ISMT LIMITED

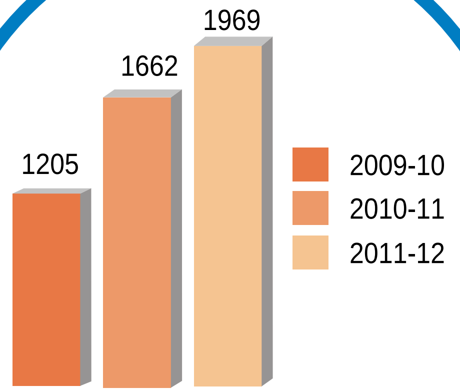
Solutions You Can Trust

ANNUAL REPORT 2011-2012

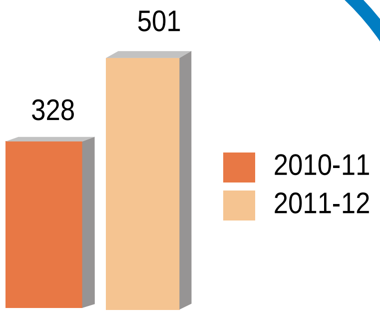
Vital Statistics 2011-12

Total Revenue:
Rs. 1969 Crore

Per annum Growth
in Revenue: 18%

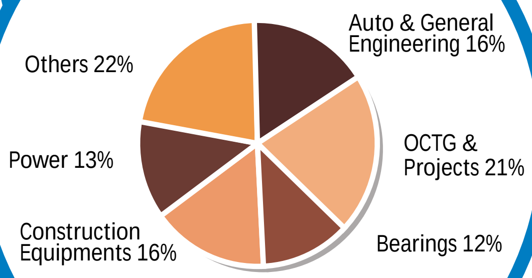


Total Revenue (INR Crore)



Exports (INR Crore)

Industry Mix - 2011-12



Based on Tube Sales Value

CRISIL's Independent Equity Research Report 2012 on ISMT Ltd.

CRISIL's Independent Equity Research Report 2012 has assigned ISMT a 5/5 on valuation grade indicating that the company has a **strong upside** from the current market price. The report also gives fundamental grade of 3/5 to ISMT - indicating that the company has **good fundamentals** in relation to other listed equity securities in India. In its update to the IER Report for quarter 4 (2012), CRISIL maintains its ratings for ISMT - highlighting exports to be "going strong" and is **optimistic** about ISMT's YoY growth. The report says "(we) maintain our fundamental grade of 3/5 as we remain **positive** on the growth of the tube industry"

Download CRISIL's IER Report 2012 from our website www.ismt.com

COMPANY INFORMATION

Board of Directors

S C Gupta – *Chairman*
Salil Taneja – *Chief Executive Officer*
Rajiv Goel – *Chief Financial Officer*
Nirmal Chandra – *President (Project & Product Development)*
B R Taneja – *Director*
A K Jain – *Director*
J P Sureka – *Director*
K K Rai – *Director*
Vinod Sethi – *Director*
V Gourishankar – *Nominee Director of IDBI Bank Ltd. (upto June 5, 2012)*
Suresh Khatanhar – *Nominee Director of IDBI Bank Ltd. (w.e.f. June 6, 2012)*

Company Secretary

Jayan Nair *(upto April 30, 2012)*
Nilesh Jain *(w.e.f May 28, 2012)*

Auditors

M/s P. G. Bhagwat *Chartered Accountants*
J. K. Shah & Co. *Chartered Accountants*

Cost Auditors

M/s Dhananjay V. Joshi & Associates *Cost Accountants*
M/s Parkhi Limaye & Co. *Cost Accountants*

Advocates & Solicitors

Amarchand & Mangaldas & Suresh A Shroff & Co.
J Sagar Associates
HSB Partners, Chennai
Lindahi, Sweden

Registered Office

Lunkad Towers, Viman Nagar, Pune - 411 014

Works

Tube - MIDC Industrial Area, **Ahmednagar** - 414111
MIDC Industrial Area, **Baramati** - 413133
Structo Hydraulics AB, Storfors, **Sweden**
Steel - Jejuri Morgaon Road, **Jejuri** - 412303
Power - Village Kurla, Warora, **Chandrapur** - 422910

Bankers

Andhra Bank
Axis Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Central Bank of India
Export - Import Bank of India
Handelsbanken - Sweden
ICICI Bank Limited
IDBI Bank Limited
IKB Deutsche Industriebank AG
Indian Overseas Bank
State Bank of India

Registrar & Share Transfer Agent

Sharepro Services (India) Private Limited

PHYSICAL SUMMARY

(Tonnes Per Annum)

	A. TUBE DIVISION							
Particulars	**2011-12**	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Capacity	**465000**	465000*	158000	158000	158000	158000	158000	158000
Production	**185976**	167187	135782	145429	162276	161181	135635	110184
Capacity Utilisation (%)	**40.0%**	38.5%	85.9%	92.0%	102.7%	102.0%	85.8%	69.7%
Sales	**183194**	165662	132156	144242	159062	163315	132794	110526
Captive	**21553**	19992	14652	16025	19150	17175	17068	11621
External of Which	**161641**	145670	117504	128217	139912	146140	115726	98905
- Domestic	**104355**	101499	92363	86422	101208	112833	82481	74878
- Exports	**57286**	44171	25141	41795	38704	33307	33245	24027

* w.e.f. May 8, 2010

(Tonnes Per Annum)

	B. STEEL DIVISION							
Particulars	**2011-12**	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Capacity	**350000**	350000**	250000	250000	250000	250000	250000	250000
Production	**268638**	254070	231395	202392	237914	247351	234707	213303
Capacity Utilisation (%)	**76.8%**	84.4%	92.6%	81.0%	95.2%	98.9%	93.9%	85.3%
Sales	**267296**	256347	227866	201601	244684	245096	228078	214399
Captive	**157913**	148990	133976	145394	157862	160985	131968	109091
External of Which	**109383**	107357	93890	56207	86822	84111	96110	105308
- Domestic	**108975**	107174	93390	55865	86320	83510	95263	102961
- Exports	**408**	183	500	342	502	601	847	2347

** w.e.f. September 27, 2010

KEY PARAMETERS

(Rs. in Crore)

Particulars	2011-12	2010-11	2009–10	2008–09	2007-08	2006-07	2005-06	2004-05
Operations :								
Gross Sales	**2980.60**	2552.79	1914.19	2308.44	2051.17	2049.25	1807.08	1442.01
Net Sales	**1879.42**	1602.38	1185.13	1284.55	1179.71	1190.39	1061.05	892.25
- *Tube Sales*	***1301.76***	*1070.85*	*777.46*	*980.27*	*826.53*	*871.98*	*693.97*	*510.42*
- *Steel Sales*	***577.66***	*531.53*	*407.67*	*304.28*	*353.18*	*318.41*	*367.08*	*381.83*
- *Exports*	***501.06***	*328.46*	*175.58*	*354.10*	*246.58*	*225.47*	*210.56*	*152.14*
- *Imports*	***556.55***	*363.96*	*267.71*	*194.75*	*60.25*	*89.67*	*131.98*	*100.41*
Raw Material (% of Net Sales)	**51.1%**	46.3%	42.3%	50.1%	48.3%	45.0%	45.4%	51.8%
Energy Cost (% of Net Sales)	**18.3%**	18.1%	18.1%	13.3%	14.7%	13.9%	12.9%	12.4%
Profitability :								
EBIDTA	**265.47**	274.64	217.81	251.21	225.63	268.55	264.12	164.20
- *EBIDTA margin*	***13.5%***	*16.5%*	*18.1%*	*19.1%*	*18.6%*	*22.4%*	*24.3%*	*18.0%*
Net Profit	**28.59**	75.36	74.61	56.23	100.04	130.12	115.00	33.00
- *Net Profit Margin*	***1.5%***	*4.5%*	*6.2%*	*4.3%*	*8.3%*	*10.8%*	*10.6%*	*3.6%*
Net worth	**586.92**	617.63	577.55	528.97	533.45	460.61	421.60	350.20
- *Return on Net worth*	***4.9%***	*12.2%*	*12.9%*	*10.6%*	*18.8%*	*28.2%*	*27.3%*	*9.4%*
- *Return on Avg. Capital Employed*	***9.7%***	*14.1%*	*15.3%*	*12.5%*	*16.4%*	*18.5%*	*19.9%*	*15.9%*
Finance :								
Long Term Borrowings	**972**	853	762	795	630	563	533	558
- *FX Debt (% of Long Term Borrowings)*	***78.1%***	*61.6%*	*79.7%*	*78.2%*	*88.7%*	*58.4%*	*31.9%*	*13.3%*
Finance Charges (% of Net Sales)	**6.4%**	5.7%	6.6%	6.4%	5.6%	6.4%	8.1%	10.3%
General :								
Average Market Capitalization	**499.57**	766.08	635.51	466.90	1288.92	1154.48	888.24	164.97
Share Price during the yr. - High (Rs)	**60.40**	70.00	64.90	68.10	140.00	124.90	112.45	41.90
- Low (Rs)	**22.25**	42.00	19.10	14.10	49.00	62.00	27.00	3.05
Book Value (Rs. Per Share)	**40.06**	42.16	39.42	36.11	36.41	31.90	29.20	33.24
Earning Per Share (Rs)	**1.95**	5.14	5.09	3.84	6.92	9.01	7.96	2.33
Dividend – Rs. Per Share	**0.75**	1.25	1.00	1.00	1.00	0.50	0.00	0.00

CEO's Statement

The fiscal year that has just ended has proved to be a mixed bag in terms of performance. Net Sales increased from 1602 Crore to 1879 Crore, an increase of 17%. Within this, tube sales increased by 21.5% from 1070 Crore to 1301 Crore, while steel sales increased by 8.6% from 531 Crore to 577 Crore. During this period exports increased by 52% from 328 Crore to 500 Crore. However, at the same time the EBIDTA margin was under severe pressure and decreased from 16.5% to 13.5%. This was reflective of two factors: The extremely severe economical environment under which we operated, especially during the second half of the year and our attempts to increase sales in this adverse environment by adding new customers based on an entry pricing strategy which yielded lower margins.

The key achievement during the year has been that we have widened the customer base. Therefore, we are now well positioned to take advantage of an upturn in the market as and when it occurs. While it is too early to say that such an upturn is in the offing, there are, at least some indications that the optimism level in the economy is beginning to move up. ISMT is present in virtually all the core sectors of the economy including mining, construction (through sales to earth moving equipment manufacturers), oil exploration, automotive, and power generation. It is hard to envisage that all these sectors will continue to remain depressed. Once the market begins to move in a positive direction we should, from the new customers that we have added, be able not only to increase volumes but also to increase margins.

As we speak we continue to operate in an extremely difficult economic climate. In this situation our company's efforts are directed at aggressively looking for new customers and reducing inventories as well as receivables. On all these fronts tremendous efforts are being put in by our team. We are also aggressively pruning both fixed as well as variable costs keeping in mind however that we should be able to react quickly to a surge in the market.

Soon we should also begin to see a perceptible positive contribution to the bottom-line from the 40 MW captive power plant which was commissioned on May 28, 2012 and has started running smoothly. Apart from reducing costs immediately, having a captive power plant de-risks us from sudden, arbitrary increases in power costs by the State Government.

However our request for coal linkage continues to be pending for nearly four years and the problem is further aggravated by the policy distinction between Independent Power Producers and Captive Power Plants. Your Company alongwith Indian Captive Power Producers Association is pursuing the same at all levels.

As mentioned in earlier reports, we continue to work with the Commerce / Finance Ministry to convince them to impose an anti-dumping / safe guard duty on Chinese tubes which are being imported into India in ever increasing volumes. The fairness of our request is unquestionable and are making ceaseless efforts in this direction.

I would like to take this opportunity to express our gratitude to our customers, banks, and business associates, for their continued support and for the trust they have reposed in us.

Thank you,

Salil Taneja

Pune, August 18, 2012

Directors' Report

To the Members of ISMT LIMITED

The Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS (Rs. in Crore)

Particulars	Financial Year 2011-12	2010 -11
Gross Sales	**2980.60**	2552.79
Profit before Finance Charges, Depreciation, Amortization & Tax (EBIDTA)	**265.47**	274.64
Cash Profit	**107.08**	162.98
Gross Profit	**144.68**	184.08
Profit Before Tax	**28.66**	95.96
Taxation	**0.07**	20.60
Net Profit	**28.59**	75.36
Add : Balance brought forward from previous year	**58.91**	54.83
Balance available for Appropriation	**87.50**	130.19
Appropriations		
Dividend	**10.99**	18.31
Tax on Dividend	**1.78**	2.97
General Reserve	**50.00**	50.00
Balance carried to Balance Sheet	**24.73**	58.91

DIVIDEND

Despite drop in profit and taking long term view, the Board has recommended a dividend of Rs. 0.75 per Equity Share of face value of Rs. 5/- each (15 % of face value) for the financial year ended March 31, 2012 and is subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

OPERATIONS

During the year the Company registered incremental tube sales of 17,532 MT and incremental steel sales of 10,950 MT. After streamlining the new PQF capacity with the existing processes last year, this year the efforts were to increase the lot size so as to minimize downtime on account of size changes and further on Production Planning to optimize on available resources.

MARKET

Exports growth of over 52% has been quite encouraging given the fact that the key world economies are passing through uncertain times. On the domestic front, while inflation and higher interest rates have adversely impacted some of the industries, construction equipment segment witnessed good growth.

FINANCE

During the year the company redeemed entire outstanding Foreign Currency Convertible Bonds ('FCCB') amounting to USD 20 Million along with redemption premium. Increase in overall interest rates and adverse foreign exchange rates along with provisioning for FCCB redemption premium led to the increase in finance cost during year. Unprecedented forex volatility during the financial year resulted in forex loss of Rs. 31.52 Crore. To address the risks associated with foreign currency transactions, company has put in place forex risk management policy.

POWER PROJECT

The 40 MW Captive power plant of the company has commenced commercial production from May 28, 2012. The Power generated is wheeled using the state electricity grid to all three manufacturing plants located at Ahmednagar, Baramati & Jejuri. The surplus power generation resulting from the current Banking Regulations, on account of varying load consumption pattern at the manufacturing plants, is proposed for sale to MSEDCL. The Company has applied for domestic coal linkage, which is still awaited.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. A.K. Jain and Mr. Vinod Sethi retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS

M/s P. G. Bhagwat and J. K. Shah & Co., Joint Statutory Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

COST AUDITORS

The Central Government had approved appointment of the following Cost Auditors for FY 2011-12:

(i) M/s Dhananjay V. Joshi & Associates and

(ii) M/s Parkhi Limaye & Co.

The Cost Audit Report for the year 2010-11 was due on

Directors' Report (contd.)

September 27, 2011 and was filed with the Ministry of Corporate Affairs on September 27, 2011.

SUBSIDIARIES

As on date of this report, the Company has eight direct and indirect subsidiary companies. The Central Government has granted general exemption to the holding Companies from attaching the Annual Accounts of their subsidiary companies. The Annual Accounts of these subsidiary companies and other relevant information shall be made available for inspection at the Company's Registered Office.

Continuing with the strategy to shift employee intensive activity from Structo to India, while retaining technology intensive front end activities in Sweden, the second cold draw bench was shifted during the year to the Company's Baramati plant and is now fully operational.

In accordance with the Accounting Standard (AS 21), the audited consolidated financial statement of the Company forming part of this report is attached hereto.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance and Management Discussion & Analysis together with a Certificate from the Company's Auditors on compliance, forming part of this Report is attached hereto.

RESEARCH & DEVELOPMENT

Your Company is actively pursuing R&D activities focussed on developing new Steel grades and tubes to match customer requirements. In addition, the Company also encourages inhouse development of tooling and indigenisation of imported machinery. The Company remained focused on developing value added products for all its market segments including the Energy, OCTG, Bearing, Auto and Mining Sectors. R&D activities also focused on process cost reductions through an increase in yields.

Details of the R&D activities undertaken are enumerated in Annexure I to this report

PARTICULARS OF DISCLOSURE

The particulars in respect of energy conservation, technology absorption and foreign exchange earnings and outgo etc. as required under Section 217(1)(e) of the Companies Act, 1956 are given in Annexure I to this report.

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 are given in Annexure II to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, your Directors make the following statement :

i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;

ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2012 and of the Profit of the Company for that period;

iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) that the Directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express its sincere gratitude for the continued support and co-operation received by the Company from the Government of India, Government of Maharashtra, Reserve Bank of India, Stock Exchanges, other regulatory agencies and the shareholders. The Board would also like to acknowledge the continued support of its bankers, vendors, clients and investors. The Directors also wish to place on record their appreciation of all the employees for their dedication and team work.

For and on behalf of the Board of Directors

Pune
May 28, 2012

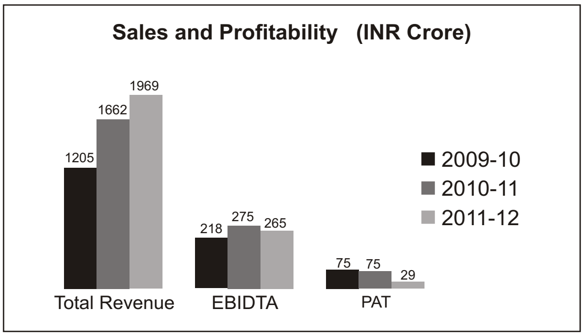
S C Gupta
Chairman

Management Discussion and Analysis

The business environment remained challenging for 2011-12, with higher inflation & interest rates, volatile domestic currency, slowing global economic growth and Euro zone crisis. In this challenging year, your company has attained highest ever :

Total Revenue	:	Rs. 1969 Crore
Tube Sales	:	161,641 MT
Exports	:	57,286 MT
External Steel Sales	:	109,383 MT
Steel Production	:	267,296 MT

On back of increased manufacturing capacity, total revenue grew by 18%, however, the challenging economic environment, more specifically sluggish domestic demand, higher energy cost and volatile foreign exchange rate has impacted company's profitability. During the year company posted total Revenue and PAT of Rs. 1969 Crore and Rs. 28.59 Crore respectively against Rs. 1662 Crore and Rs. 75.36 Crore reported last financial year. The aggressive marketing efforts in overseas markets led to over 52% rise in export sales which has now crossed Rs. 500 Crores. Exports now accounts for over 38% of company's total tube sales against 31% last year.



The 40 MW captive power project undertaken to address the rising power cost, which accounts for company's second biggest cost element (at 11% of net sales) after raw material, is now operational. Nearly 80% of company's power requirement would be met by the captive plant. The Project is expected to result in much needed cost efficiencies through reduction in energy cost.

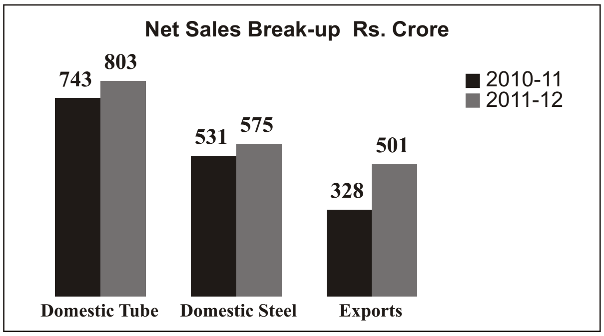
With expanded capacities in place, your Comapany is well positioned to take advantage of the upturn in market as and when it happens. No major fresh capital expenditure is anticipated in the immediate future.

Continuing with the cost rationalisation exercise initiated last year at company's overseas subsidiary, Structo Hydraulics AB, the second draw bench from Sweden was shifted to India which is now fully operational. ISMT would now be supplying cold drawn tubes to Structo instead of hot finished tubes and in turn Structo would focus on value added hydraulic tubes & products. Further, it would enhance ISMT's product range for cold draw tubes enabling it to offer wider range of cold drawn tubes to its customers. Given the back drop of the continuing European crisis and the Cold draw bench shifting, Structo's performance was satisfactory.

Domestic Tube & Steel Sales grew by 8% while exports grew by 52%. While growth in domestic sales was largely on account of higher realisations, the growth in exports was led by growth in volumes.

(Rs. in Crore)

Particulars	2010-11	**2011-12**	**% Change**
Net Sales	1602	**1879**	**17%**
Domestic			
- Tube	743	**803**	**8%**
- Steel	531	**575**	**8%**
Exports	328	**501**	**52%**



Despite the challenging economic environment, the Company was able to sustain EBIDTA which dropped marginally to Rs. 265 Crore. However, Profitability was impacted largely on account of FCCB redemption premium provisioning and foreign exchange volatility.

Management Discussion and Analysis (contd.)

The focus during the year continued on adding new customers across major geographies and enhancing product portfolio through developing new products.

Absence of any decisive step by the Indian Government on imposing anti dumping duty on Chinese producers continues to impact domestic margins in some key sectors. The Company along with other major domestic manufacturers has initiated the process for levying safeguard duty.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Seamless Tubes are finding increasing applications across industries with its higher strength to weight ratio, better machinablity, higher resistance to rust and longer life when compared to welded tubes.

In India, historically, the seamless tube application was largely concentrated towards oil & gas applications. However with passage of time, the increasing industrialization and adoption of high end sophisticated and automated tools has led to increase in seamless tube end applications across industries. Today apart from Oil & gas exploration industry, which still remains the largest consuming industry, seamless tube finds applications in Power Sector, Automotive, Construction Equipment, Mining, Bearing, Material Handling Equipments, Structural Components and host of other Mechanical applications.

Globally China, USA, Russia and Japan remain the key Seamless Tube Consuming countries. Asia is the largest exporter of seamless tubes while US remains largest importer of seamless tubes. The anti-dumping duty imposed by US, Europe, Canada and Brazil on Chinese players has helped Indian companies to gain market share in these countries, however, this has also resulted into increased dumping by Chinese players into countries like India.

MARKET

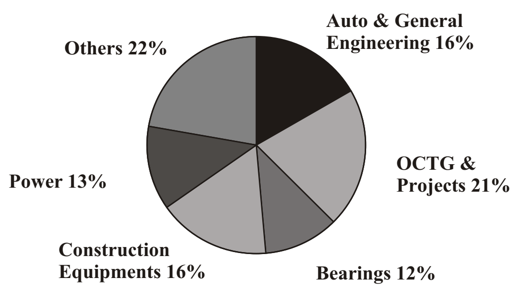
ISMT continues to cater to a diversified industry mix viz. Oil & Gas Exploration, Automotive & General Engineering, Construction Equipment, Power and Bearings Sectors. While large portion of the sales is to OEM's, company also caters to the secondary/ replacement markets through traders.

The year witnessed good growth in seamless tube sales to the Construction equipment sector, which now accounts for 16% of tube sales on increased base against 14% last year.

Your company continues to focus on customised and value added products where competion from imports, more specifically from China is less severe and develop new customers in countries where anti dumping duty have been levied on Chinese products.

Export Sales during the year increased to Rs. 501 Crore from Rs. 328 Crore. The U.S.A. & Europe continued to remain the dominant export revenue earners for the Company. USD & Euro denominated sales accounted for nearly 81% and 17% of total export sales respectively against 68% & 30% respectively for last year. While sales to Eurozone declined by about 17% on account of lower sales to overseas subsidiary Structo (on account of cold draw bench shifting), the rest of the exports increased by over 78%.

Industry Mix - 2011-12



Based on Tube Sales Value

Management Discussion and Analysis (contd.)

OPPORTUNITIES & THREATS

Opportunities

Increasing seamless tube applications across industries and capability to produced wider size ranges increases the 'economically' addressable market available to the Company without depending on single industry or geographic area for growth.

Any further depreciation in domestic currency provides additional export competitiveness and opportunity to penetrate in wider geographical market.

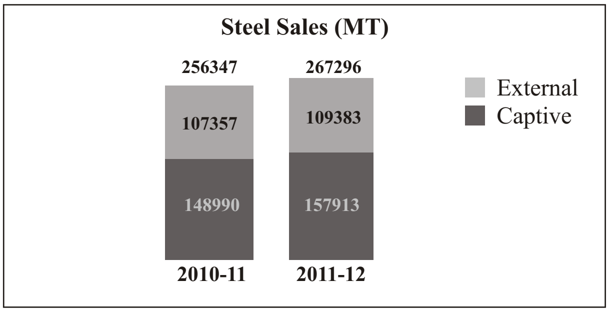
Threats

Indian seamless tube manufacturers have expanded their production capacity and product range in recent past in anticipation of strong domestic and international demand growth from diverse sectors. Any slowdown in the consuming sectors and increased level of dumping from Chinese manufacturers do pose a threat on your company's margins. Your company continues to actively lobby the Indian Government to take action to protect the domestic market from Chinese dumping.

