for compilation of Results for the year ended 31 st March, 2019.
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:
	i. Management's estimation on the impact of audit qualification: NA
	ii. If management is unable to estimate the impact, reasons for the same: NA
	iii. Auditors' Comments on (i) or (ii) above: NA





Impex Ferro Tech Limited



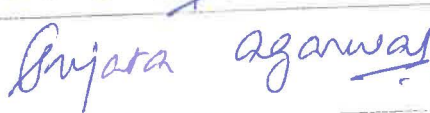

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III.	Signatories:	
	Chairman	
	CFO	
	Audit Committee Chairman	
	Statutory Auditor	
	Place:	KOLKATA
	Date:	27.05.2019

