

R. Kothari & Company

CHARTERED ACCOUNTANTS

KOLKATA, NEW DELHI

Independent Auditor's Report on the 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 reviewed the accompanying statement of Financial Results of Impex Ferro Tech Limited ("the Company") for the quarter ended 30th June, 2019, ("the statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation"), as amended.
2. This statement is the responsibility of the Company's Management and approved by the Board of Directors. has been prepared in accordance with the recognition and measurement principles laid down in **Indian Accounting Standard 34**, Interim Financial Reporting (Ind AS 34) as prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the statement 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.



Basis for qualified conclusion

4. 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 ₹939.05 lakhs for the quarter ended 30th June, 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 30th June, 2019 would have been ₹940.37 Lakhs instead of ₹1.32 lakhs. The total expenses for the quarter ended 30th June, 2019 would have been ₹3,541.01 lakhs instead of ₹2,601.96 Lakhs. The Net Loss after tax for the quarter ended 30th June, 2019 would have been ₹1,790.48 Lakhs instead of reported amount of ₹851.43 lakhs. Total comprehensive Loss for the quarter ended 30th June, 2019 would have been ₹1,780.48 Lakhs instead of reported amount of ₹841.43 Lakhs. Other equity as on 30th June, 2019 would have been ₹(29,966.56) Lakhs instead of reported amount of ₹(29,027.51) Lakhs and Other Current Financial Liability as on 30th June, 2019 would have been ₹9,280.09 Lakhs instead of reported amount of ₹8341.04 Lakhs.

5. Emphasis of Matters

- (a) As referred to Note No. 5 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.
- (b) Substantial amount of statutory dues amounting to ₹552.24 Lakhs has become overdue and remain unpaid. Interest, penalty if any in respect of the same has remained unascertained and unaccounted for.

Our opinion is not modified in these matters.

6. Material Uncertainty Relating to Going Concern

We draw your attention to Note No. 4 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 ended 30.06.2019. 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.

Our opinion is not modified in these matters.



7. Based on our review conducted as above, except for the possible effects of the matter described in the paragraph 4 above "Basis for qualified conclusion" and read with our comments in paragraph 5 & 6 above, nothing has come to our attention that causes us to believe that the statement, prepared in accordance with the recognition and measurement principles laid down in 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 policies generally accepted in India' has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed. or that it contains any material misstatement.

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



Manoj Kumar Sethia

CA. Manoj Kumar Sethia
Partner
Membership No: 064308

Date: 12th August, 2019
Place: Kolkata
UDIN: 19064308AAAABG6663

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STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2019

(₹ in lacs)

Particulars	Quarter Ended			Year Ended
	Unaudited	Audited	Unaudited	Audited
	30-06-2019	31-03-2019	30-06-2018	31-03-2019
1 Revenue from Operations	1,747.67	2,782.60	1,710.95	9,981.88
2 Other Income	2.86	2.47	20.45	27.97
3 Total Revenue (1+2)	1,750.53	2,785.07	1,731.40	10,009.85
4 Expenses				
(a) Cost of materials consumed	1,649.37	2,087.87	1,482.85	7,360.62
(b) Changes in inventories of finished goods and work-in-progress	1,411.58	(20.15)	46.83	(216.90)
(c) Employee benefits expense	82.88	216.34	140.30	685.59
(d) Finance Cost	1.32	0.63	64.67	118.70
(e) Depreciation	177.75	175.47	177.89	707.77
(f) Power	368.96	633.79	282.36	1,588.91
(g) Bad Debts including provision for Bad & Doubtful Debts.	-	31.28	-	365.47
(h) Other expenses	392.95	253.29	282.46	1,074.32
Total expenses	2,601.96	3,378.52	2,477.36	11,684.48
5 Profit / Loss from operations before exceptional items and tax (3-4)	(851.43)	(593.45)	(745.96)	(1,674.63)
6 Exceptional items	-	-	-	-
7 Profit/(Loss) before tax (5-6)	(851.43)	(593.45)	(745.96)	(1,674.63)
8 Tax Expense	-	-	-	-
9 Net Profit/(Loss) for the period (7-8)	(851.43)	(593.45)	(745.96)	(1,674.63)
10 Other Comprehensive Income/(loss) (net of tax)	10.00	51.04	(3.00)	42.04
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)	(841.43)	(542.41)	(748.96)	(1,632.60)
12 Paid-up equity share capital (Face Value ₹10 per share)	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 ₹)	(0.97)	(0.67)	(0.85)	(1.90)
b) Diluted (In ₹)	(0.97)	(0.67)	(0.85)	(1.90)



Notes:

- 1) The above results for the quarter ended 30th June, 2019 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 12th August, 2019.
- 2) The Company has adopted Ind AS 116- "Leases" with effect from 1st April, 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019. The adoption of this standard did not have any impact on the profit for this quarter.
- 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 ₹ 939.05 Lacs for the quarter ended 30th June, 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 30th June, 2019 amounted to ₹11064.16 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 ₹ 841.43 Lacs for quarter ended 30th June, 2019. The accumulated loss as on 30th June, 2019 is ₹ 34397.98 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 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.
- 6) Various credit facilities availed from United Bank of India (UBI) have been assigned in favour of Rare Construction Ltd under assignment agreement between UBI and Rare Asset Reconstruction Ltd executed on 29th June, 2019. 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 UBI.
- 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) The figures for the quarter ended 31 March, 2019 are the balancing figures between the audited figures in respect of the full financial year ended 31st March, 2019 and the unaudited published figures upto third quarter ended 31st, December 2018.
- 9) Previous periods figures have been regrouped / rearranged wherever necessary.

Place: Kolkata

Dated: 12th August, 2019


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Suresh Kumar Patni
Chairman