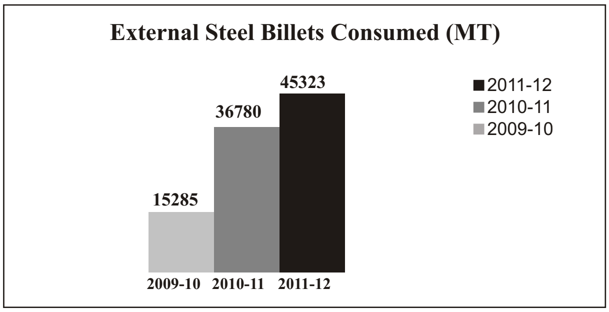
High volatility in currency exchange rate and adverse policy decisions such as changes in export Incentive policy or changes in State & Central Government policies & levies pertaining to Captive power plants continue to pose threat.

SEGMENT / PRODUCT INFORMATION

Your Company is engaged in manufacturing seamless tubes and engineering steels. Seamless tube accounted for 69% of ISMT's total external sales value while Steel accounted for 31%. Of the total steel billets sold, 59% of the steel in quantity terms was used captively to make tubes while 41% was sold to the external market



With increase in tube volumes, company continued with its strategy to sell increasing volumes of value added steel billets to external market and outsourced commodity grade steel billets required for inhouse tube manufacturing. Accordingly higher quantity of ready steel billets were purchased during the year.



The increase in external billet purchase also contributed to increase in raw material cost as percentage to overall sales during the year to 51% from 46% for the previous year.

OUTLOOK

The overall outlook remains cautious with uncertain economic situation both domestically and internationally, volatile domestic currency and high inflation. The commencement of company's 40 MW Captive power plant along with gradual ramp up of the seamless tube capacity will lead to higher efficiencies and advantage of economies of scale.

RISKS & CONCERNS

Your company is exposed to general risks associated with changes in government policies, interest rates and volatile domestic currency, natural/man-made disasters, and political risks.

Any change in laws & regulations, whether domestically or internationally could affect the business, financial condition or the new projects related initiatives undertaken by your company.

Your company has adequate risk management system towards identification and evaluation of all potential risks and the same are evaluated and reviewed regularly by the management.

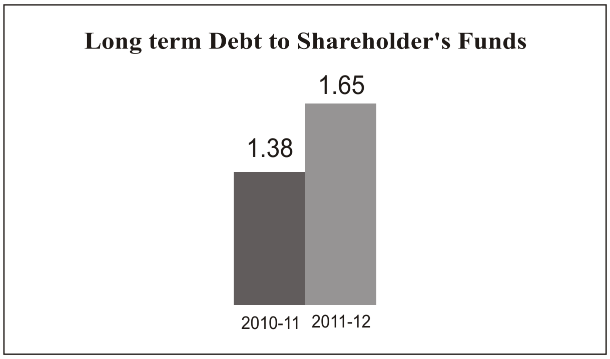
Management Discussion and Analysis (contd.)

INTERNAL CONTROL SYSTEMS

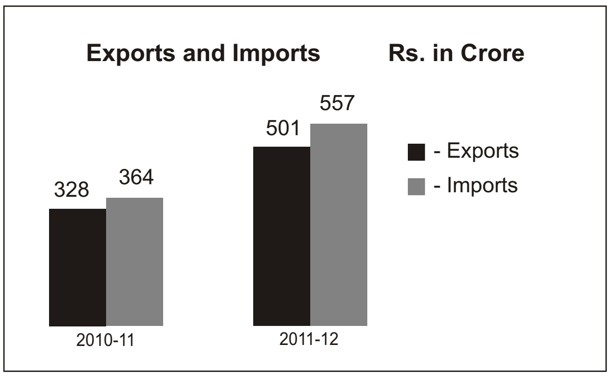
Your company has adequate and robust internal audit system. The internal control systems are designed and developed to prevent any misuse of company's resources and protect shareholder's interest. The audit committee on regular intervals with co-ordination of Internal and statutory auditors, reviews and access the adequacy of the same.

FINANCIAL PERFORMANCE

The Finance cost during the year increased by Rs. 30 Crore and stood at 6.4% of sales. While during the last couple of years company has made significant capex investments for increasing the Tube & Steel manufacturing capacities and towards setting up 40 MW Captive Power Plant, the revenues and benefit from the same is yet to flow in. The challenging external business environment has further delayed the same. The Long term debt to Shareholders funds stood at 1.65 times.



Exports & Imports both increased by over 52% during the year. While Exports are targeted to continue to grow with further market penetration and deepening, Imports have reached near optimum levels. Going forwards this shall lead to growing net foreign exchange inflows.



During the year the Company was eligible for Rs. 12.92 Crore as incentive under the Mega Project incentive scheme of Government of Maharashtra against Rs. 9.11 Crore last year. Under this scheme the Company is eligible for a total incentive of upto Rs. 195 Crore by 2017.

Working Capital

The year 2011-12, witnessed improvements in the holding periods for both inventory and debtors. The renewed focus specifically on outstanding debtor's helped to bring down the Debtor level even in absolute terms to Rs. 412 Crore lower by 6%, even when sales increased by 17%.

(Rs. in Crore)

Particulars	2010-11	**2011-12**
Working Capital Borrowing	112	**154**
Inventory	449	**492**
Stock Turnover (times)	3.57	**3.82**
Debtor's	439	**412**
Debtor's Turnover (times)	3.65	**4.56**

Energy Cost

Energy costs account for over 18% of company's net revenues at Rs. 344 Crore, of which Rs. 203 Crore is on account of Power. While Power cost has increased by 15% in absolute terms, fuel cost has increased by 25% over previous year. The 40 MW captive power project undertaken to address rising energy cost is now operational and would meet to about 80% of company's power requirement.

Particulars	2010-11	**2011-12**	% Change
Power consumption (KWH/ Ton of Production)			
- Steel Division	761	**717**	(6%)
- Tube Division	548	**525**	(4%)
Avg. Electricity Rate per Unit (Rs. / KWH)	6.18	**6.98**	13%

Your company is consistently focused on achieving higher energy efficiency across value chain and is simultaneously committed towards utilising environment

Management Discussion and Analysis (contd.)

friendly means to attain the same. While power cost per unit increased by 13%, the same was to a certain extent offset by lower consumption per unit of production due to improved efficiencies.

The increased utilisation and inhouse R&D efforts helped to reduce consumption of furnace oil per unit of production at both tube and steel divisions which partially helped to offset steep 49% increase in fuel rates.

Particulars	2010-11	**2011-12**	% Change
Furnace oil Consumption (K Ltrs/ Ton of Production)			
-Steel Division	37	**32**	(14%)
-Tube Division	95	**84**	(11%)
Avg. Furnace Oil rate			
Rs. per Liter	25.19	**37.50**	49%

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The Industrial relations continued to remain peaceful throughout the year. Employee expenses during the year grew by over 20%, mainly on account of wage revision at the manufacturing plants. The total employee strength increased by 169 employees during the year. Your company continued its efforts towards strengthening of human resources by providing better work environment and effective training at regular intervals.

EMPLOYEE RELATED INFORMATION

(As on March 31, 2012)

Particulars	Factory Locations	Others	Total
Managers	208	71	279
Officers & Staff	716	158	874
Workmen	1436	--	1436
Total	**2360**	**229**	**2589**

Your company continued its support to the Social initiative programme started jointly with Prithvi, an NGO to combat the HIV epidemic in India, particularly in the areas surrounding the ISMT plants.

CAUTIONARY STATEMENT

The report of Board of Directors and Management Discussion and analysis are forward looking and affirmative statements within the meaning of the applicable securities laws and regulations. The actual performance in the coming years could differ from what is expressed or implied. The factors that could affect the Company's performance are the economic and other factors that affect the demand-supply balance in the domestic market as well as the international markets that the Company services, changes in governmental regulations, tax laws and other statutes and host of other incidental factors.

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is committed and continues to focus on good Corporate Governance by being transparent and by maintaining a high level of integrity, accountability and social responsibility. This report is prepared in conformity with the requirements of Clause 49 of the Listing Agreement with Stock Exchanges.

BOARD OF DIRECTORS

The Board consists of 10 Directors of which 4 Directors are Independent as on March 31, 2012.

The composition of the Board of Directors, their attendance at Board Meetings held during the year and at the last Annual General Meeting (AGM), as also the number of Directorships in other public companies and memberships in various committees across all public companies as on March 31, 2012 are as follows:

Name of the Director	Category	Financial Year 2011-12 Attendance at		No. of Directorships in other public companies*	Committee positions in other public companies**	
		Board Meetings	Last AGM		Member	Chairman
S C Gupta	Independent NED	4	No	9	5	1
Salil Taneja	Promoter ED	6	Yes	3	2	-
Rajiv Goel	ED	6	Yes	2	-	-
Nirmal Chandra	ED	6	Yes	1	-	-
B R Taneja	Promoter NED	4	Yes	1	-	-
A K Jain	Promoter NED	2	No	1	1	1
J P Sureka	Promoter NED	4	Yes	3	6	-
K K Rai	Independent NED	6	Yes	3	3	-
Vinod Sethi	Independent NED	5	Yes	8	5	-
V Gourishankar	Independent NED - IDBI Bank Nominee	2	Yes	-	-	-

NED : Non -Executive Director

ED : Executive Director

* This does not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

** This includes only Audit and Shareholders' / Investors' Grievance Committees.

Corporate Governance Report (contd.)

During the year under review, Six Board Meetings were held as under:

Sr. No.	Date of Meeting
1.	May 10, 2011
2.	June 29, 2011
3.	August 13, 2011
4.	November 08, 2011
5.	November 30, 2011
6.	February 04, 2012

- The composition of the Board is in conformity with the stipulations in Clause 49 of the Listing Agreement.
- The Board has complete access to all the relevant information available within the Company.

APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

In terms of the Articles of Association of the Company and the relevant provisions of the Companies Act, 1956, Mr. A. K. Jain and Mr. Vinod Sethi retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re - election.

Brief resume of the Directors proposed to be re-appointed is given in Notice convening the Annual General Meeting.

AUDIT COMMITTEE

The terms of reference of the Audit Committee are in conformity with the stipulations in Clause 49 of the Listing Agreement with the Stock Exchanges and provisions of Section 292A of the Companies Act, 1956.

Composition, Meetings and Attendance during the year:

The composition of Audit Committee and attendance of each member is indicated alongside their names:

Name of the Director	Chairman / Member	No. of Meetings Attended
Vinod Sethi	Chairman (Independent)	4
J P Sureka	Member	4
S C Gupta	Member (Independent)	4
K K Rai	Member (Independent)	5

During the year under review, Five meetings of Audit Committee were held as under:

Sr. No	Date of Meeting
1.	May 10, 2011
2.	June 29, 2011
3.	August 13, 2011
4.	November 08, 2011
5.	February 04, 2012

Mr. Vinod Sethi, the Chairman of the Audit Committee was present at the last Annual General Meeting.

MANAGERIAL REMUNERATION

a. Remuneration Committee:

The Company has a Remuneration Committee of Directors.

The Remuneration Committee is empowered to fix, review and recommend the remuneration payable to the Whole Time Directors of the Company from time to time including the annual increase in their remuneration.

Composition, Meetings and Attendance during the year:

The composition of Remuneration Committee and attendance of each member is indicated alongside their names:

Name of the Director	Chairman / Member	No. of Meetings Attended
K K Rai	Chairman	2
S C Gupta	Member	1
Vinod Sethi	Member	2

During the year under review, Two meetings of Remuneration Committee were held on May 10, 2011 and November 30, 2011.

The Company does not have any Employee Stock Option Scheme.

b. Remuneration Policy

- Based on the recommendations of the Remuneration Committee, the remuneration of the Whole Time Directors is decided by the Board of Directors, which inter-alia is based on the criteria such as industry benchmarks, financial performance of the Company, performance of the Whole Time Directors, etc.

Corporate Governance Report (contd.)

- The Company pays remuneration by way of salary, perquisites, allowance and commission to its Whole Time Directors.
- No remuneration is paid to any Non-Executive Director except to Mr. B. R. Taneja. The Company pays sitting fee of Rs. 20,000/- each for attending Board and Committee Meetings to the Non-Executive Directors.
- There has been no change in the Remuneration Policy of the Company.

c. Remuneration to Directors:

A Statement on the remuneration paid to the Whole Time Directors & Mr. B R Taneja and sitting fees paid to Non-Executive Directors during the year 2011-12 is given below:

Name of the Director	Salary & Perquisites (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)
Salil Taneja	7084225	680135	NA
Rajiv Goel	6758656	680135	NA
Nirmal Chandra	5283600	680135	NA
B R Taneja	3600000	NA	80000
S C Gupta	NA	NA	180000
A K Jain	NA	NA	60000
J P Sureka	NA	NA	160000
K K Rai	NA	NA	260000
Vinod Sethi	NA	NA	280000
V Gourishankar	NA	NA	40000
TOTAL	**22726481**	**2040405**	**1060000**

Note: Salary and perquisites include other allowances, contribution to Provident Fund and Superannuation, Leave Travel Allowance, Medical Reimbursement and Accommodation provided.

Service of the Whole Time Directors may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof. There is no separate provision for payment of severance fees.

Details of shares of the Company held by its Non-Executive Directors as on March 31, 2012 are given below :

Name of the Director	Number of shares
S C Gupta	Nil
B R Taneja	90,793
A K Jain	4,47,145
K K Rai	Nil
Vinod Sethi	Nil
J P Sureka	1,20,380
V Gourishankar	Nil

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Company has a Shareholders'/ Investors' Grievance Committee of Directors to look into the redressal of shareholder and investors' complaints like transfer or credit of shares, non-receipt of Annual Reports/ dividends etc.

Composition, Meetings and Attendance during the year:

The composition of Shareholders'/Investors' Grievance Committee and attendance of each member is indicated alongside their names:

Name of the Director	Chairman / Member	No. of Meetings Attended
A K Jain	Chairman	1
Vinod Sethi	Member	3
Nirmal Chandra	Member	4

During the year under review Four meetings were held as under:

Sr. No.	Date of Meeting
1.	May 10, 2011
2.	August 13, 2011
3.	November 08, 2011
4.	February 04, 2012

COMPLIANCE OFFICER

Mr. Jayan Nair, Executive Vice President & Company Secretary was the Compliance Officer of the Company during the FY 2011-12 for ensuring compliance with the requirements of the Listing Agreement with the Stock Exchanges and under SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time.

Corporate Governance Report (contd.)

During the year under review all the complaints / grievances that were received from the shareholders / investors, have been attended to and satisfactorily resolved. No valid transfer / transmission of shares were pending as on March 31, 2012.

Details of investor complaints received and redressed during the FY 2011-12 are as follows :

Number of complaints pending at the beginning of the year	1
Number of complaints received during the year	35
Number of complaints disposed off during the year	36
Number of complaints remaining unresolved at the end of the year	0

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct is posted on the website of the Company (www.ismt.co.in).

CEO/ CFO CERTIFICATION

In accordance with Clause 49(V) of the Listing Agreement with the Stock Exchanges, the CEO and CFO have given their certificate to the Board.

GENERAL BODY MEETINGS

Location and time of General Meetings held in last 3 years:

Year	Type	Date	Venue	Time	No. of Special Resolutions Passed
2010-11	AGM	30.09.11	Vivanta by Taj Blue Diamond, Pune - 411 001	11:30 AM	2
2009-10	AGM	15.11.10	Le Meridien RBM Road, Pune - 411001	11:00 AM	--
2008-09	AGM	30.09.09	Le Meridien RBM Road, Pune - 411001	11:00 AM	4

All special resolutions moved at the Annual General Meetings were passed unanimously by show of hands.

POSTAL BALLOT

At present, no special resolution is proposed to be passed through postal ballot. No postal ballot was conducted during the FY 2011-12.

OTHER DISCLOSURES

- Details of related party transaction are furnished under Notes to Financial Statement.
- There were no instances of material non-compliances and no strictures or penalties were imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.

MEANS OF COMMUNICATION

The quarterly results are normally published in one English daily newspaper and one vernacular (Marathi) daily newspaper. The quarterly results are also displayed on the Company's website (www.ismt.co.in).

Presentations were made to Institutional Investors and to the Analysts during the period under review.

DESIGNATED EXCLUSIVE EMAIL ID OF THE COMPANY

The Company has designated the E-mail ID (secretarial@ismt.co.in) exclusively for investor servicing.

GENERAL SHAREHOLDERS' INFORMATION

AGM Date and Time	September 27, 2012 at 11.00 AM
Venue	Le Meridien, RBM Road, Pune 411001
Financial Year	April 01 to March 31
Date of Book Closure	September 17, 2012 to September 21, 2012 (both days inclusive)
Dividend Payment date	Within 30 days from the date of declaration of dividend by the members at the AGM
Listed on Stock Exchange	BSE and NSE
Security Code (BSE)	532479
Security Code (NSE)	ISMTLTD
ISIN No. Allotted to equity shares	INE732F01019
Registered Office	Lunkad Towers, Viman Nagar, Pune - 411 014

The Company has paid listing fees for the financial year 2012 - 13 to the Stock Exchanges where the shares of the Company are listed.

Corporate Governance Report (contd.)

STOCK MARKET DATA AND SHARE PRICE PERFORMANCE

BOMBAY STOCK EXCHANGE LIMITED (BSE):

(Rs.)

Month	Market price		BSE 500 INDEX	
	High	Low	High	Low
April 2011	60.40	50.50	7651.27	7381.56
May 2011	52.60	35.50	7463.28	6932.82
June 2011	42.80	38.70	7291.32	6789.01
July 2011	44.50	37.00	7417.00	7103.90
August 2011	39.80	32.75	7197.91	6165.06
September 2011	41.80	30.85	6711.06	6208.73
October 2011	34.50	30.10	6796.79	6135.65
November 2011	36.95	23.65	6787.42	5899.25
December 2011	27.00	22.25	6416.65	5683.02
January 2012	32.35	22.50	6562.69	5734.21
February 2012	34.50	26.60	7166.28	6522.13
March 2012	29.90	24.60	7001.32	6556.03

NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE):

(Rs.)

Month	ISMT Limited	
	High	Low
April 2011	61.45	50.35
May 2011	52.45	37.00
June 2011	42.90	38.55
July 2011	45.90	38.75
August 2011	39.70	32.15
September 2011	42.00	33.20
October 2011	34.60	29.90
November 2011	36.60	21.65
December 2011	28.00	22.15
January 2012	32.50	22.15
February 2012	34.40	27.25
March 2012	30.00	24.10

Source: BSE & NSE websites.

REGISTRAR AND SHARE TRANSFER AGENT

Shareholders may contact Registrar and Share Transfer Agent at the following addresses :

M/s Sharepro Services (India) Pvt. Ltd.
13, AB Samhita Warehousing Complex,
2nd Floor, Saki Naka Telephone Exchange Lane,
Off. Andheri Kurla Road, Saki Naka,
Andheri East, Mumbai - 400 072.
Tel.:- +91 - 22 - 67720300 / 400 Fax.- 022 – 28591568
e-mail:sharepro@shareproservices.com

M/s Sharepro Services (India) Pvt. Ltd.
3, Chintamani Apartments,
Lane No. 13, Off V. G. Kale Path,
824/D, Bhandarkar Road, Pune - 411004
Tel. +91-20-25662855
e-mail: sharepropune@vsnl.net

As regards to the shareholding in electronic form shareholders are requested to write to their respective Depository Participant and provide Bank Mandate details, N-ECS particulars, email ID etc. so as to facilitate expeditious payment of Corporate Action, if any.

SHARE TRANSFER SYSTEM

The Company's shares are traded compulsorily in Demat segment on the Stock Exchanges. Shares received for transfer in physical mode are processed and valid transfers are approved within prescribed time limit. Duly transferred share certificates are generally dispatched within 30 days from the date of receipt.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificate on half yearly basis have been filed with the Stock Exchanges for due compliance of share transfer formalities by the Company. In terms of guidelines issued by SEBI, the Reconciliation of Share Capital Audit Report for all the quarters have been filed with the Stock Exchanges, which inter-alia gives details about the reconciliation of Share Capital (both physical and demat).

DISTRIBUTION OF SHAREHOLDING OF THE COMPANY AS ON MARCH 31, 2012

Shareholding of Nominal Value of Rs.		No. of Share Holder(s)	% to Total	No. of Shares	% to Total
Upto	5,000	133525	96.96	21040389	14.36
5,001	10,000	2173	1.58	3131867	2.14
10,001	20,000	1036	0.75	2918516	1.99
20,001	30,000	418	0.30	2086664	1.42
30,001	40,000	125	0.09	880130	0.60
40,001	50,000	112	0.08	1047016	0.72
50,001	1,00,000	146	0.11	2068819	1.41
1,00,001	and above	184	0.13	113327982	77.36
Total		**137719**	**100.00**	**146501383**	**100.00**

DEMATERIALISATION OF SHARES AND LIQUIDITY

86.54% of total Equity Share Capital is held in demat form with NSDL and CDSL as on March 31, 2012.

OUTSTANDING GDRs/ADRs/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Company has no outstanding GDRs and the Company has not issued any ADRs / Warrants or any convertible instruments during the period under review.

CORPORATE FILING AND DISSEMINATION SYSTEM

The financial and other information filed by the Company from time to time is also available on the Corporate Filing and Dissemination System maintained by BSE and NSE and can be accessed on the URL - www.corpfiling.co.in.

The quarterly compliance report on corporate governance as prescribed under Clause 49 of the Listing Agreement and the shareholding pattern of the Company as prescribed under Clause 35 of the Listing Agreement executed with the Stock Exchanges are also filed through NSE Electronic Application Processing (NEAP) System.

PLANT LOCATIONS

The Company has manufacturing facilities at:

1. MIDC Industrial Area, Ahmednagar - 414111
2. MIDC Industrial Area, Baramati - 413133
3. Jejuri Morgaon Road, Jejuri - 412303
4. Structo Hydraulics AB, Storfors, Sweden
5. Village Kurla, Warora, Chandrapur - 422910

ADDRESS FOR CORRESPONDENCE
Lunkad Towers, Viman Nagar, Pune - 411 014

For and on behalf of the Board of Directors

Pune
May 28, 2012

S C Gupta
Chairman

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT, PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

As required by Clause 49(D)(ii) of the Listing Agreement, this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code is available on the Company's web site.

I confirm that the Company has in respect of financial year ended on March 31, 2012, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team comprises of employees in the Vice President and above Cadre as on March 31, 2012.

For ISMT Limited

Pune,
May 28, 2012

Salil Taneja
Chief Executive Officer

CEO/CFO CERTIFICATION TO THE BOARD
(Under Clause 49 (V) of Listing Agreement)

To
The Board of Directors
ISMT Limited

We, Salil Taneja, Chief Executive Officer and Rajiv Goel, Chief Financial Officer of ISMT Limited, to the best of our knowledge and belief, certify that:

(1) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2012 and that to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(2) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(3) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(4) We have indicated to the auditors and the Audit Committee that:

(i) there are no significant changes in internal control over financial reporting during the financial year ended March 31, 2012;

(ii) all significant changes in accounting policies during the financial year ended March 31, 2012 and that the same have been disclosed in the notes to the financial statements; and

(iii) there are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Pune, May 28, 2012

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members of
ISMT Limited

We have examined the compliance of conditions of Corporate Governance by ISMT Limited for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of information and explanation given to us and as per the records maintained in the company, we state that no investor grievances are pending for a period exceeding one month against the company.

We further state such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For M/s P. G. Bhagwat
Firm Registration No. 101118W
Chartered Accountants

Sandeep Rao
Partner
Membership No. 47235
Pune, May 28, 2012

For J. K. Shah & Co.
Firm Registration No.109606W
Chartered Accountants

Sanjay Dhruva
Partner
Membership No. 38480
Pune, May 28, 2012

Auditors' Report

To
THE MEMBERS OF ISMT LIMITED

1. We have audited the attached Balance Sheet of ISMT Limited as at March 31, 2012, the Statement of Profit and Loss and also Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the accounting standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of the information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Attention is invited to Note No. 3.2(ii) regarding recognizing insurance claim of Rs. 14.98 Crore
5. Further to our comment in the Annexure referred to in paragraph 3 above, we report that:
   a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
   c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
   e) On the basis of written representation received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
   f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts, read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India ;
      i) In the case of Balance Sheet, of the state of affairs of the company as at March 31, 2012;
      ii) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
      iii) In the case of Cash Flow statement, of the cash flow for the year ended on the that date.

For M/s P.G. BHAGWAT	For J.K. SHAH & CO.
Firm Registration No. 101118W	Firm Registration No. 109606W
Chartered Accountants	Chartered Accountants
Sandeep Rao	**Sanjay Dhruva**
Partner	Partner
Membership No. 47235	Membership No. 38480
Pune, May 28, 2012	Pune, May28, 2012

Annexure to the Auditor's Report

(as referred to in paragraph 3 of our report of even date)

1) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b) These fixed assets have been physically verified by the management at regular interval considering the size of the company and nature of asset. As informed to us, no material discrepancies have been noticed on such verification.
   c) No disposal of a substantial part of fixed assets of the company has taken place during the year.
2) a) As explained to us, the inventories including majority of the goods lying with third parties have been physically verified by the management at reasonable intervals during the year.
   b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
   c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and the book records were not material and have been properly dealt with in the books of account.
3) As per the records of the company, it has not granted any loans secured / unsecured to companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
4) As per the records of the company, it has not taken any loans secured / unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
5) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control systems.
6) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion there were no contracts or arrangements whose particular are needed to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.

7) The company has not accepted / nor there are any outstanding Fixed Deposit from the public.

8) The company has an internal audit department to carry out its internal audit function. In our opinion, the internal audit system is commensurate with the size of the company and nature of its business.

9) We have broadly reviewed the books of account maintained by the company, pursuant to the rules made by the Central Government for the maintenance of cost records, under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have generally been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

10) a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the information and explanation given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at March 31, 2012 for a period of more than six months from the day they become payable.

b) The disputed statutory dues that have not been deposited on account of disputes pending before the appropriate authorities are as mentioned in the Annexure I to this report.

11) The company has no accumulated losses as at March 31, 2012 and it has not incurred cash loss during the year or in the immediately preceding financial year.

12) According to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.

13) According to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.

14) In our opinion, the company is not a Chit Fund or a Nidhi or Mutual benefit Fund / Society.

15) The company is not dealing in or trading in Shares, Securities, Debenture, or other investments and hence, provision of clause 4 (xiv) of the Companies (Auditor Report) Order, 2003 is not applicable to the company.

16) According to the information and explanations given to us, the company has given guarantees for loans taken by others from banks. The terms and conditions whereof, in our opinion, based on the management representation, are not prima-facie prejudicial to the interest of the company.

17) According to the information and explanation given to us, the term loans taken by the company during the year have been utilised for the purpose for which the said loans were obtained.

18) According to the Cash Flow Statement and other records examined by us and on the basis of information and explanation given to us, on an overall basis, funds raised on Short Term basis have, prima facie, not been used during the year for Long Term Investment.

19) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

20) The company did not have any outstanding debentures during the year.

21) The company has not made any Public Issue during the year to raise money.

22) To the best our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the course of our audit that causes the financial statement to be materially misstated.

For M/s P.G. BHAGWAT
Firm Registration No. 101118W
Chartered Accountants

Sandeep Rao
Partner
Membership No. 47235
Pune, May 28, 2012

For J.K. SHAH & CO.
Firm Registration No. 109606W
Chartered Accountants

Sanjay Dhruva
Partner
Membership No. 38480
Pune, May 28, 2012

Annexure I

Particulars of dues of Sales Tax/Excise Duty/Income Tax not deposited on account of disputes:

Rs. in Crore

Name of Statue	Nature of Dues	Amount Disputed	Forum Where Dispute is Pending
Central Sales Tax Act, 1956	Sales Tax	0.09 6.53 0.01	Tribunal Dy. DCST (Appeals) High Court, Bombay
Maharashtra Sales Tax Act, 1959	Sales Tax Purchase Tax Turnover Tax Penalty & Interest	0.02 0.40 5.65 0.01 0.08	Tribunal High Court, Bombay Dy. DCST (Appeals) Tribunal High Court, Bombay
Central Excise Act, 1944	Excise Duty	27.58 0.16 0.53 5.44 0.18 1.13 1.00	CEGAT High Court, Bombay Commissioner (Appeals) Commissioner(Adjudication) Joint Commissioner Asst. Commissioner Add. Commissioner
Income Tax Act, 1961	Income Tax	0.20	ITAT Mumbai

Balance Sheet as at March 31, 2012

Rs. in Crore

Particulars	Note No.	As at March 31, 2012		As at March 31, 2011	
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share Capital	1.1	73.25		73.25	
Reserves & Surplus	1.2	514.10		545.45	
			587.35		618.70
NON-CURRENT LIABILITIES					
Long Term Borrowings	1.3	869.39		706.20	
Deferred Tax Liability (Net)	1.4	75.23		75.22	
Long Term Provisions	1.5	5.30		4.51	
			949.92		785.93
CURRENT LIABILITIES					
Short Term Borrowings	1.6	115.08		72.44	
Trade Payables	1.7	591.75		539.25	
Other Current Liabilities	1.8	588.47		562.73	
Short Term Provisions	1.9	16.66		24.76	
			1,311.96		1199.18
			2,849.23		2,603.81
ASSETS					
NON-CURRENT ASSETS					
Fixed Assets	1.10				
Tangible Assets		1,133.17		1087.95	
Intangible Assets		0.45		1.92	
Capital Work-in-Progress		292.97		221.42	
			1,426.59		1,311.29
Non-Current Investments	1.11	48.47		48.47	
Long Term Loans and Advances	1.12	14.55		34.73	
Other Non Current Assets	1.13	98.15		79.64	
			161.17		162.84
FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT			5.02		-
CURRENT ASSETS					
Current Investments	1.14	1.50		1.50	
Inventories	1.15	491.63		448.60	
Trade Receivables	1.16	411.75		438.78	
Cash and Bank Balances	1.17	89.98		67.79	
Short Term Loans and Advances	1.18	140.33		80.68	
Other Current Assets	1.19	121.26		92.33	
			1,256.45		1,129.68
			2,849.23		2,603.81
Significant Accounting Policies	2				
Notes to Accounts	3				

As per our report of even date

For **M/s P.G. Bhagwat**
Firm Registration No. 101118W
Chartered Accountants

For **J. K. Shah & Co.**
Firm Registration No. 109606W
Chartered Accountants

Sandeep Rao
Partner
M. No. 47235

Sanjay Dhruva
Partner
M.No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2012

Pune, May 28, 2012

Statement of Profit and Loss for the year ended March 31, 2012

Rs. in Crore

Particulars	Note No.	2011-12		2010-11	
INCOME					
REVENUE FROM OPERATIONS					
Sale of Products	**1.20**	**2,980.60**		2,552.79	
Less : Inter Segment Transfers (including Excise Duty)		**792.72**		670.02	
Inter Division Transfers (including Excise Duty)		**164.84**		150.39	
		2,023.04		1,732.38	
Less : Excise Duty		**143.62**		130.00	
Net Sales			**1,879.42**		1,602.38
Other Operating Revenue	**1.21**	**66.70**		46.38	
Less : Excise Duty		**1.69**		1.06	
			65.01		45.32
REVENUE FROM OPERATIONS (NET)			**1,944.43**		1,647.70
Other Income	**1.22**		**24.44**		14.17
TOTAL REVENUE			**1,968.87**		1,661.87
EXPENSES					
Cost of Materials Consumed	**1.23**		**1,000.07**		797.60
Changes in Inventories of Finished Goods & Work-in-Progress	**1.24**		**(39.26)**		(55.25)
Employee Benefits	**1.25**		**113.47**		94.69
Finance Cost	**1.26**		**120.79**		90.56
Depreciation, Amortisation and Obsolescence	**1.27**		**84.50**		85.54
Other Expenses	**1.28**		**629.12**		550.19
Foreign Exchange (Gain)/Loss			**31.52**		2.58
TOTAL EXPENSES			**1,940.21**		1,565.91
PROFIT BEFORE TAX			**28.66**		95.96
TAX EXPENSES					
Current Tax			**6.08**		18.52
Previous Year Tax (Refer Note No. 3.14 of Notes to Accounts)			**8.32**		-
MAT Credit - Current Year			**(6.08)**		(18.52)
MAT Credit - Previous Year			**(8.26)**		-
Deferred Tax - Current Year			**2.28**		33.53
Deferred Tax - Previous Year			**(2.27)**		-
Withdrawal from Restructuring Reserve (Refer Note No. 3.6 of Notes to Accounts)			**-**		(12.93)
PROFIT FOR THE YEAR			**28.59**		75.36
Earning per Equity Share (Face Value of Rs. 5/- each) (Refer Note No. 3.19 of Notes to Accounts)			**1.95**		5.14
Significant Accounting Policies	**2**				
Notes to Accounts	**3**				

As per our report of even date

For **M/s P.G. Bhagwat**
Firm Registration No. 101118W
Chartered Accountants

For **J. K. Shah & Co.**
Firm Registration No. 109606W
Chartered Accountants

Sandeep Rao
Partner
M. No. 47235

Sanjay Dhruva
Partner
M.No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2012

Pune, May 28, 2012

Cash Flow Statement for the Year Ended March 31, 2012

Rs. in Crore

	Particulars	2011- 12		2010 - 11	
i)	**Cash Flow from Operating Activities :**				
	Net Profit before Tax		**28.66**		95.97
	Adjustments for :				
	Depreciation, Amortisation and Obsolescence	**84.50**		85.54	
	Finance Cost	**120.79**		90.56	
	Interest Income	**(13.47)**		(5.34)	
	Exchange Fluctuation (Gain) / Loss	**2.06**		(4.87)	
	Expenses Charged to Reserves	**(9.36)**		(1.81)	
	Income on Assignment of Liability	**(9.97)**		(8.04)	
	Loss/(Profit) on Sale of Fixed Assets (Net)	**(0.02)**		0.01	
	Provision for Doubtful Debts	**0.70**		0.86	
	Provision for Wealth Tax	**0.05**		0.05	
			175.28		156.96
	Operating Cash Profit before Working Capital Changes		**203.94**		252.93
	Adjustments for :				
	Trade and Other Receivables	**(57.66)**		(138.41)	
	Inventories (Increase) / Decrease	**(43.03)**		(97.37)	
	Trade Payables and Other Liabilities	**98.67**		256.87	
			(2.02)		21.09
	Taxes Paid		**(12.68)**		(27.44)
	Net Cash Flow from Operating Activities		**189.24**		246.58
ii)	**Cash Flow from Investing Activities :**				
	Purchase of Fixed Assets	**(115.60)**		(191.01)	
	Sale of Fixed Assets	**0.42**		0.50	
	Investment in Subsidiary Companies	**-**		(14.23)	
	Interest Received	**9.36**		6.12	
	Net Cash used in Investing Activities		**(105.82)**		(198.62)
iii)	**Cash Flow from Financing Activities :**				
	Dividend Payments (including Tax thereon)	**(20.56)**		(16.50)	
	Proceeds from /(Repayment of) Borrowings	**70.99**		60.57	
	Interest Paid	**(118.35)**		(89.96)	
	Net Cash from Financing Activities		**(67.92)**		(45.89)
	Net Increase / (Decrease) in Cash and Cash Equivalents		**15.50**		2.07
	Cash and Cash Equivalents at the beginning of the year (Refer Note No.1.17)		**21.85**		19.78
	Cash and Cash Equivalents at the end of the year (Refer Note No.1.17)		**37.35**		21.85
	Net Increase / (Decrease) in Cash & Cash Equivalents		**15.50**		2.07

As per our report of even date

For **M/s P.G. Bhagwat**
Firm Registration No. 101118W
Chartered Accountants

For **J. K. Shah & Co.**
Firm Registration No. 109606W
Chartered Accountants

Sandeep Rao
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M. No. 47235

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M.No. 38480

Salil Taneja
Chief Executive Officer

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Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2012

Pune, May 28, 2012

Notes to Financial Statement for the year ended March 31, 2012

NOTE NO. 1.1 SHARE CAPITAL

Rs. in Crore

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised		
i) 17,50,00,000 (Previous Year 17,50,00,000) Equity Shares of Rs.5/- each	**87.50**	87.50
ii) Unclassified Shares	**71.00**	71.00
	158.50	158.50
Issued, Subscribed and Paid up:		
i) 14,65,01,383 (Previous Year 14,65,01,383) Equity Shares of Rs 5/- each fully paid	**73.25**	73.25

The Company has only one class of issued shares having par value of Rs. 5 /- each. Holder of Equity Shares is entitled to one vote per share.
Proposed Dividend per Equity Share Rs. 0.75 (Previous Year Rs. 1.25)
The reconciliation of number of shares outstanding and the amount of share capital is set-out below.

Particulars	As at March 31, 2012		As at March 31, 2011	
	Equity Shares Number	**Rs. in Crore**	Equity Shares Number	Rs. in Crore
Shares outstanding at the beginning of the year	**14,65,01,383**	**73.25**	14,65,01,383	73.25
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**14,65,01,383**	**73.25**	14,65,01,383	73.25

The details of shareholders holding more than 5% shares.

Name of Shareholders	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
Indian Seamless Enterprises Ltd.	**5,55,33,788**	**37.90%**	5,52,09,769	37.69%
Vishkul Leather Garments Pvt. Ltd.	**1,41,02,179**	**9.63%**	1,44,44,040	9.86%
HDFC Trustee Co. Ltd. - HDFC- Equity Fund	**91,80,031**	**6.27%**	89,80,666	6.13%

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.2 RESERVES AND SURPLUS

Rs. in Crore

Particulars	As at March 31, 2012		As at March 31, 2011	
i) Capital Reserve		6.94		6.94
ii) Capital Redemption Reserve		80.60		80.60
iii) Securities Premium Account				
Opening Balance	9.36		9.36	
Less : Redemption premium on FCCB Bonds	9.36		-	
		-		9.36
iv) Amalgamation Reserve				
Opening Balance	40.40		40.40	
Less : Withdrawal of Depreciation	6.72		-	
(Refer Note No. 3.15 of Notes to Accounts)		33.68		40.40
v) Reserve for Contingencies				
Opening Balance	1.91		3.72	
Less : Debits related to Pre-Merger period	-		1.81	
		1.91		1.91
vi) Restructuring Reserve				
Opening Balance	-		12.93	
Less : Transferred to Statement of Profit and Loss	-		12.93	
(Refer Note No. 3.6 of Notes to Accounts)		-		-
vii) General Reserve				
Opening Balance	347.33		297.33	
Add : Transferred from Surplus	50.00		50.00	
		397.33		347.33
viii) Hedge Reserve Account		(31.09)		-
(Refer Note No. 3.11(ii) of Notes to Accounts)				
ix) Surplus				
Opening Balance	58.91		54.83	
Add : Profit for the year	28.59		75.36	
	87.50		130.19	
Less : Appropriations				
Proposed Dividend	10.99		18.31	
Tax on Proposed Dividend	1.78		2.97	
Transfer to General Reserve	50.00		50.00	
Closing Balance		24.73		58.91
		514.10		545.45

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.3 LONG TERM BORROWINGS

Rs. in Crore

Particulars	As at March 31, 2012		As at March 31, 2011	
SECURED LOANS :				
i) Term Loans from Banks				
a) Rupee Loans	**131.86**		252.53	
b) Foreign Currency Loans	**648.44**		368.53	
		780.30		621.06
ii) Long Term maturities of finance lease obligations		**0.05**		0.06
UNSECURED LOANS :				
i) Term Loans from Banks		**30.00**		-
ii) Interest Free Incentive and Sales Tax Loan		**59.04**		85.08
		869.39		706.20

Security

i) Term Loans of Rs. 142.19 Crore (including current maturities of Rs. 36.78 Crore) (Previous year Rs. 111.67 Crore including current maturities of Rs.61.78 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loan lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of captive power project of the Company located at Chandrapur district as mentioned in clause (v). These loans are further stipulated to be secured by a second charge ranking pari passu by way of hypothecation with other term lenders on the current assets of the Company on which the first pari passu charge is stipulated to be covered in favor of consortium banks as mentioned in Note No. 1.6.

ii) Term Loans of Rs. 393.45 Crore (including current maturities of Rs. 92.12 Crore) (Previous year Rs. 343.73 Crore including current maturities of Rs. 85.03 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loans lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of captive power project of the Company located at Chandrapur district as mentioned in clause (v).

iii) Term Loans of Rs. 213.89 Crore (including current maturities of Rs. 22.07 Crore) (Previous year Rs. 195.41 Crore including current maturities of Rs.18.15 Crore) are stipulated to be secured by exclusive charge on the equipment finance. Out of above, term loan of Rs.89.30 Crore is further stipulated to be secured with the land appurtenant thereto.

iv) Term Loans of Rs. 25.18 Crore (including current maturities of Rs. 14.39 Crore) (Previous year Rs. 40.73 Crore including current maturities of Rs. 15.00 Crore) are stipulated to be secured by first charge on the entire fixed assets ranking pari passu with other term lenders excluding term loans lenders where exclusive charge on movable fixed assets as mentioned in clause (i) and (iv) has been stipulated.

v) Term Loans of Rs. 144.79 Crore (including current maturities of Rs. 12.46 Crore) (Previous year Rs. 69.99 Crore) are stipulated to be secured by first charge ranking pari passu on the Company's immovable properties and movable fixed assets relating to captive power projects of the Company located in Chandrapur district.

vi) Term Loan of Rs. 38.62 Crore (including current maturities of Rs. Nil) (Previous Year Rs. 39.49 Crore) is secured by first charge ranking pari passu by hypothecation in respect of current assets of the Company present and future and are further secured by a second pari passu charge on the Company's immovable properties and all movable fixed assets both present and future as referred in Note No. (i) above.

vii) Finance Lease Obligation is secured by Hypothecation of Assets taken under Finance Lease.

viii) Maturity Schedule

Rs. in Crore

Particulars	1-2 year	2-3 year	3-4year	Beyond 4 years
a) Terms Loan-from Banks (Secured Loan)	189.96	204.33	124.42	261.59
b) Terms Loan-from Banks (Unsecured Loan)	20.00	10.00	-	-
c) Sales Tax Loan	0.34	2.62	10.18	45.90

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.4 DEFERRED TAX LIABILITY (Net)

Rs. in Crore

Particulars	As at March 31, 2012	As at March 31, 2011
i) Deferred Tax Liabilities		
a) Depreciation	**109.47**	127.47
b) Expenditure Deferred	**0.14**	0.35
	109.61	127.82
ii) Deferred Tax Assets		
a) Unabsorbed Tax Depreciation	**31.91**	49.57
b) Deduction eligible in future period in respect of expenses already debited to Statement of Profit and Loss	**2.47**	3.03
	34.38	52.60
Deferred Tax Liability (Net)	**75.23**	75.22

NOTE NO. 1.5 LONG TERM PROVISIONS

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for Employee Benefits		
Leave Encashment	**5.30**	4.51
	5.30	4.51

NOTE NO. 1.6 SHORT TERM BORROWINGS

Particulars	As at March 31, 2012	As at March 31, 2011
SECURED		
Loans Repayable on Demand		
Working Capital Borrowings From Banks		
i) Rupee Loans	**38.20**	54.99
ii) Foreign Currency Loans	**76.88**	17.45
	115.08	72.44

Security

Above working capital borrowings from consortium banks are secured by first charge ranking pari passu by hypothecation in respect of current assets of the Company present and future and are further secured by a second pari passu charge on the Company's immovable properties and all movable fixed assets both present and future as referred in Note No. 1.3 (i)

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.7 TRADE PAYABLES

Rs. in Crore

Particulars	As at March 31, 2012	As at March 31, 2011
Acceptances	**448.78**	399.21
Other Trade Payables		
i) Micro, Small and Medium Enterprises (Refer Note No. 3.9 of Notes to Accounts)	**0.26**	0.26
ii) Others	**142.71**	139.78
	591.75	539.25

NOTE NO. 1.8 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012		As at March 31, 2011	
CURRENT MATURITIES OF LONG TERM DEBT				
Secured				
i) Rupee Loans	**28.26**		73.46	
ii) Foreign Currency Loans	**149.57**		106.50	
		177.83		179.96
Current Maturities of Finance Lease Obligations (Refer Note No. 1.3 (vii))		**0.01**		0.01
Unsecured				
i) Foreign Currency Convertible Bonds (FCCB)*	**-**		89.30	
ii) Interest Free Sales Tax Loan	**0.34**		-	
iii) Term Loan From Bank	**20.00**		-	
		20.34		89.30
Interest accrued but not due on borrowings		**2.98**		1.26
Interest accrued and due on borrowings		**2.32**		1.62
Unclaimed dividends #		**2.80**		2.07
Unclaimed matured debentures and interest accrued thereon #		**-**		0.25
Other Payables				
i) Acceptances - Capital		**27.20**		73.19
ii) Other Payables - Capital		**54.45**		28.90
iii) Advances From Customers		**23.05**		3.76
iv) Provision for Expenses		**14.53**		14.88
v) Other Liabilities		**262.96**		167.53
		588.47		562.73

* The Company had issued zero percent Foreign Currency Convertible Bonds (FCCB) aggregating to US $ 20 Million to finance inter-alia capital expenditure, repayment of foreign currency loan and acquisitions.

Out of the proceeds of the FCCB, the Company has utilised Rs. 85.66 Crore towards the object of the issue and the balance Rs. 0.07 Crore are lying in the Fixed Deposit Account with Bank.

\# The amounts of unclaimed matured debentures including interest accrued and unclaimed dividends will be transferred to Investor Education and Protection Fund when due.

Other Liabilities include Buyer's Credit of Rs. 252.42 Crore (Previous Year Rs. 155.56 Crore).

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.9 SHORT TERM PROVISIONS

Rs. in Crore

Particulars	**As at March 31, 2012**	As at March 31, 2011
Provision for Employee Benefits		
i) Gratuity	**2.74**	2.56
ii) Leave Encashment	**0.26**	0.18
iii) Superannuation	**0.89**	0.74
Others		
i) Proposed Dividend	**10.99**	18.31
ii) Tax on Proposed Dividend	**1.78**	2.97
	16.66	24.76

NOTE NO. 1.10 FIXED ASSETS

Particulars	Original Cost				Depreciation & Amortisation				Net Block Value	
	As at April 01, 2011	Additions	Disposals	**As at March 31, 2012**	As at April 01, 2011	Charge for the Year	On Disposals	**As at March 31, 2012**	**As at March 31, 2012**	As at March 31, 2011
Tangible Assets										
Land-Freehold	2.08	-	-	**2.08**	-	-	-	**-**	**2.08**	2.08
Land-Leasehold	7.03	-	-	**7.03**	0.57	0.08	-	**0.65**	**6.38**	6.46
Buildings	111.04	6.48	-	**117.52**	20.74	3.69	-	**24.43**	**93.09**	90.30
Plant & Machinery	1,374.79	127.94	6.85	**1,495.88**	394.67	79.46	2.43	**471.70**	**1,024.18**	980.12
Furniture & Fixtures	3.84	-	-	**3.84**	1.99	0.33	-	**2.32**	**1.52**	1.85
Office Equipments	11.64	0.32	0.01	**11.95**	8.31	0.78	-	**9.09**	**2.86**	3.33
Vehicles	2.35	-	0.37	**1.98**	1.78	0.13	0.28	**1.63**	**0.35**	0.57
Assets Under Lease										
Plant & Machinery	6.96	-	-	**6.96**	3.72	0.53	-	**4.25**	**2.71**	3.24
Total A	1,519.73	134.74	7.23	**1,647.24**	431.78	85.00	2.71	**514.07**	**1,133.17**	1,087.95
Intangible Assets										
Technical Know-how	4.13	-	-	**4.13**	3.39	0.74	-	**4.13**	**-**	0.74
Software Development	3.79	-	-	**3.79**	2.61	0.73	-	**3.34**	**0.45**	1.18
Total B	7.92	-	-	**7.92**	6.00	1.47	-	**7.47**	**0.45**	1.92
Total A+B	1,527.65	134.74	7.23	**1,655.16**	437.78	86.47	2.71	**521.54**	**1,133.62**	1,089.87
Previous Year	1,059.67	476.51	8.53	**1,527.65**	361.01	79.97	3.20	**437.78**	**1,089.87**	698.66

Additions to Plant and Machinery includes Exchange Difference of Rs. 46.00 Crore (Previous Year Rs.18.33 Crore) and Interest of Rs. 5.53 Crore (Previous Year Rs. 5.59 Crore).

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.11 NON CURRENT INVESTMENTS

Rs. in Crore

Particulars	As at March 31, 2012	As at March 31, 2011
Long Term Investments – At Cost		
Trade (unquoted)		
Investment in Equity Instruments of Subsidiaries		
i) ISMT Enterprises S.A.,Luxembourg	**48.43**	48.43
8,06,757 (Previous Year 8,06,757) Equity Shares of Euro 10 each fully paid		
ii) Tridem Port and Power Company Pvt. Ltd.	**0.04**	0.04
41,000 (Previous Year 41,000) Equity Shares of Rs.10 each fully paid		
	48.47	48.47
Aggregate amount of unquoted investments	**48.47**	48.47

NOTE NO. 1.12 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2012	As at March 31, 2011
i) Capital Advances	**7.16**	20.80
ii) Security Deposits	**4.77**	10.68
iii) Employee Welfare Fund	**2.62**	3.25
	14.55	34.73

Employee Welfare Fund represents interest free advance given by the Company in earlier years for the benefit of designated employees pursuant to the provision (b) to Section 77 (2) of the Companies Act, 1956.

NOTE NO. 1.13 OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2012		As at March 31, 2011	
i) MAT Credit Receivable		**92.43**		78.09
ii) Statutory Refunds From Government Authorities		**5.58**		1.12
iii) Trade Receivables				
Outstanding for a period exceeding six months				
Considered Doubtful	**1.57**		0.86	
Less: Provision for Doubtful Debts	**1.57**		0.86	
		-		-
iv) Expenses to the extent not written off or adjusted				
a) Preliminary Expenses		**0.05**		0.07
b) Loan Processing Fee		**0.09**		0.36
		98.15		79.64

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.14 CURRENT INVESTMENTS

Rs. in Crore

Particulars	As at March 31, 2012	As at March 31, 2011
Long Term Investments – At Cost		
Trade (unquoted)		
Investment in Preference Shares of Subsidiary		
Tridem Port and Power Company Pvt. Ltd. 1,50,000 (Previous year 1,50,000) 6 % Redeemable Non Cumulative Preference Share of Rs. 100 each fully paid. (Date of Redemption May 3, 2012)	**1.50**	1.50
	1.50	1.50
Aggregate amount of unquoted investments	**1.50**	1.50

NOTE NO. 1.15 INVENTORIES (As taken, valued and certified by the management)
(Valued at cost or net realisable value whichever is lower)

Particulars	As at March 31, 2012	As at March 31, 2011
i) Raw Materials	**120.99**	134.07
ii) Work-in-progress	**147.99**	129.66
iii) Finished goods	**94.57**	73.63
iv) Stores, Spares and Consumables	**128.08**	111.24
	491.63	448.60

NOTE NO. 1.16 TRADE RECEIVABLES
(Net of bills discounted with Banks)

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured		
i) Outstanding for a period exceeding six months Considered Good	**47.24**	25.92
ii) Others Considered Good	**364.51**	412.86
	411.75	438.78

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.17 CASH AND BANK BALANCES

Rs. in Crore

Particulars	As at March 31, 2012	As at March 31, 2011
Cash and Cash Equivalents		
i) Balances with Banks	**37.30**	18.22
ii) Money -in-Transit	-	3.55
iii) Cash on Hand	**0.05**	0.08
	37.35	21.85
Other Bank Balances		
Deposits with Banks	**52.63**	45.94
	89.98	67.79
Balances with Banks include :		
i) Unclaimed Dividend	**2.80**	2.07
ii) Unclaimed Interest on Debentures	**0.24**	0.24
Deposits with Banks include :		
i) Margin Money Deposits against Guarantees / Letter of Credit / with less than 12 months maturity	**37.12**	31.34
ii) Margin Money Deposits against Guarantees / Letter of Credit / with more than 12 months maturity	**3.80**	2.59

NOTE NO. 1.18 SHORT TERM LOANS AND ADVANCES
(UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2012	As at March 31, 2011
Loans and Advances to Related Parties		
i) Subsidiary Company	**74.22**	45.77
ii) Associate Company (Refer Note No. 3.12 of Notes to Accounts)	**13.40**	11.25
Others		
i) Security Deposits	**6.93**	6.84
ii) Advances recoverable in Cash or in Kind #	**45.78**	16.82
	140.33	80.68

Loans and Advances include loans to officers of the Company Rs.14,725/- (Previous Year Rs.19,825/-)

NOTE NO. 1.19 OTHER CURRENT ASSETS

Particulars	As at March 31, 2012	As at March 31, 2011
Balances with Government Authorities		
i) Balance with Custom, Excise & Sales Tax	**41.06**	42.80
ii) Export Incentives and Other Statutory Refunds	**40.38**	28.13
iii) Taxes paid (net of provisions)	**2.19**	3.96
Others	**37.34**	16.80
Expenses to the extent not written off or adjusted		
i) Preliminary Expenses	**0.02**	0.02
ii) Loan Processing Fee	**0.27**	0.62
	121.26	92.33

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.20 REVENUE FROM OPERATIONS (GROSS)

SALE OF PRODUCTS

Rs. in Crore

Particulars	2011-12	2010-11
i) Tube	**1,549.80**	1,295.68
ii) Steel	**1,430.80**	1,257.11
Gross Sales	**2,980.60**	2,552.79

NOTE NO. 1.21 OTHER OPERATING REVENUE (GROSS)

Particulars	2011-12	2011-12	2010-11	2010-11
Other Operating Revenues				
i) Sale of Scrap (Gross)	**80.63**		51.47	
Less : Inter Segment Transfers (including Excise Duty)	**60.47**		39.08	
		20.16		12.39
ii) Export Incentives		**18.33**		15.28
iii) Electricity Refund		**15.29**		9.60
(Refer Note No. 3.2(iii) of Notes to Accounts)				
iv) Mega Project Incentives		**12.92**		9.11
		66.70		46.38

NOTE NO. 1.22 OTHER INCOME

Particulars	2011-12	2010-11
i) Interest Income	**13.47**	5.34
ii) Miscellaneous Income	**10.97**	8.83
(Refer Note No. 3.18 of Notes to Accounts)	**24.44**	14.17

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.23 COST OF RAW MATERIAL CONSUMED

Rs. in Crore

Particulars	2011-12	2010-11
Opening Stock	**134.07**	81.88
Add : Purchases made during the year	**986.99**	849.79
	1,121.06	931.67
Less : Closing Stock	**120.99**	134.07
	1,000.07	797.60

DETAILS OF RAW MATERIAL CONSUMED

Particulars	2011-12	2010-11
Tube Segment		
Steel Bars	**896.11**	729.07
Less : Inter Segment Transfers included in above	**729.95**	615.41
Net Consumption	**166.16**	113.66
Steel Segment		
i) Pig Iron, DRI and Steel Scrap	**783.87**	619.62
ii) Ferro Alloys	**104.80**	99.75
	888.67	719.37
Less : Inter Segment Transfer	**54.76**	35.43
Net Consumption	**833.91**	683.94
Total Raw Material Consumed	**1,000.07**	797.60

NOTE NO. 1.24 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	2011-12	2010-11
Closing Stock		
i) Finished goods	**94.57**	73.63
ii) Work-in-Progress	**147.99**	129.67
	242.56	203.30
Opening Stock		
i) Finished goods	**73.63**	58.37
ii) Work-in-Progress	**129.67**	89.68
	203.30	148.05
(Increase)/Decrease in Inventories		
i) Finished goods	**(20.94)**	(15.26)
ii) Work-in-Progress	**(18.32)**	(39.99)
	(39.26)	(55.25)

PRODUCT WISE DETAILS OF CLOSING WORK-IN-PROGRESS

Particulars	2011-12	2010-11
i) Tube	**116.85**	103.22
ii) Steel	**31.14**	26.45
	147.99	129.67

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.25 EMPLOYEE BENEFITS EXPENSES

Rs. in Crore

Particulars	2011-12	2010-11
i) Salaries, Wages, Bonus and Allowances	**93.84**	77.97
ii) Contributions to Provident Fund and Other Funds	**11.52**	9.95
iii) Staff Welfare Expenses	**8.11**	6.77
	113.47	94.69

NOTE NO. 1.26 FINANCE COST

Particulars	2011-12		2010-11	
i) Interest Expenses				
a) Term Loans	**53.59**		50.59	
b) Working Capital and Others	**43.80**		24.90	
		97.39		75.49
ii) Cash Discount		**0.24**		0.51
iii) Other Finance Costs		**23.16**		14.56
		120.79		90.56

NOTE NO. 1.27 DEPRECIATION, AMORTISATION AND OBSOLESCENCE

Particulars	2011-12	2010-11
i) Depreciation for the year	**86.47**	79.97
Less: Withdrawal from Amalgamation Reserve	**6.72**	-
(Refer Note No. 3.15 of Notes to Accounts)	**79.75**	79.97
ii) Amortisation of Miscellaneous Expenditure	**0.64**	0.74
iii) Loss on Obsolescence of Asset	**4.11**	4.83
	84.50	85.54

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.28 OTHER EXPENSES

Rs. in Crore

Particulars	2011-12		2010-11	
i) Materials				
a) Stores and Spares	**71.00**		59.90	
b) Consumables	**79.71**		76.31	
		150.71		136.21
ii) Energy				
a) Power Charges	**202.72**		176.14	
b) Fuel	**108.23**		86.64	
c) Gases	**32.67**		27.80	
		343.62		290.58
iii) Direct Manufacturing				
a) Processing Charges	**12.14**		16.11	
b) Other Direct Expenses	**32.48**		32.76	
c) Repairs Maintenance to Plant and Machinery	**6.99**		7.76	
d) Repairs to Factory Building	**0.67**		0.76	
e) Machine Rentals	**0.30**		0.30	
		52.58		57.69
iv) Selling & Distribution				
a) Freight Charges	**48.14**		40.96	
b) Commission on Sales	**8.10**		5.25	
c) Selling and Other Expenses	**3.24**		2.25	
		59.48		48.46
v) Excise Duty on Stock of Finished Goods		**2.41**		1.31
vi) Administrative Expenses				
a) Rent	**1.31**		1.17	
b) Rates and Taxes	**0.28**		0.30	
c) Travelling	**6.66**		4.34	
d) Communication	**1.58**		1.56	
e) Repair and Maintenance - Others	**0.98**		0.83	
f) Insurance	**0.96**		0.41	
g) Equipment Lease Rentals	**0.64**		0.44	
h) Loss on Sale of Assets	**0.01**		0.01	
i) Miscellaneous Expenses	**7.90**		6.88	
(Refer Note No. 3.20 of Notes to Accounts)		**20.32**		15.94
		629.12		550.19

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 2 : SIGNIFICANT ACCOUNTING POLICIES

2.1 General

i) These accounts are prepared under the historical cost convention on accrual basis and comply with Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

2.2 Revenue Recognition

i) Sales

a) Sales are recognized when the significant risks and rewards of ownership of goods have been passed to the buyer. Sales are net of sales tax and sales returns.

b) Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale.

ii) Export Incentives

Export Incentives are recognized when right to receive credit as per prevalent scheme is established in respect of the exports made and when there is no significant uncertainty regarding realization of such claim.

2.3 Fixed Assets

i) Fixed Assets are stated at their original cost of acquisition including taxes, duties, freight, other incidental expenses related to acquisition and installation of the concerned assets and excludes refundable taxes and duties.

ii) All incidental expenses incurred during project implementation, for the project as well as trial run expenses are treated as expenditure during construction and are capitalized.

2.4 Depreciation

i) Leasehold land – Cost of leasehold land is amortised over lease period.

ii) Depreciation on Building and Plant & Machinery is provided on straight line method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

iii) Deprecation on Furniture & Fixtures, Office Equipment and vehicle is provided on written down value method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

2.5 Intangibles

Intangible Assets are stated at costs less accumulated amortisation.

The cost relating to intangible assets are capitalised and amortised over the period of 5 years which is based on their estimated useful life.

2.6 Leased Assets

i) **Finance Lease**

Lease rentals in respect of finance lease are segregated into cost of the Assets and Finance Components by applying an implicit internal rate of return. The cost component is amortized over the useful life of the Asset and the Finance Component is recognized in the Statement of Profit and Loss.

ii) **Operating Lease**

Lease rentals in respect of operating lease are charged to Statement of Profit and Loss as per the terms of the lease agreement.

2.7 Inventories

i) **Classification:** Scrap generated from Tube Segment is classified as raw material as the same is mostly used by Steel Segment.

ii) **Valuation**

a) Raw Materials are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.

b) Semi finished and finished goods are valued at lower of cost or net realisable value. The cost includes raw material, labour cost, manufacturing expenses, production overheads and depreciation.

c) Stores and Spares are valued at cost determined on weighted average basis except for those which have a longer usable life, which are valued on the basis of their remaining useful life.

iii) Inventories include goods in transit under the appropriate heads.

2.8 Employee Benefits

i) Defined Contribution Plan

The Company makes defined contribution to Provident

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

Fund and Superannuation Schemes, which are recognized in the Statement of Profit and Loss on accrual basis.

ii) **Defined Benefit Plan**

The Company's liabilities under Payment of Gratuity Act (funded), long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short term compensated absences, which are provided on actual basis. Actuarial gain and losses are recognized immediately in the Statement of Profit and Loss as income or expense. Obligations is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

2.9 Research & Development

Research and Development costs (other than costs of fixed assets acquired) are charged to Statement of Profit and Loss in the year in which they are incurred.

2.10 Long Term Investments

Long Term Investments are valued at cost of acquisition. Provision for diminution in value of Long Term Investments is made only if such a decline is other than temporary in the opinion of the Management.

2.11 Foreign Currency Transactions

i) All transactions in foreign currency are recorded by applying the exchange rate prevailing at the time of the transaction.

ii) The Company designates borrowing in foreign currency other than those utilized for capital expenditure and identified Long Term Loans as hedge instrument to hedge its foreign currency risk of its firm commitment and highly probable or forecasted revenue transaction to be accounted as cash flow hedge. The unrealized exchange gains or losses on transactions related to foreign currency borrowing which qualify as effective hedge are recognized in the Hedging Reserve Account.

iii) Monetary foreign currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the Balance Sheet date. Pursuant to the notification of the Companies (Accounting Standards) (Second Amendments) Rules, 2011 on December 29, 2011, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, the exchange differences relating to long term monetary items are dealt with in the following manner:

a) Exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of capital asset are add to / deducted from the cost of the asset.

b) Exchange differences relating to long term monetary items, arising during the year, in so far as they relate to identified Long Term Loans, are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized to the Statement of Profit and Loss over balance life of the long term monetary item, however the period of amortization does not extend beyond March 31, 2020.

iv) All other exchange differences are dealt with in the Statement of Profit and Loss.

v) In respect of forward exchange contracts, the difference between the forward rate and the spot rate is recognized income or expense over the contract period. Gains or losses on cancellation or renewal of forward exchange contracts are recognized as income or expenses.

vi) Non-monetary items such as investments are carried at the historical cost using the exchange rate on the date of the transaction.

2.12 Miscellaneous Expenditure

i) Preliminary expenses in the nature of public issue expenses and expenses in respect of increase in authorized capital are amortized over a period of ten years.

ii) Loan Processing Fees are amortised over the Loan period.

2.13 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

2.14 Income Tax

i) Tax expenses comprise of current and deferred tax.

ii) Provision for current income tax is made on the basis of relevant provisions of the Income Tax Act, 1961 as applicable to the financial year.

iii) Deferred Tax on timing differences is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets are recognised only to the extent that there is virtual certainty with convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

iv) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

during the specified period.

2.15 Government Incentives

Mega Project Incentives are recognized in the Statement of Profit and Loss in accordance with the provisions of the Package Scheme of Incentives 2007 and the eligibility certificate issued by the Government of Maharashtra.

2.16 Impairment of Assets

Where there is an indication that an asset is impaired, the recoverable amount if any, is estimated and the impairment loss is recognized to the extent carrying amount exceeds recoverable amount.

2.17 Contingent Liabilities

Contingent Liabilities are not provided and are disclosed in Notes to Accounts. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

NOTE NO. 3 : NOTES TO ACCOUNTS

3.1 CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)

Rs. in Crore

Particulars	As on March 31, 2012	As on March 31, 2011
i) Contingent Liabilities		
a) Claims against the Company not acknowledged as debt		
Sales Tax	**12.17**	12.17
Income Tax disputed by the Company	**0.20**	0.30
Excise Duty	**38.50**	31.29
Others	**8.94**	7.53
b) Corporate Guarantees	**49.36**	28.47
c) Bills discounted on behalf of third party	**37.06**	43.64
ii) Commitments		
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**23.12**	47.34

3.2 i) Considering the uncertainty related to realisation, the following items are not considered to accrue till they are settled / sanctioned / received as the case may be: a) Insurance claims except specific claims stated separately b) Interest on receivables c) Electricity Refund. (Additional Supply Charges)

ii) The insurance claim lodged during the year amounting to Rs. 14.98 Crore has been accounted on accrual basis as the Company expects that the said claim would be settled by the Insurance Company and there would be no material difference in the settlement of the claim.

iii) Considering the certainty of refund against Regulatory Liability Charges to be received from Maharashtra State Electricity Distribution Company Limited (MSEDCL), the Company has recognized the outstanding amount of refund of Rs. 9.88 Crore.

3.3 As per Accounting Standard 17, the Company has two segment viz. "Seamless Tube and Steel".

i) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.

ii) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under "Un-allocable Assets / Liabilities ".

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

Segment Information

Rs. in Crore

Particulars	As on March 31, 2012				As on March 31, 2011			
	Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
i) **Segment Revenue**								
Total External Sales (Gross)	1,384.96	638.08		2,023.04		1,145.29	587.09	1,732.38
Add : Inter Segment Transfers (Gross)	-	792.72		792.72		-	670.02	670.02
Inter Division Transfers (Gross)	164.84	-		164.84		150.39	-	150.39
	1,549.80	1,430.80		2,980.60		1,295.68	1,257.11	2,552.79
Less : Excise Duty	98.78	122.34		221.12		88.48	109.43	197.91
	1,451.02	1,308.46		2,759.48		1,207.20	1,147.68	2,354.88
Less : Inter Segment Transfers(net)	-	730.80		730.80		-	616.15	616.15
Inter Division Transfers (net)	149.26	-		149.26		136.35	-	136.35
Net Sales	1,301.76	577.66		1,879.42		1,070.85	531.53	1,602.38
ii) **Segment result before Interest, Exceptional items & Taxes**	106.56	54.72	24.44	185.72	106.90	81.64	6.13	194.67
Less : Finance Cost				120.79				90.56
Amortisation / Obsolescence				4.75				5.57
Foreign Exchange (Gain)/Loss				31.52				2.58
Profit before Tax				28.66				95.96
Less : Tax (including Deferred tax)				0.07				20.60
Profit after Tax				28.59				75.36
iii) **Other Information**								
Total Segment Assets	1,646.86	566.25	582.63	2,795.74	1,515.56	603.72	436.05	2,555.33
Total Segment Liabilities	322.05	405.77	474.36	1,202.18	308.47	367.49	455.28	1,131.24
Total cost incurred for acquiring Segment assets	128.62	4.42	66.02	199.06	59.33	2.96	138.49	200.78
Segment Depreciation	53.30	26.45	-	79.75	53.53	26.44	-	79.97
Total Unallocable assets								
Investments				48.47				48.47
FCMITDA				5.02				-
				53.49				48.47
Total Unallocable Liabilities								
Long Term Borrowings				869.39				706.20
Short Term Borrowings				115.08				72.44
Deferred Tax Liability (Net)				75.23				75.22
				1,059.70				853.86

3.4 Expenditure incurred during Trial Run and Construction period, which have been Capitalized during the year.

Rs. in Crore

Particulars	2011-12	2010-11
i) Expenditure incurred during trial run net of sales realization :		
a) Raw Material Consumed	**0.38**	0.62
b) Power Charges	**0.08**	0.08
c) Other Direct Expenses	**0.29**	0.28
	0.75	0.98
ii) Expenditure incurred during Construction period :		
a) Personnel Cost	**2.54**	2.64
b) Overheads	**0.37**	0.89
c) Interest	**16.68**	8.45
	19.59	11.98

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

Rs. in Crore

	Particulars	2011-12	2010-11
3.5 i)	**CIF Value of Imports**		
	a) Capital Goods	**25.32**	8.19
	b) Stores Spares & Consumables	**47.76**	49.20
	c) Raw Materials	**426.92**	357.11

ii) Particulars in respect of Consumption of Raw Materials

	2011-12 Rs. in Crore	2011-12 %	2010-11 Rs. in Crore	2010-11 %
a) Indigenous	**512.17**	**51.21**	480.20	60.21
b) Imported	**487.90**	**48.79**	317.40	39.79
	1,000.07	**100.00**	797.60	100.00

iii) Particulars in respect of Consumption of Stores and Spares, Consumables

	Rs. in Crore	%	Rs. in Crore	%
a) Indigenous	**82.06**	**54.45**	89.65	65.82
b) Imported	**68.65**	**45.55**	46.56	34.18
	150.71	**100.00**	136.21	100.00

Rs. in Crore

	2011-12	2010-11
iv) Earning in Foreign Currency		
a) FOB Value of Exports	**475.57**	304.95
b) Freight on Exports	**25.49**	23.51
v) Expenditure in Foreign Currency		
a) Interest	**49.80**	24.94
b) Commission on Export Sales	**6.43**	3.44
c) Travelling	**0.62**	0.58
d) Professional Consultation Fees	**3.67**	0.80
e) Quality Claims	**6.83**	13.38
f) Others	**10.39**	2.01

3.6 The Company, based on legal advice has transferred the balance in the Restructuring Reserve of Rs. NIL (Previous Year Rs. 12.93 Crore) towards diminution in value of deferred tax asset of erstwhile The Indian Seamless Metal Tubes Ltd., to the Statement of Profit and Loss. The said transfer is in terms of the Scheme of Arrangement having Appointed Date as April 01, 2004 between the erstwhile The Indian Seamless Metal Tubes Ltd. and the Company.

3.7 Remittance in foreign currency on account of dividend to non-resident Shareholders.

Particulars	Number of Shareholders	Number of Equity Shares Held	Gross Amount of dividend Rs. in Crore
Final Dividend for 2010-11	2,315	5,906,958	0.74

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

3.8 Disclosure regarding exposure of the Company in respect of outstanding foreign currency transactions as on the date of Balance Sheet and which are not hedged by a derivative instruments or otherwise.

Particulars	2011-12		2010-11	
	Foreign Currency in Million	**Rs. in Crore**	Foreign Currency in Million	Rs. in Crore
i) Secured Loans				
a) US Dollars	**150.39**	**769.35**	98.01	437.60
b) Euros	**15.58**	**106.51**	8.50	53.75
ii) Unsecured Loans				
US Dollars	-	-	20.00	89.30
iii) Receivables				
a) US Dollars	**11.52**	**58.98**	14.95	66.92
b) Euros	**9.00**	**61.51**	8.13	51.41
c) Australian Dollar	**0.13**	**0.69**	0.41	1.86
iv) Deposits with Banks				
US Dollars	-	-	2.69	12.01
v) Interest Receivable				
US Dollars	-	-	0.02	0.08
vi) Payables				
a) US Dollar	**90.03**	**460.55**	42.56	189.81
b) Euros	**1.34**	**9.17**	1.80	11.40
c) SEK	**25.06**	**19.49**	-	-
vii) Interest Payable				
a) US Dollars	**0.58**	**2.97**	0.34	1.53
b) Euros	-	**0.01**	0.01	0.03

3.9 Dues of Micro, Small and Medium Enterprises

The information as required to be disclosed under Schedule VI of the Companies Act, 1956 w.r.t. Micro and Small Enterprises under the Micro, Small and Medium Enterprises Act, 2006 (Act) is as given below, has been determined to the extent such parties have been identified on the basis of information available with the Company.

Rs. in Crore

Particulars	2011-12	2010-11
i) Principle amount remaining unpaid as on 31st March	**0.26**	0.26
ii) Interest due thereon as on 31st March	**0.05**	0.05
iii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during the year	**0.01**	Nil
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	**0.04**	0.01
v) Interest accrued and remaining unpaid as at 31st March	**0.08**	0.06
vi) Further interest remaining due on payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	**0.09**	0.07

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

3.10 i) Assets taken on operating lease : - The details of future rental payable on non-cancellable operating lease are given below.

Rs. in Crore

Particulars	2011-12	2010-11
Not later than one year	**2.82**	2.82
Later than one year and not later than five years	**10.55**	10.97
Later than five years	**-**	2.40

ii) Assets taken on finance lease : - The period of lease is 10 years. The agreements provide for renewal of the lease at the end of the lease period. The details of Minimum Lease Payments (MLP) and their Present Values (PV) arrived by discounting the MLPs at the appropriate discounting rate are as under : -

Rs. in Crore

Asset Classification	Not later than 1 year	Later than 1 year But not later than 5 years	Later than 5 years	Total
Plant & Machinery				
MLP	0.02	0.07	-	0.09
(Previous Year)	0.02	0.10	-	0.12
PV	0.01	0.05	-	0.06
(Previous Year)	0.01	0.07	-	0.08

3.11 i) The Company had adopted Accounting Standard-11 "The effects of changes in Foreign Exchange Rates", read with notification issued by the Ministry of Corporate Affairs dated March 31, 2009, May 11, 2011 and December 29, 2011 and exercised the option to recognize exchange difference on long term monetary items related to Fixed Assets to the cost of Fixed Assets and the other long term monetary items (other than those covered under “Cash Flow Hedge)” to "Foreign Currency Monetary Item Translation Difference Account" (FCMITDA). Accordingly the Company has accounted exchange differences as under :

a) Exchange difference loss of Rs. 51.49 Crore (Previous Year Gain of Rs. 0.49 Crore) related to acquisition of Capital Assets has been adjusted to respective Fixed Assets.

b) Exchange difference loss of Rs. 0.63 Crore (Previous Year Rs. 2.59 Crore) for the Current Year relating to long term monetary items has been charged to the Statement of Profit and Loss and the balance of Rs. 5.02 Crore (Previous Year Rs. NIL) has been carried over as on March 31, 2012 in FCMITDA.

ii) The Company has changed its accounting policy with regard to recognition of exchange difference arising on translation of foreign currency borrowing by following an appropriate hedge accounting policy and applying principles set out in Accounting Standard (AS) 30 – ‘Financial Instrument Recognition and Measurement’. The objective of adopting hedge accounting is to ensure that the gain or losses of the hedging instrument is recognized in statement of profit and loss in same period when the gain or loss of hedged items is recognized in statement of profit and loss. The Company w.e.f. April 1, 2011 has designated borrowing in foreign currency other than those utilized for capital expenditures and identified Long Term Loans as hedge instrument to hedge its foreign currency risk of its firm commitments and highly probable forecast transactions (of revenue streams) to be accounted as cash flow hedge. During the year, the net unrealized exchange difference in foreign currency borrowing aggregating to Rs. 31.09 Crore has been recognized in Hedge Reserve Account

iii) Had the Company not exercised the option under AS-11 as stated in para 3.11 (i) and not changed the accounting policy as stated in para 3.11 (ii) the profit (net of tax) for the year would have been lower by Rs. 56.74 Crore (Previous Year Rs. 2.95 Crore), Gross Fixed Assets would have been lower by Rs. 73.82 Crore (Previous Year Rs. 22.33 Crore) and consequently the Reserves and Surplus would have been lower by Rs. 71.13 Crore (Previous Year Rs. 14.39 Crore).

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

3.12 i) Related party Disclosure as required by Accounting Standard 18 is as under : -

a) Key Management Personnel
- i) Mr. Salil Taneja - Chief Executive Officer
- ii) Mr. B.R. Taneja - Non Executive Director
- iii) Mr. Rajiv Goel - Chief Financial Officer
- iv) Mr. Nirmal Chandra - President (Project & Product Development)

b) Subsidiary Companies
- i) ISMT Enterprises S.A., Luxembourg
- ii) Structo Hydraulics AB, Sweden
- iii) ISMT Europe AB, Sweden
- iv) Structo (UK) Limited, U.K.
- v) Structo Hydraulics India Limited
- vi) Tridem Port and Power Company Pvt. Ltd.
- vii) Nagapattinam Energy Pvt. Ltd.
- viii) PT ISMT Resources, Indonesia

c) Associate Companies
- i) Indian Seamless Enterprises Limited
- ii) Indian Seamless Incorporated, USA.
- iii) Taneja Aerospace and Aviation Limited

d) Details of Transaction
- i) Key Management Personnel
  Remuneration Paid for the year Rs. 2.48 Crore (Previous Year Rs. 2.74 Crore)
- ii) Subsidiary and Associate Companies

Rs. in Crore

Details of Transaction	Subsidiary Companies		Associate Companies	
	2011-12	2010-11	**2011-12**	2010-11
Sale of Finished Goods	**76.86**	98.73	**63.83**	20.89
Purchases	**21.59**	4.08	**0.13**	0.48
Commission on Sales	**3.85**	2.87	-	-
Lease rent Paid	**-**	-	**2.70**	2.70
Quality claims	**2.91**	9.48	-	-
Rent Paid	**0.01**	0.01	-	-
Inter Corporate Deposits (Net)	-	-	**3.15**	9.32
Interest Received	-	-	**2.33**	1.78
Investments	-	14.23	-	-
Dividend paid	-	-	**6.90**	5.52
Loans & Advances Given	**28.45**	27.65	-	-
Advances received against sales	**6.25**	-	-	-
Outstanding as at Balance Sheet date				
Receivables	**53.77**	49.88	**17.66**	12.68
Payables	**19.49**	-	-	-
Loans & Advances Given	**74.22**	45.77	**2.00**	1.84
Loans & Advances received	**6.25**	-	-	-
Inter-corporate Deposits Given	-	-	**13.40**	11.25

a) Sale of finished goods include sales to Indian Seamless Inc., Rs. 56.22 Crore (Previous Year Rs. 17.99 Crore), Structo Hydraulics AB Rs. 23.78 Crore (Previous Year Rs. 59.93 Crore), ISMT Europe AB Rs. 53.08 Crore (Previous Year Rs. 38.80 Crore).

b) Purchases include scrap purchases from Structo Hydraulics AB Rs. 2.10 Crore (Previous Year Rs. 3.00 Crore) and purchases of Asset Rs. 19.49 Crore (Previous Year Rs. 1.07 Crore).

c) Commission on sales paid to ISMT Europe AB, Rs. 3.85 Crore (Previous Year Rs. 2.87 Crore).

d) Lease rent paid include paid to Taneja Aerospace and Aviation Ltd. Rs. 2.40 Crore (Previous Year Rs. 2.40 Crore).

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

e) Quality claims include paid to Structo Hydraulics AB Rs. 1.82 (Previous Year Rs. 9.26 Crore), ISMT Europe AB Rs. 1.09 Crore (Previous Year Rs. 0.22 Crore).

f) Rent paid to Tridem Port and Power Company Pvt. Ltd. Rs. 0.01 Crore (Previous Year Rs. 0.01 Crore).

g) Inter corporate deposit include deposit given to Taneja Aerospace and Aviation Ltd. Rs. 2.15 Crore (Previous Year Rs. 4.32 Crore), Indian Seamless Enterprises Ltd. Rs. 1.00 Crore (Previous Year Rs. 5.00 Crore).

h) Interest received include received from Taneja Aerospace and Aviation Ltd. Rs. 2.26 Crore (Previous Year Rs. 1.36 Crore).

i) Investment include investment in ISMT Enterprises SA Rs. NIL (Previous Year Rs. 12.73 Crore), Tridem Port and Power Company Pvt. Ltd. Rs. NIL (Previous Year Rs. 1.50 Crore).

j) Dividend is paid to Indian Seamless Enterprises Ltd. Rs. 6.90 Crore (Previous Year Rs. 5.52 Crore).

k) Loans and advances are given to Tridem Port and Power Company Pvt. Ltd. Rs. 28.45 Crore (Previous Year Rs. 27.65 Crore).

l) Advance received against sales is from Structo Hydraulics AB Rs. 6.25 Crore (Previous Year Rs. NIL) .

3.13 The Accounting Standard - 15 (Revised 2005) on " Employee Benefits " has been adopted by the Company effective from April 01, 2007.

During the year, Company has recognised the following amounts in the financial Statements:

i) Defined Contribution Plan:

The Company has recognized the following amounts as an expense and included under the head "Personnel Cost" Contribution to Provident and other Fund:

		Rs. in Crore
	2011-12	2010-11
Employer's Contribution to Provident Fund & Family Pension Fund	**4.67**	3.84
Employer's Contribution to Superannuation Fund	**2.71**	2.14

In respect of Provident Fund Trust set up by the Company, there is no deficit of interest shortfall as on the date of Balance Sheet. With regards to future obligation arising due to interest shortfall (i.e. government interest to be paid on the Provident Fund Scheme exceeding rate of interest earned on investment), pending issuance of the Guidance Note from Actuarial Society of India, the actuarial liability against the same cannot be reliably measured and quantified.

ii) Defined Benefit Plan :

		Gratuity (Funded)
a) Changes in present value of Defined Benefit obligations :		**Rs. in Crore**
	2011-12	2010-11
Present value of obligation as at April 01, 2011	**17.33**	13.09
Current Service Cost	**1.45**	1.30
Interest Cost	**1.35**	0.99
Actuarial (gain)/loss	**1.01**	3.49
Benefits paid	**(1.01)**	(1.54)
Present Value of Obligation as at March 31, 2012	**20.13**	17.33
b) Changes in fair value of Plan Assets		
Fair value of plan Assets as at April 01, 2011	**14.77**	8.67
Expected return on plan Assets	**1.42**	0.93
Actuarial gain/(loss)	**(1.81)**	1.17
Employer Contribution	**3.06**	4.00
Benefits paid	**(0.05)**	-
Fair value of plan Assets as at March 31, 2012	**17.39**	14.77
c) Actual Return on Plan Asset:		
Expected return on plan Assets	**1.42**	0.93
Actuarial gain/(loss) on plan Assets	**(1.81)**	1.17
Actual return on plan Assets	**(0.39)**	2.10

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

Rs. in Crore

d) Amounts recognized in the Balance Sheet in respect of :

Particulars	**Gratuity (Funded)** 2011-12	**Leave Encashment (Non funded)** 2011-12	Gratuity (Funded) 2010-11	Leave Encashment (Non Funded) 2010-11
Fair value of Plan Assets as at March 31, 2012	**17.39**	**-**	14.77	-
Present value of obligation as at March 31, 2012	**20.13**	**5.56**	17.33	4.68
Net Liability	**2.74**	**5.56**	2.56	4.68

e) Expenses recognised in the Statement of Profit and Loss (under the head "Personnel Cost" - Refer Note No.1.25).

Current Service Cost	**1.45**	**0.66**	1.30	0.51
Interest Cost	**1.35**	**0.34**	0.99	0.22
Expected return on Plan Assets	**(1.42)**	**-**	(0.93)	-
Actuarial (gain)/loss	**2.82**	**0.90**	2.32	1.72
Expense Recognised in the Statement of Profit and Loss	**4.20**	**1.90**	3.68	2.45

f) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2012.

	2011-12	2010-11
i) Government of India Securities	**6.12%**	8.06%
ii) Corporate Bonds	**6.12%**	9.68%
iii) Special Deposit Scheme	**0.71%**	7.52%
iv) Insurer Managed Funds	**79.23%**	65.53%
v) Others	**7.82%**	9.21%
Total	**100.00%**	100.00%

g) Principal Actuarial Assumptions used as at the Balance Sheet date :

Particulars	**Gratuity (Funded)** 2011 - 12	**Leave Encashment (Non Funded)** 2011 - 12	Gratuity (Funded) 2010 - 11	Leave Encashment (Non Funded) 2010 - 11
Discount Rate	**8.50%**	**8.50%**	8.00%	8.00%
Expected Rate of Return on Plan Assets	**8.75%**	**-**	8.75%	-
Salary Escalation Rate	**7.00%**	**7.00%**	7.00%	7.00%

3.14 Tax treatment of certain items was reviewed while filing the income tax return for the Assessment Year 2011-12 during the current year, resulting in a higher tax liability for the previous year. The difference between the provision for taxes made in the financial year 2010-11 accounts and actual tax liability as per income tax return amounting to Rs. 8.26 Crore has been accounted for as the tax liability in respect of earlier year. However, this has no impact on Statement of Profit and Loss as corresponding credit is available under MAT.

3.15 The Company has been advised that the Amalgamation Reserve created upon recording of fair value of assets in terms of the Scheme of Arrangement sanctioned by the Hon'ble High Court, Bombay between The Indian Seamless Metal Tubes Limited and the Company is similar in nature to a Revaluation Reserve and therefore can be adjusted against the additional depreciation attributable to fair value adjustment. Accordingly during the year the Company has adjusted depreciation of Rs. 6.72 Crore for the year ended March 31, 2012 against the Amalgamation Reserve.

Rs. in Crore

3.16 Particulars in respect of Loans and Advances in the nature of loans.

Name of the Company	**Outstanding Balance as at**		**Maximum outstanding during the year**	
Loans and Advances in the nature of Loans	**31-03-2012**	31-03-2011	**2011 - 12**	2010 - 11
i) Subsidiary				
a) Tridem Port and Power Company Pvt. Ltd.	**74.22**	45.77	**74.22**	47.97
ii) Associate				
a) Taneja Aerospace and Aviation Limited	**13.40**	11.25	**23.00**	17.07
b) Indian Seamless Enterprises Ltd.	-	-	**1.00**	5.00

Notes to Financial Statement for the year ended March 31, 2012 (Contd.)

Rs. in Crore

3.17	i) Investment by Indian Seamless Enterprises Ltd. (Loanee) in the Equity Shares of the Company	No. of Shares	55,533,788	Previous Year	55,209,769
	ii) Investment by Tridem Port and Power Company Pvt. Ltd. (Loanee) in the Equity Shares of Subsidiary Companies				
	a) Nagapattinam Energy Pvt. Ltd.	No. of Shares	10,000	Previous Year	10,000
	b) PT ISMT Resources, Indonesia	No. of Shares	999	Previous Year	999

3.18 Miscellaneous Income include

	2011 - 12	2010 - 11
i) Profit on Sale of Assets	**0.02**	0.01
ii) Income on Assignment of Liability	**9.97**	8.04

3.19 Earnings per Share

i) Profit After Tax	**28.59**	75.36
ii) Net profit for the year attributable to Equity Share Holders	**28.59**	75.36
iii) Weighted Average number of Equity Shares	**14,65,01,383**	14,65,01,383
iv) Earnings per share (Rs.) (Basic and Diluted)	**1.95**	5.14

3.20 Miscellaneous Expenses include

	2011 - 12		2010 - 11	
i) Repairs & Maintenance - Building		**0.04**		0.02
ii) Directors' Sitting Fees		**0.11**		0.11
iii) Auditors Remuneration				
a) Statutory Audit Fees	**0.20**		0.17	
b) Taxation Matters	**0.03**		0.03	
c) Out of Pocket Expenses	**0.02**	**0.25**	0.02	0.22
iv) Provision for Doubtful Debts		**0.70**		0.86

3.21 The Company has invested Rs. 48.43 Crore in its subsidiary ISMT Enterprises S. A., Luxembourg which in turns holds 100% investment in Structo Hydraulics AB, Sweden (SHAB), manufacturing Hydraulic Cylinder and Components. SHAB holds 100% investment in ISMT Europe AB, Sweden which has equity of SEK 10.10 million. ISMT Europe AB, is a trading company. The management is of the opinion that the investment in ISMT Enterprises group is strategic and with a long term view as a forward integration in the value chain of core business of the Company and the erosion of net worth is regarded as temporary in nature and no provision for diminution in the value of investment is considered necessary.

3.22 Previous Year figures have been regrouped and reclassified wherever necessary to conform to the Current Year Classification.

As per our report of even date

For **M/s P.G. Bhagwat**
Firm Registration No. 101118W
Chartered Accountants

For **J. K. Shah & Co.**
Firm Registration No. 109606W
Chartered Accountants

Sandeep Rao
Partner
M. No. 47235

Sanjay Dhruva
Partner
M.No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2012

Pune, May 28, 2012

Consolidated Accounts

Disclosure of information relating to subsidiary companies as required by the Central Government under Section 212 (8) of the Companies Act, 1956.

Rs. in Crore

Particulars	ISMT Enterprises SA, Luxembourg	Structo Hydraulics AB, Sweden	Structo (UK) Limited UK	ISMT Europe AB, Sweden	Structo Hydraulics (India) Ltd.	Tridem Port and Power Co Pvt Ltd	Nagapattinam Energy Pvt. Ltd.,	PT ISMT Resources, Indonesia
Capital	54.97	16.15	0.001	0.08	0.05	1.58	0.01	4.97
Reserves	(0.98)	(24.15)	0.05	(6.66)	(0.03)	(0.13)	(0.02)	0.08
Total Assets	17.62	126.32	0.20	13.80	0.02	95.61	43.33	5.56
Total Liabilities	0.07	142.15	0.15	20.38	0.000	98.61	43.34	0.51
Investments other than in Subsidiary Companies	-	-	-	-	-	-	-	-
Turnover & Other Income	0.00	119.42	1.09	57.36	-	-	-	0.001
Profit / (Loss) before taxation	(0.19)	(0.52)	(0.01)	0.35	(0.001)	(0.11)	(0.02)	(0.12)
Provision for taxation	0.01	(0.13)	0.00	-	-	0.02	-	-
Profit / (Loss) after taxation	(0.20)	(0.39)	(0.02)	0.35	(0.001)	(0.13)	(0.02)	(0.12)
Proposed Dividend	-	-	-	-	-	-	-	-

Notes:

1. The accounts of subsidiaries have been re-stated in line with Indian GAAP and as required by Accounting Standard 21 issued by The Institute of Chartered Accountants of India, wherever applicable.

2. The Financial Statement of the subsidiaries whose reporting currency are other than INR are converted into Indian Rupees on the basis of following exchange rates

Particulars	For Assets and Liabilities at Closing Exchange Rate	For Profit and Loss items at Average Rate
EURO to INR	Rs. 67.881/EURO	Rs. 65.434/EURO
SEK to INR	Rs. 7.691/SEK	Rs. 7.363/SEK
GBP to INR	Rs. 81.456/GBP	Rs. 76.369/GBP
Rupiah to INR	Rs. 0.00557/Rupiah	Rs. 0.00533/Rupiah

Auditors Report on Consolidated Financial Statements

To,

The Board of Directors of ISMT Limited

1. We have audited the attached consolidated Balance Sheet of ISMT Limited and its subsidiaries [together referred to as "the Group", as described in Note No. 2(iii)] as at March 31, 2012 and also the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of Rs. 302.46 Crore as at March 31, 2012, total revenue of Rs. 177.88 Crore and net Cash Inflow of Rs 2.75 Crore for the year ended March 31, 2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, or compiled and approved by the management and our opinion is based solely on the report of other auditors and information provided by the management.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard – 21, "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006.

5. Attention is invited to Note No. 3.2(ii) regarding recognizing insurance claim of Rs. 14.98 Crore.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us and subject to *recognition of Deferred Tax Asset amounting to Rs. 1.92 Crore by Structo Hydraulic AB Sweden in absence of certainty of realisation as qualified by the respective auditor,* we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012.
   (b) In the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date;
   (c) In the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For M/s P.G BHAGWAT
Firm Registration No. 101118 W
Chartered Accountants

Sandeep Rao
Partner
Membership No. 47235
Pune, May 28, 2012

For J.K SHAH & CO.
Firm Registration No.109606 W
Chartered Accountants

Sanjay Dhruva
Partner
Membership No. 38480
Pune, May 28, 2012

Consolidated Balance Sheet as at March 31, 2012

Rs. in Crore

Particulars	Note No.	As at March 31, 2012		As at March 31, 2011	
EQUITY AND LIABILITIES					
SHAREHOLDERS' FUNDS					
Share Capital	1.1	73.25		73.25	
Reserves & Surplus	1.2	483.49		525.99	
			556.74		599.24
MINORITY INTEREST			0.18		0.13
NON-CURRENT LIABILITIES					
Long Term Borrowings	1.3	881.79		722.66	
Deferred Tax Liability (Net)	1.4	68.22		68.35	
Long Term Provisions	1.5	7.51		7.31	
			957.52		798.32
CURRENT LIABILITIES					
Short Term Borrowings	1.6	164.09		109.57	
Trade Payables	1.7	595.96		543.93	
Other Current Liabilities	1.8	601.92		611.19	
Short Term Provisions	1.9	16.77		25.18	
			1,378.74		1,289.87
			2,893.18		2,687.56
ASSETS					
NON-CURRENT ASSETS					
Fixed Assets	1.10				
Tangible Assets		1,183.00		1,153.85	
Intangible Assets		4.37		7.33	
Capital Work-in-Progress		357.27		247.97	
			1,544.64		1,409.15
Goodwill On Consolidation			31.23		31.23
Long Term Loans and Advances	1.11	40.27		77.72	
Other Non Current Assets	1.12	98.26		79.64	
			138.53		157.36
FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT			5.02		-
CURRENT ASSETS					
Inventories	1.13	515.03		485.96	
Trade Receivables	1.14	371.53		396.70	
Cash and Bank Balances	1.15	96.40		71.46	
Short Term Loans and Advances	1.16	66.39		37.48	
Other Current Assets	1.17	124.41		98.22	
			1,173.76		1,089.82
			2,893.18		2,687.56
Significant Accounting Policies	2				
Notes to Accounts	3				

As per our report of even date

For M/s P.G. Bhagwat
Firm Registration No. 101118W
Chartered Accountants

For J. K. Shah & Co.
Firm Registration No. 109606W
Chartered Accountants

Sandeep Rao
Partner
M. No. 47235

Sanjay Dhruva
Partner
M.No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary

Pune, May 28, 2012

Pune, May 28, 2012

Consolidated Statement of Profit and Loss for the year ended March 31, 2012

Rs. in Crore

Particulars	Note No.	2011-12		2010-11	
INCOME					
REVENUE FROM OPERATIONS					
Sale of Products	**1.18**	**3,146.22**		2,749.38	
Less : Inter Segment Transfers (including Excise Duty)		**792.72**		670.02	
Inter Division Transfers (including Excise Duty)		**164.84**		150.39	
Sales to Subsidiary / Parent Company		**76.86**		105.52	
		2,111.80		1,823.45	
Less: Excise Duty		**143.62**		130.00	
Net Sales			**1,968.18**		1,693.45
Other Operating Revenue	**1.19**	**68.69**		46.38	
Less: Excise Duty		**1.69**		1.06	
			67.00		45.32
REVENUE FROM OPERATIONS (NET)			**2,035.18**		1,738.77
Other Income	**1.20**		**25.35**		25.23
TOTAL REVENUE			**2,060.53**		1,764.00
EXPENSES					
Cost of Materials Consumed	**1.21**		**1,029.20**		837.41
Changes in Inventories of Finished Goods & Work-in-Progress	**1.22**		**(23.30)**		(60.07)
Employee Benefits	**1.23**		**137.02**		123.52
Finance Cost	**1.24**		**125.59**		94.44
Depreciation, Amortisation and Obsolescence	**1.25**		**90.46**		93.35
Other Expenses	**1.26**		**644.48**		577.63
Foreign Exchange (Gain)/Loss			**31.89**		(1.11)
TOTAL EXPENSES			**2,035.34**		1,665.17
PROFIT BEFORE TAX			**25.19**		98.83
TAX EXPENSES					
Current Tax			**6.08**		18.61
Previous Year Tax			**8.34**		-
(Refer Note No. 3.11 of Notes to Accounts)					
MAT Credit - Current Year			**(6.08)**		(18.52)
MAT Credit - Previous Year			**(8.26)**		-
Deferred Tax - Current Year			**2.15**		33.54
Deferred Tax - Previous Year			**(2.27)**		-
Withdrawal from Restructuring Reserve			-		(12.93)
(Refer Note No 3.5 of Notes to Accounts)					
Share of Minority Interest			**(0.04)**		0.02
PROFIT FOR THE YEAR			**25.19**		78.11
Earning per Equity Share (Face Value of Rs. 5/- each) (Refer Note No 3.15 of Notes to Accounts)			**1.72**		5.33
Significant Accounting Policies	**2**				
Notes to Accounts	**3**				

As per our report of even date

For M/s P.G. Bhagwat
Firm Registration No. 101118W
Chartered Accountants

For J. K. Shah & Co.
Firm Registration No. 109606W
Chartered Accountants

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Partner
M. No. 47235

Sanjay Dhruva
Partner
M.No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary
Pune, May 28, 2012

Pune, May 28, 2012

Consolidated Cash Flow Statement For The Year Ended March 31, 2012

Rs. in Crore

	Particulars	2011-12	2011-12	2010-11	2010-11
i)	**Cash Flow from Operating Activities :**				
	Net Profit before Tax		**25.19**		98.83
	Adjustments for :				
	Depreciation, Amortisation and Obsolescence	**90.46**		93.35	
	Finance Cost	**125.59**		94.44	
	Interest Income	**(13.54)**		(5.34)	
	Exchange Fluctuation (Gain) / Loss	**2.06**		(4.88)	
	Miscellaneous Expenditure incurred during the year	**(0.15)**		-	
	Expenses Charged to Reserves	**(9.36)**		(1.81)	
	Income on Assignment of Liability	**(9.97)**		(8.04)	
	Loss/(Profit) on Sale of Fixed Assets (Net)	**0.01**		0.01	
	Provision for Doubtful Debts	**0.70**		0.86	
	Provision for Wealth Tax	**0.14**		0.05	
	Foreign Currency Translation Reserve	**(7.76)**		(13.15)	
			178.18		155.49
	Operating Cash Profit before Working Capital Changes		**203.37**		254.32
	Adjustments for :				
	Trade and Other Receivables	**(26.20)**		(158.37)	
	Inventories (Increase) / Decrease	**(29.06)**		(96.19)	
	Trade Payables and Other Liabilities	**132.10**		278.89	
			76.84		24.33
	Taxes Paid		**(12.62)**		(27.27)
	Net Cash Flow from Operating Activities		**267.59**		251.38
ii)	**Cash Flow from Investing Activities :**				
	Purchase of Fixed Assets	**(209.48)**		(207.61)	
	Sale of Fixed Assets	**15.23**		1.36	
	Interest Received	**9.43**		6.13	
	Net Cash used in Investing Activities		**(184.82)**		(200.12)
iii)	**Cash Flow from financing activities :**				
	Acquisition of Minority Interest	-		(6.63)	
	Dividend Payments (including Tax thereon)	**(20.56)**		(16.50)	
	Proceeds from /(Repayment of) Borrowings	**79.20**		70.10	
	Interest Paid	**(123.16)**		(93.82)	
	Net Cash from Financing Activities		**(64.52)**		(46.85)
	Net Increase / (Decrease) in Cash and Cash Equivalents		**18.25**		4.41
	Cash and Cash Equivalents at the beginning of the year (Refer Note No.1.15)		**25.52**		21.11
	Cash and Cash Equivalents at the end of the year (Refer Note No.1.15)		**43.77**		25.52
	Net Increase / (Decrease) in Cash & Cash Equivalents		**18.25**		4.41

As per our report of even date

For M/s P.G. Bhagwat
Firm Registration No. 101118W
Chartered Accountants

For J. K. Shah & Co.
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Chief Executive Officer

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Nilesh Jain
Company Secretary

Pune, May 28, 2012

Pune, May 28, 2012

Notes to Consolidated Financial Statement for the year ended March 31, 2012

NOTE NO. 1.1 SHARE CAPITAL

Rs. in Crore

Particulars	As at March 31, 2012	As at March 31, 2011
Authorised		
i) 17,50,00,000 (Previous Year 17,50,00,000) Equity Shares of Rs.5/- each	**87.50**	87.50
ii) Unclassified Shares	**71.00**	71.00
	158.50	158.50
Issued, Subscribed and Paid up:		
i) 14,65,01,383 (Previous Year 14,65,01,383) Equity Shares of Rs 5/- each fully paid	**73.25**	73.25

The Company has only one class of issued shares having par value of Rs. 5 /- each holder of Equity Shares is entitled to one vote per share.

Proposed Dividend per Equity Share Rs. 0.75 (Previous Year Rs. 1.25)

The reconciliation of number of shares outstanding and the amount of share capital is set-out below.

Particulars	As at March 31, 2012		As at March 31, 2011	
	Equity Shares Numbers	Rs. in Crore	Equity Shares Numbers	Rs. in Crore
Shares outstanding at the beginning of the year	**14,65,01,383**	**73.25**	14,65,01,383	73.25
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**14,65,01,383**	**73.25**	14,65,01,383	73.25

The details of shareholders holding more than 5% shares.

Name of Shareholders	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Seamless Enterprises Ltd	**5,55,33,788**	**37.90%**	55,209,769	37.69%
Vishkul Leather Garments Pvt. Ltd.	**1,41,02,179**	**9.63%**	14,444,040	9.86%
HDFC Trustee Co. Ltd - HDFC- Equity Fund	**91,80,031**	**6.27%**	8,980,666	6.13%

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.2 RESERVES AND SURPLUS

Rs. in Crore

Particulars		As at March 31, 2012		As at March 31, 2011
i) Capital Reserve		**6.94**		6.94
ii) Revaluation Reserve				
Opening Balance	**6.80**		6.05	
Add / (Less) : Movement in Minority Interest	-		2.01	
Less : Transferred to Surplus	**0.38**		1.26	
		6.42		6.80
iii) Capital Redemption Reserve		**80.60**		80.60
iv) Securities Premium Account				
Opening Balance	**9.36**		9.36	
Less : Redemption premium on FCCB Bonds	**9.36**		-	
		-		9.36
v) Amalgamation Reserve				
Opening Balance	**40.40**		40.40	
Less : Withdrawal of Depreciation	**6.72**		-	
(Refer Note No 3.12 of Notes to Accounts)		**33.68**		40.40
vi) Reserve for Contingencies				
Opening Balance	**1.91**		3.72	
Less : Debits related to Pre- Merger period	-		1.81	
		1.91		1.91
vii) Restructuring Reserve				
Opening Balance	-		12.93	
Less : Transferred to Statement of Profit and Loss	-		12.93	
(Refer Note No 3.5 of Notes to Accounts)		-		-
viii) General Reserve				
Opening Balance	**347.33**		297.33	
Add : Transferred from Surplus	**50.00**		50.00	
		397.33		347.33
ix) Foreign Currency Translation Reserve		**(24.54)**		(16.79)
x) Hedge Reserve Account		**(31.09)**		-
(Refer Note No. 3.8(ii) of Notes to Accounts)				
xi) Surplus				
Opening Balance	**49.44**		35.05	
Add : Profit for the year	**25.19**		78.11	
Transferred from Revaluation Reserves	**0.38**		1.26	
Pre Acquisition Profit adjusted against Investment	-		6.30	
	75.01		120.72	
Less : Appropriations:				
Proposed Dividend	**10.99**		18.31	
Tax on proposed Dividend	**1.78**		2.97	
Transfer to General Reserve	**50.00**		50.00	
Closing Balance		**12.24**		49.44
		483.49		525.99

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.3 LONG TERM BORROWINGS

Particulars	As at March 31, 2012		As at March 31, 2011	
SECURED LOANS :				
i) Term Loans from Banks				
a) Rupee Loans	**131.86**		252.53	
b) Foreign Currency Loans	**660.84**		384.99	
		792.70		637.52
ii) Long Term Maturities of Finance Lease Obligations		**0.05**		0.06
UNSECURED LOANS :				
i) Term Loan from Bank		**30.00**		-
ii) Interest Free Incentive and Sales Tax Loan		**59.04**		85.08
		881.79		722.66

SECURITY

Parent Company

i) Term Loans of Rs. 142.19 Crore (including current maturities of Rs. 36.78 Crore) (Previous year Rs 111.66 Crore including current maturities of Rs.61.78 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loan lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of captive power project of the Company located at Chandrapur district as mentioned in clause (v). These loans are further stipulated to be secured by a second charge ranking pari passu by way of hypothecation with other term lenders on the current assets of the Company on which the first pari passu charge is stipulated to be covered in favour of consortium of banks as mentioned in Note No. 1.6.

ii) Term Loans of Rs. 393.45 Crore (including current maturities of Rs. 92.12 Crore) (Previous year Rs. 343.74 Crore including current maturities of Rs. 85.03 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loans lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of captive power project of the Company located at Chandrapur district as mentioned in clause (v).

iii) Term Loans of Rs. 213.89 Crore (including current maturities of Rs. 22.07 Crore) (Previous year Rs. 195.41 Crore including current maturities of Rs.18.15 Crore) are stipulated to be secured by exclusive charge on the equipment finance. Out of above, term loan of Rs.89.30 Crore is further stipulated to be secured with the land appurtenant thereto

iv) Term Loans of Rs. 25.18 Crore (including current maturities of Rs. 14.39 Crore) (Previous year Rs. 40.73 Crore including current maturities of Rs. 15.00 Crore) are stipulated to be secured by first charge on the entire fixed assets ranking pari passu with other term lenders excluding term loans lenders where exclusive charge on movable fixed assets as mentioned in clause (i) and (iv) has been stipulated

v) Term Loans of Rs. 144.79 Crore (including current maturities of Rs. 12.46 Crore) (Previous year Rs. 69.99 Core) are stipulated to be secured by first charge ranking pari passu on the Company's immovable properties and movable fixed assets relating to captive power projects of the Company located in Chandrapur district.

vi) Term Loan of Rs. 38.62 Crore (including current maturities of Rs. Nil) (Previous Year Rs. 39.49 Crore) is secured by first charge ranking pari passu by hypothecation in respect of current assets of the company present and future and are further secured by a second pari passu charge on the Company's immovable properties and all movable fixed assets both present and future as referred in Note No. (i) above.

Subsidiary Companies

Term Loans of Rs. 17.01 Crore (including current maturities of Rs. 4.61 Crore) (Previous Year Rs. 20.68 Crore including current maturities of Rs. 4.22 Crore) are secured by mortgage of Company's immovable Properties.

The Parent Company has provided a stand-by letter of credit of USD 5.00 million from its consortium bank for availing finance by its subsidiary Company, Structo Hydraulics AB, Sweden and a Corporate Guarantee to its bankers for availing buyers credit limit of USD 5.00 million.

vii) Finance Lease Obligation is secured by Hypothecation of Assets taken under Finance Lease.

viii) Maturity Schedule

Rs. in Crore

Particulars	1-2 year	2-3 year	3-4 year	Beyond 4 years
Term Loans-from Banks (Secured Loan)	194.57	208.94	127.60	261.59
Term Loans-from Banks (Unsecured Loan)	20.00	10.00	-	-
Sales Tax Loan	0.34	2.62	10.18	45.90

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.4 DEFERRED TAX LIABILITY (Net)

Rs. in Crore

Particulars	**As at March 31, 2012**	As at March 31, 2011
i) **Deferred Tax Liabilities**		
a) Depreciation	**109.47**	127.47
b) Expenditure Deferred	**0.14**	0.35
	109.61	127.82
ii) **Deferred Tax Assets**		
a) Accumulated Tax Losses	**7.01**	6.87
b) Unabsorbed Tax Depreciation	**31.91**	49.56
c) Deduction eligible in future period in respect of expenses already debited to Statement of Profit and Loss	**2.47**	3.04
	41.39	59.47
Deferred Tax Liability (Net)	**68.22**	68.35

NOTE NO. 1.5 LONG TERM PROVISIONS

Particulars	**As at March 31, 2012**	As at March 31, 2011
Provision for Employee Benefits		
Leave Encashment	**7.51**	7.31
	7.51	7.31

NOTE NO. 1.6 SHORT TERM BORROWINGS

Particulars	**As at March 31, 2012**	As at March 31, 2011
SECURED		
Loans Repayable on Demand		
Working Capital Borrowings From Banks		
i) Rupee Loans	**38.20**	54.99
ii) Foreign Currency Loans	**125.89**	54.58
	164.09	109.57

SECURITY

Parent Company

Above working capital borrowings from consortium of banks are secured by first charge ranking pari passu by hypothecation in respect of current assets of the Company present and future and are further secured by a second pari passu charge on the Company's immovable properties and all movable fixed assets both present and future as referred in Note No. 1.3 (i).

Subsidiary Companies

Working capital loan is mortgaged against fixed and current assets of the Company excluding immovable property.

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.7 TRADE PAYABLES

Rs. in Crore

Particulars	As at March 31, 2012	As at March 31, 2011
Acceptances	**448.78**	399.21
Other Trade Payables		
a) Micro, Small and Medium Enterprises	**0.26**	0.26
b) Others	**146.92**	144.46
	595.96	543.93

NOTE NO. 1.8 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2012		As at March 31, 2011	
CURRENT MATURITIES OF LONG TERM DEBT				
Secured				
i) Rupee Loans	**28.26**		73.46	
ii) Foreign Currency Loans	**154.19**		110.71	
		182.45		184.17
Current Maturities Of Finance Lease Obligations (Refer Note No. 1.3 (vii))		**0.01**		0.01
Unsecured				
i) Foreign Currency Convertible Bonds (FCCB)*	-		89.30	
ii) Interest Free Sales Tax Loan	**0.34**		-	
iii)Term Loan From Bank	**20.00**		-	
		20.34		89.30
Interest accrued but not due on borrowings		**2.98**		1.26
Interest accrued and due on borrowings		**2.32**		1.62
Unclaimed dividends #		**2.80**		2.07
Unclaimed matured debentures and interest accrued thereon #		-		0.25
Other Payables				
i) Acceptances- Capital		**27.20**		73.19
ii) Other Payables – Capital		**37.21**		35.86
iii) Advances From Customers		**20.28**		3.81
iv) Provision for Expenses		**16.38**		17.07
v) Other Liabilities		**289.95**		202.58
		601.92		611.19

* The Company had issued zero percent Foreign Currency Convertible Bonds (FCCB) aggregating to US $ 20 Million to finance inter-alia capital expenditure, repayment of foreign currency loan and acquisitions.

Out of the proceeds of the FCCB, the Company has utilised Rs. 85.66 Crore towards the object of the issue and the balance Rs. 0.07 Crore are lying in the Fixed Deposit Account with Bank.

The amounts of unclaimed matured debentures including interest accrued and unclaimed dividends will be transferred to Investor Education and Protection Fund when due.

Other Liabilities include Buyer's Credit of Rs. 252.42 Crore (Previous Year Rs 155.56 Crore).

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.9 SHORT TERM PROVISIONS

Rs. in Crore

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for Employee Benefits		
i) Gratuity	**2.86**	2.98
ii) Leave Encashment	**0.26**	0.18
iii) Superannuation	**0.88**	0.74
Others		
i) Proposed Dividend	**10.99**	18.31
ii) Tax on Proposed Dividend	**1.78**	2.97
	16.77	25.18

NOTE NO. 1.10 FIXED ASSETS

Particulars	Original Cost				Depreciation and Amortisation				Net Book Value	
	As at April 01, 2011	Additions	Disposals	**As at March 31, 2012**	As at April 01, 2011	Charge for the year	On disposals / adjustment	**As at March 31, 2012**	**As at March 31, 2012**	As at March 31, 2011
Tangible Assets										
Land-Freehold	3.31	6.96	-	**10.27**	-	-	-	**-**	**10.27**	3.31
Land-Leasehold	7.03	-	-	**7.03**	0.57	0.08	-	**0.65**	**6.38**	6.46
Buildings	136.77	6.54	-	**143.31**	24.74	4.81	-	**29.55**	**113.76**	112.03
Plant and Machinery	1,497.89	124.09	53.07	**1,568.91**	475.60	82.60	33.65	**524.55**	**1,044.36**	1,022.29
Furniture and Fixtures	4.30	-	-	**4.30**	2.18	0.36	0.10	**2.44**	**1.86**	2.12
Office Equipments	12.50	0.35	0.01	**12.84**	8.74	0.92	0.08	**9.58**	**3.26**	3.76
Vehicles	2.44	-	0.38	**2.06**	1.79	0.14	0.28	**1.65**	**0.41**	0.65
Assets Under Lease										
Plant and Machinery	6.96	-	-	**6.96**	3.73	0.53	-	**4.26**	**2.70**	3.23
Total A	1,671.20	137.94	53.46	**1,755.68**	517.35	89.44	34.11	**572.68**	**1,183.00**	1,153.85
Intangible Assets										
Goodwill	33.79	-	-	**33.79**	28.46	1.48	-	**29.94**	**3.85**	5.33
Technical Know-how	4.13	-	-	**4.13**	3.39	0.74	-	**4.13**	**-**	0.74
Software Development	3.88	0.01	-	**3.89**	2.62	0.75	-	**3.37**	**0.52**	1.26
Total B	41.80	0.01	**-**	**41.81**	34.47	2.97	**-**	**37.44**	**4.37**	7.33
Total A+B	1,713.00	137.95	53.46	**1,797.49**	551.82	92.41	34.11	**610.12**	**1,187.37**	1,161.18
Previous Year	1,247.25	489.67	23.92	**1,713.00**	481.62	86.42	16.22	**551.82**	**1,161.18**	756.63

a) Additions to Plant and Machinery includes Exchange Difference of Rs. 46.00 Crore (Previous Year Rs. 18.33 Crore) and Interest of Rs. 5.53 Crore (Previous Year Rs. 5.59 Crore).

b) Depreciation on disposal / adjustments includes Rs. 0.18 Crore depreciation written back by Tridem Port and Power Company Pvt. Ltd., on account of change in the method of depreciation which is adjusted to capital work in progres.

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.11 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Rs. in Crore

Particulars	**As at March 31, 2012**	As at March 31, 2011
i) Capital Advances	**32.54**	63.44
ii) Security Deposits	**5.11**	11.03
iii) Employee Welfare Fund	**2.62**	3.25
	40.27	77.72

Employee Welfare Fund represents interest free advance given by the Company in earlier years for the benefit of designated employees pursuant to the provison (b) to Section 77 (2) of the Companies Act, 1956.

NOTE NO. 1.12 OTHER NON-CURRENT ASSETS

Particulars		**As at March 31, 2012**		As at March 31, 2011
i) MAT Credit Receivable		**92.43**		78.09
ii) Statutory Refunds From Government Authorities		**5.58**		1.12
iii) Trade Receivables				
Outstanding for a period exceeding six months				
Considered Doubtful	**1.57**		0.86	
Less: Provision for Doubtful Debts	**1.57**		0.86	
		-		-
iv) Expenses to the extent not written off or adjusted				
Preliminary Expenses		**0.16**		0.07
Loan Processing Fee		**0.09**		0.36
		98.26		79.64

NOTE NO. 1.13 INVENTORIES (As taken, valued and certified by the management) (Valued at cost or net realisable value whichever is lower)

Particulars	**As at March 31, 2012**	As at March 31, 2011
i) Raw Materials	**131.22**	142.30
ii) Work-in-Progress	**152.24**	141.71
iii) Finished Goods	**103.48**	90.71
iv) Stores, Spares and Consumables	**128.09**	111.24
	515.03	485.96

NOTE NO. 1.14 TRADE RECEIVABLES (Net of bills discounted with Banks)

Particulars	**As at March 31, 2012**	As at March 31, 2011
Unsecured		
i) Outstanding for a period exceeding six months		
Considered Good	**22.50**	34.73
ii) Others Considered Good	**349.03**	361.97
	371.53	396.70

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.15 CASH AND BANK BALANCES

Rs. in Crore

Particulars	As at March 31, 2012	As at March 31, 2011
Cash and Cash Equivalents		
i) Balances with Banks	**43.72**	21.89
ii) Money -in-Transit	-	3.55
iii) Cash on Hand	**0.05**	0.08
	43.77	25.52
Other Bank Balances		
Deposits with Banks	**52.63**	45.94
	96.40	71.46
Balances with Banks include :		
i) Unclaimed Dividend	**2.80**	2.07
ii) Unclaimed Interest on Debentures	**0.24**	0.24
Deposits with Banks include :		
i) Margin Money Deposits against Guarantees / Letter of Credit with less than 12 months maturity	**37.12**	31.34
ii) Margin Money Deposits against Guarantees / Letter of Credit with more than 12 months maturity	**3.80**	2.59

NOTE NO. 1.16 SHORT TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

Particulars	As at March 31, 2012	As at March 31, 2011
Loans and Advances to Related Parties		
Associate Company	**13.40**	11.25
Others		
i) Security Deposits	**6.93**	6.84
ii) Advances recoverable in Cash or in Kind #	**46.06**	19.39
	66.39	37.48

Loans and Advances include loans to officers of the Company Rs.14,725/- (Previous Year Rs.19,825/-).

NOTE NO. 1.17 OTHER CURRENT ASSETS

Particulars	As at March 31, 2012	As at March 31, 2011
Balances with Government Authorities :		
i) Balance with Custom, Excise & Sales Tax	**41.07**	44.61
ii) Export Incentives and Other Statutory Refunds	**40.38**	28.13
iii) Taxes paid (net of provisions)	**2.68**	4.63
Others	**39.97**	20.20
Expenses to the extent not written off or adjusted		
i) Preliminary Expenses	**0.04**	0.03
ii) Loan Processing Fee	**0.27**	0.62
	124.41	98.22

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.18 REVENUE FROM OPERATIONS (GROSS)

SALE OF PRODUCTS

Rs. in Crore

Particulars	2011-12	2010-11
i) Tube	**1,715.42**	1,492.27
ii) Steel	**1,430.80**	1,257.11
Gross Sales	**3,146.22**	2,749.38

NOTE NO. 1.19 OTHER OPERATING REVENUE (GROSS)

Particulars	2011-12	2011-12	2010-11	2010-11
Other Operating Revenues				
i) Sale of Scrap (Gross)	**82.62**		51.47	
Less : Inter Segment Transfers (including Excise Duty)	**60.47**		39.08	
		22.15		12.39
ii) Export Incentives		**18.33**		15.28
iii) Electricity Refund (Refer Note No. 3.2 (iii) of Notes to Accounts)		**15.29**		9.60
iv) Mega Project Incentives		**12.92**		9.11
		68.69		46.38

NOTE NO. 1.20 OTHER INCOME

Particulars	2011-12	2010-11
i) Interest Income	**13.53**	5.34
ii) Miscellaneous Income (Refer Note No. 3.14 to Notes on Accounts)	**11.82**	19.89
	25.35	25.23

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.21 COST OF RAW MATERIAL CONSUMED

Rs. in Crore

Particulars	2011-12	2010-11
Opening Stock	**142.30**	96.13
Add : Purchases made during the year	**1,018.12**	883.58
	1,160.42	979.71
Less : Closing Stock	**131.22**	142.30
	1,029.20	837.41

DETAILS OF RAW MATERIAL CONSUMED

Particulars	2011-12	2010-11
Tube Segment		
Steel Bars	**925.23**	768.88
Less : Inter Segment Transfers included in above	**729.94**	615.41
Net Consumption	**195.29**	153.47
Steel Segment		
i) Pig Iron, DRI and Steel Scrap	**783.87**	619.62
ii) Ferro Alloys	**104.80**	99.75
	888.67	719.37
Less : Inter Segment Transfer	**54.76**	35.43
Net Consumption	**833.91**	683.94
Total Raw Material Consumed	**1,029.20**	837.41

NOTE NO. 1.22 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	2011-12	2010-11
Closing Stock		
i) Finished goods	**103.48**	90.71
ii) Work-in-Progress	**152.24**	141.71
	255.72	232.42
Opening Stock		
i) Finished goods	**90.71**	70.90
ii) Work-in-Progress	**141.71**	101.45
	232.42	172.35
(Increase) / Decrease in Inventories		
i) Finished goods	**(12.77)**	(19.81)
ii) Work-in-Progress	**(10.53)**	(40.26)
	(23.30)	(60.07)

PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

Particulars	2011-12	2010-11
i) Tube	**121.10**	115.26
ii) Steel	**31.14**	26.45
	152.24	141.71

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.23 EMPLOYEE BENEFITS EXPENSES

Rs. in Crore

Particulars	**2011-12**	2010-11
i) Salaries, Wages, Bonus and Allowances	**113.82**	102.35
ii) Contributions to Provident Fund and Other Funds	**14.59**	13.82
iii) Staff Welfare Expenses	**8.61**	7.35
	137.02	123.52

NOTE NO. 1.24 FINANCE COST

Particulars		**2011-12**		2010-11
i) Interest Expenses				
a) Term Loans	**53.59**		52.04	
b) Working Capital and Others	**48.54**		27.19	
		102.13		79.23
ii) Cash Discount		**0.24**		0.65
iii) Other Finance Costs		**23.22**		14.56
		125.59		94.44

NOTE NO. 1.25 DEPRECIATION, AMORTISATION AND OBSOLESCENCE

Particulars	**2011-12**	2010-11
i) Depreciation for the year	**92.41**	86.27
Less: Withdrawal from Amalgamation Reserve (Refer Note No. 3.12 of Notes to Accounts)	**6.72**	-
	85.69	86.27
ii) Amortisation of Miscellaneous Expenditure	**0.66**	0.74
iii) Loss on Obsolescence of Asset	**4.11**	6.34
	90.46	93.35

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 1.26 OTHER EXPENSES

Rs. in Crore

Particulars	2011-12		2010-11	
i) Materials				
a) Stores and Spares	**73.06**		63.61	
b) Consumables	**79.71**		76.31	
		152.77		139.92
ii) Energy				
a) Power Charges	**204.28**		179.57	
b) Fuel	**108.23**		86.64	
c) Gases	**34.08**		31.13	
		346.59		297.34
iii) Direct Manufacturing				
a) Processing Charges	**13.60**		17.77	
b) Other Direct Expenses	**31.18**		28.95	
c) Repairs Maintenance to Plant and Machinery	**7.73**		9.38	
d) Repairs to Factory Building	**0.67**		0.76	
e) Machine Rentals	**1.60**		1.75	
		54.78		58.61
iv) Selling & Distribution				
a) Freight Charges	**50.14**		45.48	
b) Commission on Sales	**4.85**		3.02	
c) Selling and Other Expenses	**3.36**		2.30	
		58.35		50.80
v) Excise Duty on Stock of Finished Goods		**2.41**		1.31
vi) Administrative Expenses				
a) Rent	**1.68**		1.45	
b) Rates and Taxes	**0.42**		0.30	
c) Travelling	**7.40**		5.28	
d) Communication	**1.87**		1.81	
e) Repair and Maintenance - Others	**1.05**		0.96	
f) Insurance	**1.71**		1.34	
g) Equipment Lease Rentals	**0.64**		0.44	
h) Loss on Sale of Assets	-		0.01	
i) Miscellaneous Expenses	**14.81**		18.06	
(Refer Note No. 3.16 of Notes to Accounts)		**29.58**		29.65
		644.48		577.63

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 2 : SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements relate to ISMT Limited ("the Company) and its subsidiaries. The Company and its subsidiaries constitute the Group.

i) Basis of Accounting

a) The Financial Statements of the subsidiary companies used in consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2012.

b) The Financial Statements of the Group have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and as notified under the Companies (Accounting Standards) Rules, 2006 and other generally accepted accounting principles in India

ii) Principles of Consolidation

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements" on the following principles:-

a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.

b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average exchange rate prevailing during the year. All assets and liabilities are converted at closing exchange rates prevailing at the end of the year. All resulting exchange differences arising on consolidation are accumulated in foreign currency translation reserve until the disposal of net investment.

c) The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the date on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

d) Minority interest in the net income of consolidated subsidiaries for the reporting period has been identified and adjusted against the income of the group in order to arrive at net income attributable to the group. Minority interest in the net assets of the consolidated subsidiaries have been identified and presented in the consolidated Balance Sheet separately from liabilities and the equity of parent.

e) The Consolidated Financial Statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.

iii) The consolidated Financial Statements present the consolidated accounts of ISMT Ltd with its subsidiaries and indirect subsidiary companies.

Sr. No.		Name of Company	Country of Incorporation
a)	*	ISMT Enterprises S.A.	Luxembourg
b)	*@	Tridem Port and Power Company Pvt. Ltd.	India
c)	*	Structo Hydraulic AB	Sweden
d)	*	Structo Hydraulic India Limited	India
e)	*	ISMT Europe AB	Sweden
f)	*	Structo (UK) Limited	UK
g)	*@	Nagapattinam Energy Pvt. Ltd.	India
h)	*@	PT ISMT Resources	Indonesia

@ Compiled by the Management as on March 31,2012.
* Audited by other Auditors.

a) Ownership interest in all the Subsidiary Companies is 100% except in case of ISMT Enterprises SA Luxembourg, it is 99.62% and Tridem Port and Power Company Pvt. Ltd. it is 51.06%

b) Reporting dates of all Subsidiary Companies is March 31, 2012 except for Tridem Port and Power Company Pvt. Ltd., Nagapattinam Energy Pvt. Ltd. and PT ISMT Resources, it is December 31, 2011.

OTHER ACCOUNTING POLICIES:

2.1 Revenue Recognition

i) Sales

a) Sales are recognized when the significant risks and rewards of ownership of goods have been passed to the buyer. Sales are net of sales tax and sales returns.

b) Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale.

ii) Export Incentives

Export Incentives are recognized when right to receive credit as per prevalent scheme is established in respect of the exports made and when there is no significant uncertainty regarding realization of such claim.

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

2.2 Fixed Assets

i) Fixed Assets are stated at their original cost of acquisition including taxes, duties, freight, other incidental expenses related to acquisition and installation of the concerned assets and excludes refundable taxes and duties.

ii) All incidental expenses incurred during project implementation, for the project as well as trial run expenses are treated as expenditure during construction and are capitalized.

2.3 Depreciation

Parent Company

i) Leasehold Land – Cost of leasehold land is amortised over lease period.

ii) Depreciation on Building and Plant & Machinery is provided on straight line method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

iii) Deprecation on Furniture & Fixtures, Office Equipment and vehicle is provided on written down value method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

Subsidiary Companies

Structo Hydraulics AB :

Depreciation according to plan is based on the original purchase value and estimated economic life. A write-down is made in case of permanent decrease in value.

The following depreciation periods are applied :

Tangible Assets : -

Buildings	45 years
Computer Hardware and Software	3-5 years
Plant & Machinery and Equipment	3-15 years

Structo (UK) Limited:

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life Computer Equipment and Furniture – 33% on reducing balance.

ISMT Europe AB :

Depreciation according to plan is based on the original purchase value and estimated economic life. A write-down is made in case of permanent decrease in value.

Tangible Assets : -

Computer Hardware and Software	5 years
Equipment	5 years

Tridem Port and Power Company Pvt. Ltd. and Nagapattinam Energy Pvt. Ltd. :

Deprecation on Furniture & Fixtures, Office Equipment and Vehicle is provided on straight line method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956.

2.4 Intangibles

Parent Company

Intangible assets are stated at costs less accumulated amortisation.

The cost relating to intangible assets are capitalised and amortised over the period of 5 years which is based on their estimated useful life.

Subsidiary Company

Structo Hydraulics AB :

Goodwill is amortised over a period of 10 years.

Tridem Port and Power Company Pvt. Ltd.

Software is amortised over a period of 5 years.

2.5 Leased assets

i) Finance Lease

Lease rentals in respect of finance lease are segregated into cost of the Assets and finance components by applying an implicit internal rate of return. The cost component is amortised over the useful life of the Asset and the finance component is recognised in the Statement of Profit and Loss.

ii) Operating Lease

Lease rentals in respect of operating lease are charged to the Statement of Profit and Loss as per the terms of the lease agreement.

2.6 Inventories

Parent Company

i) Classification

Scrap generated from Tube Segment is classified as raw material as the same is mostly used by Steel Segment.

ii) Valuation

a) Raw Materials are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.

b) Semi-finished and finished goods are valued at lower of cost or net realisable value. Cost includes raw material,

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

labour cost, manufacturing expenses, production overheads and depreciation.

c) Stores and spares are valued at cost determined on weighted average basis, except for those which have a longer usable life, which are valued on the basis of their remaining useful life.

iii) Inventories include goods in transit under the appropriate heads.

Subsidiary Company

Structo Hydraulic AB and ISMT Europe AB

Inventory is valued at the lower of original cost on a first in first out principle and market value respectively. Obsolescence risk have been considered. The purchase cost regarding the company's own manufacturing semi-finished and finished products consists of direct manufacturing costs and reasonable overheads for indirect manufacturing costs.

2.7 Employee Benefits : -

Parent Company

i) Defined Contribution Plan

The Company makes defined contribution to Provident Fund and Superannuation Schemes, which are recognized in the Statement of Profit and Loss on accrual basis.

ii) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act (funded), long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short term compensated absences, which are provided on actual basis. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligations is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Subsidiary Companies

Structo Hydraulic AB and ISMT Europe AB

The Company makes defined contribution to the Government authority as a social security benefit, which is recognized in the Statement of Profit and Loss on accrual basis.

2.8 Research & Development

Research and Development costs (other than costs of fixed assets acquired) are charged to the Statement of Profit and Loss in the year in which they are incurred.

2.9 Long Term Investments

Long term investments are valued at cost of acquisition. Provision for diminution in value of Long Term investments is made only if such a decline is other than temporary in the opinion of the Management.

2.10 Foreign Currency transactions

Parent Company / Tridem Port and Power Company Pvt. Ltd. / Nagapattinam Energy Pvt. Ltd. / Structo Hydraulics India Limited.

i) All transactions in foreign currency are recorded by applying the exchange rate prevailing at the time of the transaction.

ii) The Company designates borrowing in foreign currency other than those utilized for capital expenditure and identified Long Term Loans as hedge instrument to hedge its foreign currency risk of its firm commitment and highly probable or forecasted revenue transaction to be accounted as cash flow hedge. The unrealized exchange gains or losses on transactions related to foreign currency borrowing which qualify as effective hedge are recognized in the Hedging Reserve Account.

iii) Monetary foreign currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the Balance Sheet date. Pursuant to the notification of the Companies (Accounting Standards) (Second Amendments) Rules, 2011 on December 29, 2011, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, the exchange differences relating to long term monetary items are dealt with in the following manner:

a) Exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of capital asset are add to / deducted from the cost of the asset.

b) Exchange differences relating to long term monetary items, arising during the year, in so far as they relate to identified Long Term Loans, are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized to the profit and loss account over balance life of the long term monetary item, however the period of amortization does not extend beyond March 31, 2020.

iv) All other exchange differences are dealt with in the Statement of Profit and Loss.

v) In respect of forward exchange contracts, the difference between the forward rate and the spot rate is recognized income or expense over the contract period. Gains or Losses on cancellation or renewal of forward exchange contracts are recognized as income or expenses.

vi) Non-monetary items such as investments are carried at the historical cost using the exchange rate on the date of the transaction.

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

Other Subsidiary Companies

Receivables and Payables in foreign currency have been converted using the rate of the Balance Sheet date. Exchange rate differences on current receivables and payables are included in the operating result.

2.11 Miscellaneous Expenditure

i) Preliminary expenses in the nature of public issue expenses and expenses in respect of increase in authorised capital are amortised over a period of ten years.

ii) Loan processing fees are amortised over the Loan period.

2.12 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

2.13 Income Tax

Parent Company / Tridem Port and Power Company Pvt. Ltd. / Nagapattinam Energy Pvt. Ltd. / Structo Hydraulics India Limited.

i) Tax expenses comprise of current and deferred tax.

ii) Provision for current income tax is made on the basis of relevant provisions of the Income Tax Act, 1961 as applicable to the financial year.

iii) Deferred tax on timing differences is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is virtual certainty with convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

iv) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

Other Subsidiary Companies

Tax expenses have been accounted for on the basis of tax laws prevailing in respective countries.

2.14 Government Incentives

Mega Project Incentives are recognized in the Statement of Profit and Loss in accordance with the provisions of the Package Scheme of Incentives 2007 and the eligibility certificate issued by the Government of Maharashtra.

2.15 Impairment of Assets

Where there is an indication that an asset is impaired, the recoverable amount if any, is estimated and the impairment loss is recognised to the extent-carrying amount exceeds recoverable amount.

2.16 Contingent Liabilities

Contingent Liabilities are not provided and are disclosed in notes on accounts. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

NOTE NO. 3 : NOTES TO ACCOUNTS

Notes which are necessary for presenting a true and fair view of the consolidated financial statement are included as an integral part of the Consolidated Accounts.

3.1 CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)

Rs. in Crore

Particulars	As on March 31, 2012	As on March 31, 2011
i) Contingent Liabilities		
Parent Company		
a) Claims against the company not acknowledged as debt		
Sales Tax	**12.17**	12.16
Income Tax disputed by the company	**0.20**	0.29
Excise Duty	**38.50**	31.29
Others	**8.94**	7.51
b) Corporate Guarantees	**49.36**	28.47
c) Bills discounted on behalf of third party	**37.06**	43.64
Subsidiary Company		
Bills discounted on behalf of third party	**71.95**	33.49
ii) Commitments		
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Parent Company	**23.12**	47.34
Subsidiary Company	**4.67**	4.46

3.2 i) Considering the uncertainty related to realisation, the following items are not considered to accrue till they are settled / sanctioned / received as the case may be: a) Insurance claims except specific claims stated separately b) Interest on receivables c) Electricity Refund (Additional Supply Charges).

ii) The insurance claim lodged during the year amounting to Rs. 14.98 Crore has been accounted on accrual basis as the Company expects that the said claim would be settled by the Insurance Company and there would be no material difference in the settlement of the claim.

iii) Considering the certainty of refund against Regulatory Liability Charges to be received from Maharashtra State Electricity Distribution Company Limited (MSEDCL), the Company has recognized the outstanding amount of refund of Rs. 9.88 Crore.

3.3 As per Accounting Standard 17, the Company has two segment viz "Seamless Tube and Steel". Structo group is considered as Seamless Tube Segment and Tridem group is considered under unallocable as business activities are not commenced.

i) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.

ii) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under "Un-allocable Assets / Liabilities".

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

Segment Information

Rs. in Crore

Particulars	As on March 31,2012				As on March 31,2011			
	Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
i) Segment Revenue								
Total External Sales (Gross)	**1,473.72**	**638.08**		**2,111.80**	1,236.36	587.09		1,823.45
Add : Inter Segment Transfers (Gross)	-	**792.72**		**792.72**	-	670.02		670.02
Inter Division Transfers (Gross)	**164.84**	-		**164.84**	150.39	-		150.39
Subsidiary / Parent Company	**76.86**	-		**76.86**	105.52	-		105.52
	1,715.42	**1,430.80**		**3,146.22**	1,492.27	1,257.11		2,749.38
Less : Excise Duty	**98.78**	**122.34**		**221.12**	88.48	109.43		197.91
	1,616.64	**1,308.46**		**2,925.10**	1,403.79	1,147.68		2,551.47
Less : Inter Segment Transfers(net)	-	**730.80**		**730.80**	-	616.15		616.15
Inter Division Transfers (net)	**149.26**	-		**149.26**	136.35	-		136.35
Subsidiary / Parent Company	**76.86**	-		**76.86**	105.52	-		105.52
Net Sales	**1,390.52**	**577.66**		**1,968.18**	1,161.92	531.53		1,693.45
ii) Segment result before Interest, Exceptional items & Taxes	**108.20**	**54.72**	**24.52**	**187.44**	111.46	81.64	6.14	199.24
Less : Finance Cost				**125.59**				94.44
Amortisation / Obsolescence				**4.77**				7.07
Foreign Exchange (Gain) / Loss				**31.89**				(1.11)
Profit before Tax				**25.19**				98.83
Less : Tax (including Deferred tax)				**(0.04)**				20.70
Profit after Tax				**25.23**				78.13
Less : Share of Minority Interest				**0.04**				0.02
Profit after Minority Interest				**25.19**				78.11
iii) Other Information								
Total Segment Assets	**1,632.35**	**566.25**	**658.33**	**2,856.93**	1,613.70	603.72	438.91	2,656.33
Total Segment Liabilities	**333.99**	**405.77**	**482.40**	**1,222.16**	321.81	516.39	349.41	1,187.61
Total cost incurred for acquiring Segment assets	**79.19**	**4.42**	**110.18**	**193.79**	51.12	2.96	146.71	200.79
Segment Depreciation	**59.15**	**26.45**	**0.09**	**85.69**	59.83	26.44	-	86.27
Total Unallocable assets								
Goodwill on Consolidation				**31.23**				31.23
FCMITDA				**5.02**				-
				36.25				31.23
Total Unallocable Liabilities								
Long Term Borrowings				**881.79**				722.66
Short Term Borrowings				**164.09**				109.57
Deferred Tax Liability (Net)				**68.22**				68.35
				1,114.10				900.58

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

3.4 Expenditure incurred during Trial Run and Construction Period, which have been Capitalized during the year.

Rs. in Crore

Particulars	2011-12	2010-11
i) Expenditure incurred during trial run net of sales realization :		
a) Raw Material Consumed	**0.38**	0.62
b) Power Charges	**0.08**	0.08
c) Other Direct Expenses	**0.29**	0.28
	0.75	0.98
ii) Expenditure incurred during Construction period :		
a) Personnel Cost	**4.84**	3.93
b) Overheads	**1.53**	8.90
c) Interest	**17.03**	8.45
d) Depreciation	-	0.15
	23.40	21.43

3.5 The Company, based on legal advice has transferred the balance in the Restructuring Reserve of Rs. Nil (Previous Year Rs. 12.93 Crore) towards diminution in value of deferred tax asset of erstwhile The Indian Seamless Metal Tubes Ltd., to the Statement of Profit and Loss. The said transfer is in terms of the Scheme of Arrangement having Appointed Date as April 01, 2004 between the erstwhile The Indian Seamless Metal Tubes Ltd. and the company.

3.6 Disclosure regarding exposure of the Company in respect of outstanding foreign currency transactions as on the date of Balance Sheet and which are not hedged by a derivative instruments or otherwise.

Particulars	2011-12 Foreign Currency in Million	Rs. in Crore	2010-11 Foreign Currency in Million	Rs. in Crore
Parent Company				
i) Secured Loans				
a) US Dollars	**150.39**	**768.38**	98.08	437.91
b) Euros	**15.58**	**106.51**	8.50	53.75
ii) Unsecured Loans				
US Dollars	-	-	20.00	89.30
iii) Receivables				
a) US Dollars	**11.52**	**58.98**	14.95	66.92
b) Euros	**9.00**	**61.51**	8.13	51.41
c) Sterling Pounds	-	-	0.001	0.001
d) Australian Dollar	**0.13**	**0.69**	0.41	1.86
iv) Deposits with Banks				
US Dollars	-	-	2.69	12.01
v) Interest Receivable				
US Dollars	-	-	0.02	0.08
vi) Payables				
a) US Dollar	**90.03**	**460.55**	42.56	189.81
b) Euros	**1.34**	**9.17**	1.80	11.40
c) SEK	**25.06**	**19.49**	-	-
vii) Interest Payable				
a) US Dollars	**0.58**	**2.97**	0.27	1.22
b) Euros	-	**0.01**	0.01	0.03
Subsidiary Companies				
i) Receivables				
a) Euros	**2.89**	**19.63**	6.16	38.12
b) Sterling Pounds	**0.02**	**0.13**	0.02	0.13
ii) Payables				
a) US Dollar	-	-	0.002	0.01
b) Euros	**9.50**	**64.48**	9.61	59.48
c) Sterling Pounds	**0.12**	**0.10**	0.01	0.07

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

3.7 i) Assets taken on operating lease : - The details of future rental payable on non-cancellable operating lease are given below.

Rs. in Crore

Particulars	**2011-12**	2010 -11
i) Parent Company		
a) Not later than one year	**2.82**	2.82
b) Later than one year and not later than five years	**10.55**	10.97
c) Later than five years	-	2.40
ii) Subsidiary Company		
a) Not later than one year	**2.69**	2.74
b) Later than one year and not later than five years	**4.27**	6.69
c) Later than five years	**1.63**	3.00

ii) Assets taken on finance lease : - The period of lease is 10 years. The agreements provide for renewal of the lease at the end of the lease period. The details of Minimum Lease Payments (MLP) and their Present Values (PV) arrived by discounting the MLPs at the appropriate discounting rate are as under : -

Rs. in Crore

Asset Classification	**Not later than 1 year**	**Later than 1 year and not later than 5 years**	**Later than 5 years**	**Total**
Plant & Machinery				
MLP	0.02	0.07	-	0.09
(Previous Year)	0.02	0.10	-	0.12
PV	0.01	0.05	-	0.06
(Previous Year)	0.01	0.07	-	0.08

3.8 Parent Company

i) The Company had adopted Accounting Standard-11 “The effects of changes in Foreign Exchange Rates”, read with notification issued by the Ministry Of Corporate Affairs dated March 31, 2009, May 11, 2011 and December 29, 2011 and exercised the option to recognize exchange difference on long term monetary items related to Fixed Assets to the cost of Fixed Assets and the other long term monetary items (other than those covered under " Cash Flow Hedge ") to “Foreign Currency Monetary Item Translation Difference Account” (FCMITDA). Accordingly the Company has accounted exchange differences as under :

a) Exchange difference Loss of Rs. 51.49 Crore (Previous Year Gain of Rs. 0.49 Crore) related to acquisition of Capital Assets has been adjusted to respective Fixed Assets.

b) Exchange difference loss of Rs. 0.63 Crore (Previous Year Rs. 2.59 Crore) for the Current Year relating to long term monetary items has been charged to the Statement of Profit and Loss and the balance of Rs. 5.02 Crore (Previous Year Rs. NIL) has been carried over as on March 31, 2012 in FCMITDA.

ii) The Company has changed its accounting policy with regard to recognition of exchange difference arising on translation of foreign currency borrowing by following an appropriate hedge accounting policy and applying principles set out in Accounting Standard (AS) 30 - "Financial Instrument Recognition and Measurement". The objective of adopting hedge accounting is to ensure that the gain or losses of the hedging instrument is recognised in statement of profit and loss in same period when the gain or loss of hedged items is recognised in statement of profit and loss. The Company w.e.f. April 1, 2011 has designated borrowing in foreign currency other than those utilised for capital expenditures and identified Long Term Loans as hedge instrument to hedge its foreign currency risk of its firm commitments and highly probable forecast transactions (of revenue streams) to be accounted as cash flow hedge. During the year, the net un realised exchange difference in foreign currency borrowing aggregating to Rs. 31.09 Crore has been recognised in Hedge Reserve Account.

iii) Had the Company not exercised the option under AS-11 as stated in para 3.11 (a) and not changed the accounting policy as stated in para 3.11 (b), the profit (net of tax) for the year would have been lower by Rs. 56.74 Crore (Previous Year Rs. 2.95 Crore), Gross Fixed Assets would have been lower by Rs.73.82 Crore (Previous Year Rs. 22.33 Crore) and consequently the Reserves and Surplus would have been Lower by Rs. 71.13 Crore (Previous Year Rs. 14.39 Crore).

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

3.9 i) Related party Disclosure as required by Accounting Standard 18 is as under : -

a) Key Management Personnel

i) Mr. Salil Taneja - Chief Executive Officer (ISMT Limited)
ii) Mr. B.R. Taneja - Non Executive Director (ISMT Limited)
iii) Mr. Rajiv Goel - Chief Financial Officer (ISMT Limited)
iv) Mr. Nirmal Chandra - President (Project & Product Development) (ISMT Limited)
v) Mr. Kishore Bharambe - Managing Director (Structo Hydraulics AB, Sweden) upto March 22, 2012
vi) Mr. Hemant Patil - Managing Director (Structo Hydraulics AB, Sweden) w.e.f. March 23, 2012
vi) Mr. R Coles - Director (Structo (UK) Limited, U.K.)

b) Associate Companies

i) Indian Seamless Enterprises Limited
ii) Indian Seamless Incorporated, USA.
iii) Taneja Aerospace and Aviation Limited

c) Details of Transaction

i) Key Management Personnel
Remuneration Paid for the year Rs.3.50 Crore(Previous Year Rs.3.49 Crore)
ii) Associate Companies

Rs. in Crore

Details of Transactions	**Associate Companies**	
	2011-12	2010-11
Sale of Finished Goods	**63.83**	20.89
Purchases	**0.13**	0.48
Lease rent Paid	**2.70**	2.70
Inter Corporate Deposits (Net)	**3.15**	9.32
Interest Received	**2.33**	1.78
Dividend paid	**6.90**	5.52
Outstanding as at Balance Sheet date		
Receivables	**17.66**	12.68
Loans & Advances Given	**2.00**	1.84
Inter-corporate Deposits Given	**13.40**	11.25

a) Sale of finished goods include sales to Indian Seamless Inc., Rs. 56.22 Crore (Previous Year Rs. 17.99 Crore).

b) Lease rent paid include paid to Taneja Aerospace and Aviation Ltd. Rs. 2.40 Crore (Previous Year Rs. 2.40 Crore).

c) Inter corporate deposit include deposit given to Taneja Aerospace and Aviation Ltd Rs. 2.15 Crore (Previous Year Rs. 4.32 Crore), Indian Seamless Enterprises Ltd. Rs. 1.00 Crore (Previous Year Rs. 5.00 Crore).

d) Interest received include received from Taneja Aerospace and Aviation Ltd. Rs. 2.26 Crore (Previous Year Rs. 1.36 Crore).

e) Dividend is paid to Indian Seamless Enterprises Ltd Rs. 6.90 Crore (Previous Year Rs. 5.52 Crore).

3.10 Employee Benefits

Parent Company

The Accounting Standard – 15 (Revised 2005) on " Employee Benefits " has been adopted by the Company effective from April 1, 2007.

During the year, Company has recognised the following amounts in the financial Statements:

i) Defined Contribution Plan:

The Company has recognized the following amounts as an expense and included under the head " Personnel Cost" – Contribution to Provident and other Fund :

Rs. in Crore

Particulars	**2011-12**	2010-11
Employer's Contribution to Provident Fund and Family Pension Fund	**4.67**	3.84
Employer's Contribution to Superannuation Fund	**2.71**	2.14

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

In respect of Provident Fund Trust set up by the Company, there is no deficit of interest shortfall as on the date of Balance Sheet. With regards to future obligation arising due to interest shortfall (i.e. government interest to be paid on the Provident Fund Scheme exceeding rate of interest earned on investment), pending issuance of the Guidance Note from Actuarial Society of India, the actuarial liability against the same cannot be reliably measured and quantified.

ii) Defined Benefit Plan: **Gratuity (Funded)**

a) Changes in present value of Defined Benefit Obligations: **Rs. in Crore**

	2011-12	2010 – 11
Present value of obligation as at April 01, 2011	**17.33**	13.09
Current Service Cost	**1.45**	1.30
Interest Cost	**1.35**	0.99
Actuarial (gain)/loss	**1.01**	3.49
Benefits paid	**(1.01)**	(1.54)
Present Value of Obligation as at March 31, 2012	**20.13**	17.33

b) Changes in fair value of Plan Assets:

	2011-12	2010 – 11
Fair value of plan Assets as at April 01, 2011	**14.77**	8.67
Expected return on plan Assets	**1.42**	0.93
Actuarial gain/(loss)	**(1.81)**	1.17
Employer Contribution	**3.06**	4.00
Benefits paid	**(0.05)**	-
Fair value of plan Assets as at March 31, 2012	**17.39**	14.77

c) Actual Return on Plan Asset:

	2011-12	2010 – 11
Expected return on plan Assets	**1.42**	0.93
Actuarial gain/(loss) on plan Assets	**(1.81)**	1.17
Actual return on plan Assets	**(0.39)**	2.10

d) Amounts recognized in the Balance Sheet in respect of:

Particulars	**Gratuity (Funded)**	**Leave Encashment (Non Funded)**	**Gratuity (Funded)**	**Leave Encashment (Non Funded)**
	2011-12		2010 - 11	
Fair Value of Plan Asset as at March 31, 2012	**17.39**	-	14.77	-
Present Value of Obligation as at March 31, 2012	**20.13**	**5.56**	17.33	4.68
Net Liability	**2.74**	**5.56**	2.56	4.68

e) Expenses recognised in the Statement of Profit and Loss

(under the head "Personnel Cost" - Refer Note No. 1.25).

	Gratuity (Funded) 2011-12	**Leave Encashment (Non Funded) 2011-12**	Gratuity (Funded) 2010 - 11	Leave Encashment (Non Funded) 2010 - 11
Current Service Cost	**1.45**	**0.66**	1.30	0.51
Interest Cost	**1.35**	**0.34**	0.99	0.22
Expected return on Plan Assets	**(1.42)**	**-**	(0.93)	-
Actuarial (gain)/loss	**2.82**	**0.90**	2.32	1.72
Expense Recognised in the Statement of Profit and Loss	**4.20**	**1.90**	3.68	2.45

f) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2012

		2011-12	2010-11
i)	Government of India Securities	**6.12%**	8.06%
ii)	Corporate Bonds	**6.12%**	9.68%
iii)	Special Deposit Scheme	**0.71%**	7.52%
iv)	Insurer Managed Funds	**79.23%**	65.53%
v)	Others	**7.82%**	9.21%
	Total	**100.00%**	100.00%

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

g) Principal Actuarial Assumptions used as at the Balance Sheet date

Particulars	**2011-12** Gratuity (Funded)	**2011-12** Leave Encashment (Non Funded)	2010-11 Gratuity (Funded)	2010-11 Leave Encashment (Non Funded):
Discount Rate	**8.50%**	**8.50%**	8.00%	8.00%
Expected Rate of Return on Plan Assets	**8.75%**	-	8.75%	-
Salary Escalation Rate	**7.00%**	**7.00%**	7.00%	7.00%

Subsidiary Company

Defined Contribution Plan :

The Company has recognized the following amounts as an expense and included under the head Personnel Cost.

Rs. in Crore

	2011-12	2010 – 11
Social Security Contribution	**7.41**	7.86

3.11 Tax treatment of certain items was reviewed while filing the income tax return for the Assessment Year 2011-12 during the current year, resulting in a higher tax liability for the previous year. The difference between the provision for taxes made in the financial year 2010-11 accounts and actual tax liability as per income tax return amounting to Rs. 8.26 Crore has been accounted for as the tax liability in respect of earlier year. However, this has no impact on Statement of Profit and Loss as corresponding credit is available under MAT.

3.12 The Company has been advised that the Amalgamation Reserve created upon recording of fair value of assets in terms of the Scheme of Arrangement sanctioned by the Hon'ble High Court, Bombay between The Indian Seamless Metal Tubes Limited and the Company is similar in nature to a Revaluation Reserve and therefore can be adjusted against the additional depreciation attributable to fair value adjustment. Accordingly during the year the Company has adjusted depreciation of Rs. 6.72 Crore for the year ended March 31, 2012 against the Amalgamation Reserve.

3.13 Gross Block of fixed assets include Rs. 11.05 Crore (Previous Year Rs. 11.05 Crore) on account of revaluation of Building of Structo Hydraulics AB.

3.14 Miscellaneous Income includes **Rs. in Crore**

		2011-12	2010-11
i)	Profit on Sale of Assets	**0.02**	0.52
ii)	Income on Assignment of Liability	**9.97**	8.04

3.15 Earnings per Share

i)	Profit After Tax	**25.19**	78.11
ii)	Net Profit for the year attributable to Equity Share Holders	**25.19**	78.11
iii)	Weighted Average number of Equity Shares	**14,65,01,383**	14,65,01,383
iv)	Earnings per share (Rs.) (Basic and Diluted)	**1.72**	5.33

Notes to Consolidated Financial Statement for the year ended March 31, 2012 (Contd.)

3.16 Miscellaneous Expenses include

Rs. in Crore

Particulars		**2011-12**		2010-11
i) Repairs & Maintenance - Building		**0.04**		0.02
ii) Directors Sitting Fees		**0.11**		0.11
iii) Auditors Remuneration				
a) Statutory Audit Fees	**0.39**		0.34	
b) Taxation Matters	**0.03**		0.03	
c) Other Services	-		0.01	
d) Out of Pocket Expenses	**0.02**		0.02	
		0.44		0.40
iv) Provision for Doubtful Debts		**0.70**		0.86

3.17 Previous Year figures have been regrouped and reclassified wherever necessary to conform to the Current Year Classification.

As per our report of even date

For M/s P.G. Bhagwat
Firm Registration No. 101118W
Chartered Accountants

For J. K. Shah & Co.
Firm Registration No. 109606W
Chartered Accountants

Sandeep Rao
Partner
M. No.47235

Sanjay Dhruva
Partner
M.No. 38480

Salil Taneja
Chief Executive Officer

Rajiv Goel
Chief Financial Officer

Nilesh Jain
Company Secretary

Pune, May 28, 2012

Pune, May 28, 2012

ISMT LIMITED

Registered Office: Lunkad Towers, Viman Nagar, Pune - 411 014

PROXY

I/We..of...in the State of...being a member / members of ISMT Limited hereby appoint...of.. .... or failing him/her...of...............................or failing him / her.................................as my / our proxy to attend and vote for me / us and on my / our behalf, at the 14th Annual General Meeting of the Company to be held on Thursday, September 27, 2012 at Hotel Le Meridien, Regal Hall, 1st Floor, Raja Bahadur Mill Road, Pune - 411001 at 11.00 AM and at any adjournment thereof. In witness thereof I/We put my / our hand this...day of ...., 2012.

L.F. No. / DP ID / Client ID / ....

No. of Shares held ....

Date ....

Please affix Rs. 1/- Revenue Stamp

Note: The proxy must be deposited with the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. A proxy need not be a Member. The Proxy Form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company.

ISMT LIMITED

Registered Office: Lunkad Towers, Viman Nagar, Pune - 411 014

ATTENDANCE SLIP

14th Annual General Meeting

L.F. No./DP ID/ Client ID/ ....

Mr./Mrs./Miss ....

I/We certify that I/We am/are registered Shareholder/Proxy for the registered Shareholder of the Company.

I here by record my/our presence at the 14th Annual General Meeting of the Company held on Thursday, September 27, 2012 at Hotel Le Meridien, Regal Hall, 1st Floor, Raja Bahadur Mill Road, Pune - 411001 at 11.00 AM

....

Member's/ Proxy's Signature

NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of ISMT Limited will be held on Thursday, September 27, 2012 at 11.00 AM at Hotel Le Meridien, Regal Hall, Pune - 411001 to transact the following business.

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. A. K. Jain who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vinod Sethi who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** J. K. Shah & Co., Chartered Accountants, Firm Registration No.109606W and M/s P. G. Bhagwat, Chartered Accountants, Firm Registration No.101118W, be and are hereby appointed as Joint Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

Special Business

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution:**

   "**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modification(s) or re-enactment thereof and subject to such approvals/consents, if any, approval of the Company be and is hereby accorded to the re-appointment of Mr. Salil Taneja as Whole Time Director designated as Chief Executive Officer of the Company, for a period of (3) three years with effect from December 1, 2011 upto November 30, 2014 on the terms, conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice convening this meeting with the liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board constituted to exercise its powers including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remunerations, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

   RESOLVED FURTHER THAT when re-elected as director, on account of retirement by rotation, such re-election of Mr. Salil Taneja as director shall not be deemed to constitute a break in his appointment as a Whole Time Director and that upon re-election he shall continue to hold the office of Whole Time Director as hitherto.

   RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution:**

   "**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modification(s) or re-enactment thereof and subject to such approvals/consents, if any, approval of the Company be and is hereby accorded to the re-appointment of Mr. Rajiv Goel as Whole Time Director designated as Chief Financial Officer of the Company, for a period of (3) three years with effect from December 1, 2011 upto November 30, 2014 on the terms, conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice convening this meeting with the liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remunerations, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

   RESOLVED FURTHER THAT when re-elected as director, on account of retirement by rotation, such re-election of Mr. Rajiv Goel as director shall not be deemed to constitute a break in his appointment as a Whole Time Director and that upon re-election he shall continue to hold the office of Whole Time Director as hitherto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution:**

"**RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any other statutory modification(s) or re-enactment thereof and subject to such approvals/consents, if any, approval of the Company be and is hereby accorded to the re-appointment of Mr. Nirmal Chandra as Whole Time Director designated as President (Project & Product Development) of the Company, for a period of (1) one year with effect from December 1, 2011 upto November 30, 2012 on the terms, conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to the Notice convening this meeting with the liberty to the Board of Directors (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remunerations, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT when re-elected as director, on account of retirement by rotation, such re-election of Mr. Nirmal Chandra as director shall not be deemed to constitute a break in his appointment as a Whole Time Director and that upon re-election he shall continue to hold the office of Whole Time Director as hitherto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

Registered Office:
Lunkad Towers, By Order of the Board of Directors
Viman Nagar,
Pune - 411014

Nilesh Jain
May 28, 2012 Company Secretary

NOTES:

1. The information required to be provided under the Listing Agreement entered with the Stock Exchanges, regarding the Directors who are proposed to be appointed / re-appointed and the relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under item Nos. 6 to 8 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM / HER AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
4. The Register of Members and Share Transfer Book of the Company will remain closed from Monday, September 17, 2012 to Friday, September 21, 2012 (both days inclusive).
5. The Members can avail facility of NECS (for receipt of dividend) / nomination in terms of the legal provisions in that regard. The necessary forms can be downloaded from the Company's website "www.ismt.co.in".
6. **The Ministry of Corporate Affairs has taken a "Green initiative in the Corporate Governance" vide Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 by allowing Companies to serve the Notice / Documents to the Members by electronic mode. Members are requested to register their e-mail address and changes therein from time to time with the respective DP Agent if shares are held in Demat form or with the Registrar & Share Transfer Agent (R&T Agent) of the Company if the shares are held in physical form which will help the Company to serve Members the Notices / Documents by e-mail.**
7. **The Members who have not encashed their dividend warrants for the financial year 2006-07, 2007-08, 2008-09, 2009-10 & 2010-11 are requested to forward the same to the Company or its R&T Agent for revalidation. In this connection attention of the Members is invited to the**

provisions of Section 205C of the Companies Act 1956, that any dividend remaining unpaid / unclaimed for a period of seven years from the date it became due for payment will be transferred to "Investor Education and Protection Fund" (IEPF) established by the Central Government. Further, no claims shall lie against IEPF or the Company in respect of the amount so transferred.

Members are further requested to :

- Intimate changes, if any, in their registered address / bank mandate and email address to the R&T Agent for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
- Quote Ledger folio number / DP ID / Client ID in all the correspondence with the Company or its R&T Agent.
- Intimate about consolidation of folios to the R&T Agent, if your shareholding is under multiple folios.
- **Note that as per the SEBI / Stock Exchanges guidelines the shares of the Company are traded compulsorily in Demat form. As per the guideline issued by SEBI there are no Demat Account opening charges. In view of this Members are requested to convert their physical share certificate into Demat form.**
- Bring their copies of the Annual Report and the Attendance Slips at the Annual General Meeting.
- **Surrender to the R&T Agent, the old share certificate(s) of erstwhile Indian Seamless Steels & Alloys Limited (ISSAL), if still held by them in physical form, for exchange with new share certificate(s) of ISMT Limited.**
- Note that the Company has designated an exclusive e-mail id viz. "secretarial@ismt.co.in" to enable investors to register their complaints, if any.

Registered Office:
Lunkad Towers,
Viman Nagar,
Pune - 411014

By Order of the Board of Directors

Nilesh Jain
Company Secretary

May 28, 2012

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item Nos. 6 to 8

The Board at its meeting held on November 30, 2011 had resolved to re-appoint the Whole Time Directors of the Company viz. Mr. Salil Taneja - designated as Chief Executive Officer, Mr. Rajiv Goel - designated as Chief Financial Officer and Mr. Nirmal Chandra - designated as President (Project & Product Development), for the period and on terms and conditions as mentioned herein below:

1. Period of re-appointment:

a) Mr. Salil Taneja	3 (three) years w.e.f. December 01, 2011 upto November 30, 2014
b) Mr. Rajiv Goel	3 (three) years w.e.f. December 01, 2011 upto November 30, 2014
c) Mr. Nirmal Chandra	1 (one) year w.e.f. December 01, 2011 upto November 30, 2012

2. Remuneration:

In terms of Schedule XIII to the Companies Act, 1956 read together with Section 198 and 309 of the Companies Act, 1956, the Whole Time Director(s) shall be paid the following remuneration:

i) Salary:

The basic monthly salary of the Whole Time Director(s) w.e.f. December 01, 2011 shall be as under:-

a) Mr. Salil Taneja - Rs. 2,85,000/-
(in the scale of Rs. 2 lacs to Rs. 4 lacs p.m.)

b) Mr. Rajiv Goel - Rs. 2,60,000/-
(in the scale of Rs. 2 lacs to Rs. 4 lacs p.m.)

c) Mr. Nirmal Chandra - Rs. 2,05,000/-
(in the scale of Rs. 2 lacs to Rs. 4 lacs p.m.)

ii) Perquisites:

In addition to the above, the Whole Time Director(s) shall be entitled to the following perquisites subject to a limit of 125 per cent of his

Annual Salary with an option to the Whole Time Director(s) to receive the perquisites in any lawful combination as mutually agreed between him and the Board:

A) Housing:

The expenditure by the Company on hiring accommodation (furnished or otherwise) will be subject to a ceiling of sixty per cent of the salary, over and above ten per cent payable by the Whole Time Director.

or

In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company.

or

In case no accommodation is provided by the Company, the Whole Time Director shall be entitled to house rent allowance subject to the ceiling specified above.

B) The expenditure incurred by the Company on gas, electricity, water and furnishings etc. shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of ten per cent of his salary.

C) Reimbursement of Medical Expenses incurred for self and his family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

D) Leave Travel Assistance for self and his family once in a year incurred in accordance with the rules specified by the Company.

E) Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fee.

F) Personal accident insurance, group health insurance, group saving linked insurance and life insurance coverage for self/family as may be fixed by the Board from time to time.

G) Earned Leave on full pay and allowance as per the rules of the Company, but not exceeding one month's leave for every eleven months of service.

H) Provision of Company car for official use and business purposes and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole Time Director(s).

"Family" means the spouse, the dependent children and dependent parents of Whole Time Director.

The Whole Time Director(s) shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration specified herein above:

a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

b) Gratuity at the rate of 15 days salary for each completed year of service on completion of less than 15 (fifteen) years of continuous service within the Group and 30 days salary for each completed year of service on completion of 15 (fifteen) years or more of continuous service within the Group.

c) Encashment of leave at the end of the tenure as per the rules of the Company.

iii) Commission :

The amount of commission, based on the net profit of the Company in a particular year, shall be subject to the overall ceiling laid down in Sections 198 and 309 of the Companies Act, 1956 and shall be subjected to a further ceiling of 0.25 per cent of the Net Profit for each of the Whole Time Directors.

iv) Performance Linked Bonus / Ex-gratia payment

As may be decided by the Board in a particular year but not exceeding Annual Salary of the Whole Time Director.

Remuneration in the event of loss or inadequacy of profits etc.

Notwithstanding anything contained herein, in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Whole Time Director(s), the remuneration by way of salary and perquisites, performance linked bonus and other benefits shall not, without the approval of the Central Government (if required) will exceed the limits prescribed under the Act and Rules made thereunder or any amendment, modification, variation or re-enactment thereof.

The aforesaid terms and conditions are subject to approval of the Members at the forthcoming Annual General Meeting and such other approvals as may be required.

Agreements with the Whole Time Directors have been executed incorporating the aforesaid terms and conditions and will remain open for inspection by the Members at the Registered Office of the Company during 11:00 AM to 1:00 PM on all working days except Saturday, till the date of the forthcoming Annual General Meeting.

The Board recommends the resolution(s).

Mr. Salil Taneja, Mr. Rajiv Goel and Mr. Nirmal Chandra are interested in the respective Resolution regarding their re-appointment as Whole Time Director.

Mr. B. R. Taneja may be considered as interested in the Resolution regarding the re-appointment of Mr. Salil Taneja, on account of being related.

No other Directors are interested in the above re-appointments.

DETAILED PROFILE OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT ARE GIVEN AS UNDER:

	Mr. A. K. Jain	**Mr. Vinod Sethi**
Age	58 years	50 years
Qualification	B.A.	B-Tech Chemical Engineering from IIT Mumbai, MBA Administration - Finance from New York University, Graduate Honors - Beta Gamma Sigma from New York, USA
Date of Appointment	November 29, 2005	April 01, 2009
Category	Non-Executive (Promoter Director)	Non-Executive (Independent Director)
Experience and Expertise in specific functional area	He is an industrialist with business interests in Ferro Alloy, mining and mineral processing of Iron Ore, China Clay etc. in Jharkhand, Orissa and West Bengal.	He was the Managing Director of Morgan Stanley Investment Management Inc., New York from December 1995 to February 2001. He founded India Business for Morgan Stanley and was its Chief Investment Officer for 12 years from 1989. He pioneered international investing in India and is currently running his own Investment Firm
Relationship with other Directors of the Company	No	No
Shareholding of Directors	4,47,145 shares	Nil
Directorship held in other Public Limited Companies	Taneja Aerospace and Aviation Limited	Advanta India Limited, Axsys Health Tech Limited, G. G. Dandekar Machine Works Limited, Geodesic Limited, KCP Sugar & Industries Corporation Limited, United Phosphorus Limited, ITZ Cash Card Limited, India Green Grid Group Limited
Memberships / Chairmanship of Committees of Indian Public Limited Companies	Taneja Aerospace and Aviation Limited - Member of Audit Committee and Remuneration Committee Taneja Aerospace and Aviation Limited - Chairman of Investors Grievance Committee	Advanta India Limited - Member of Audit Committee, Axsys Health Tech Limited - Member of Audit Committee, G. G. Dandekar Machine Works Ltd. - Member of Audit Committee, Geodesic Limited - Member of Audit Committee, KCP Sugar & Industries Corporation Ltd. - Member of Audit Committee

ISMT LIMITED

Registered Office: Lunkad Towers, Viman Nagar, Pune - 411 014

August 18, 2012

Dear Shareholder,

The Ministry of Corporate Affairs, Government of India has taken a 'Green Initiative' by allowing paperless compliances by Companies through electronic mode and has issued Circular Nos. 17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 for the same. Companies can now send various notices and other documents, including Annual Report, to its shareholders through electronic mode to the registered e-mail ID of shareholders.

Your Company supports this initiative and accordingly, it is proposed to send documents including Annual Report to the shareholders in electronic form to the e-mail ID registered with the Company.

For supporting this initiative,

1. **If you hold shares in electronic form,** please intimate / update your email ID to your Depository Participant (DP). The same will be deemed to be your registered email ID for serving notices / documents, including those covered under Section 219 of the Companies Act, 1956.
2. **If you hold the share in physical form,** please intimate your email ID in the following format to the Company's R&T Agent at Sharepro Services (India) Pvt. Ltd., 3 Chintamani Apartments, Lane No. 13, Off V. G. Kale Path, 824/D Bhandarkar Road, Pune - 411 004, Tel No. 020-25662855 / 65002887.

Folio no. (in case of physical shares)	
Name of the first shareholder	
No. of shares held	
Email ID of first holder	
Residential Address (if changed)	
Signature of first holder	

The request letter should be signed by the first / sole holder as per the specimen signature recorded with R&T Agent and should mention correct folio number. Alternatively, you may send a scanned copy of the request letter on **ismt@shareproservices.com** or **secretarial@ismt.co.in.**

If you do not register your email ID, a physical copy of the Annual Report and other documents will be sent to you free of cost, as per current practice.

The Annual Report and other communications sent electronically would also be made available on the Company's website: **www.ismt.co.in.**

We urge you to support this 'Green Initiative" and opt for electronic mode of communication by initimating your email ID to your DP / Sharepro Services (India) Pvt. Ltd.

We look forward to your support.

Thanking you

Yours faithfully
For ISMT Limited

Nilesh Jain
Company Secretary

Annexure I to the Directors' Report

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended on March 31, 2012.

I Conservation of Energy

a. Energy conservation measures taken:

1. Installed water chiller plants based on waste heat recovery.
2. Water emulsion system further improvised and extended to all plants.
3. Magnetic induction technology for street lighting system expended to Jejuri plant.
4. Installation of HT Capacitor Banks at Baramati for improvement in power factor.

b. Additional investment and proposals, if any, being implemented for reduction of consumption of energy :

1. Digital Electrode regulation system planed at EAF.
2. Conversion to variable frequency drive for Rotary hearth furnace blower.

c. Impact of measures listed in (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production :

The measures listed in (a) above has resulted in reduction in the specific consumption of fuel and power. The measure listed at (b) above are under implementation.

Form A
Power & Fuel Consumption

Sr. No.	Particulars	Current Year 2011-12	Previous Year 2010-11
1	Electricity		
	a) Purchased Units		
	(KWH in '000)	**290300**	284886
	Total amount (Rs. in Crore)	**202.72**	176.14
	Rate/KWH (Rs.)	**6.98**	6.18
	b) Own generation		
	i) Through Diesel Generator		
	Units (KWH)	**34662**	38234
	Units per litre of oil/gas	**1.59**	1.66
	Cost per unit (Rs.)	**26.53**	24.62
	ii) Through steam turbine/generator Unit		
	Unit per litre of oil/gas	**NA**	NA
	Cost per unit (Rs.)	**NA**	NA
2	Coal		
	Quantity	**NA**	NA
	Total Cost (Rs.)	**NA**	NA
	Average Cost (Rs.)	**NA**	NA
3	Furnace Oil		
	Quantity (K. Ltr.)	**24209**	25303
	Total Cost (Rs. in Crore)	**90.78**	63.72
	Average Cost (Rs. per K. Ltr.)	**37499**	25185
4	Others: LDO/LSHS		
	Quantity (K. Ltr.)	**2504**	6184
	Total Cost (Rs. in Crore)	**14.01**	22.91
	Average Cost (Rs. per K. Ltr.)	**55922**	37051

Consumption per Unit of Production

Particulars	2011-12	
	Tube	**Steel**
Production (MT)	**185976** (167187)	**268638** (254070)
Electricity (KWH)	**525** (548)	**717** (761)
Furnace Oil (Ltr.)	**84** (95)	**32** (37)
Coal (MT)	**NA** (NA)	**NA** (NA)
Others: LDO/LSHS (Ltr.)	**11** (34)	**2** (2)

Figures in the brackets are for Previous Year.

Form B

A] Research & Development (R & D)

1. Specific areas in which R & D is carried out by the Company and benefits derived therefrom :

1 Improvised on the Tooling materials and tooling designs for better quality and longer life.

2 Water & Chemical Emulsion in Furnace Oil for lower Oil & Fuel additive consumption. Resulted into lower Fuel & Fuel additive cost.

3 Developed stainless steel grades of steel for Engineering & Boiler applications.

4 Application methodology for rust protective oil improvised for better effectiveness and lower consumption.

2. **Future plan of action :**

   1 Toolings to be developed inhouse for new machinery for longer life and better quality.

   2 Packing material gradually improvised for quality and cost effectiveness.

   3 Improve upon piercing point life.

   4 Use of smaller diameter billet for rolling to improve upon yield and tooling cost.

3. **Expenditure on R & D** **(Amount in Crore)**

Sr. No.	Particulars	2011-12	2010-11
i)	Capital	**3.82**	7.45
ii)	Recurring	**2.52**	3.31
	Total	**6.34**	10.76
	Total R & D as a % of Turnover	**0.32%**	0.64%

B] Technology Absorption, Adaption and Innovation

Developments as mentioned in A1 above have become functional. Apart from improvement in productivity and cost reduction it has helped develop in house expertise.

C] Imported Technology

The installation of high end technology at Tube Rolling & Finishing sections requires adequate training which is given to employees on an ongoing basis. Continuous efforts are on to indigenously develop key toolings and spares either inhouse or through development of local vendors to facilitate smoother and cost efficient operations.

II Foreign Exchange Earnings & Outgo

a) Activities relating to exports, initiatives taken to increase exports substantially, development of new export market and new products through product focus strategy:

Your company has established strong foothold in the value added seamless tubes segment in the overseas market and continue to pursue product certifications. Marketing efforts are streamlined towards associating and getting empaneled with such companies which would provide a firm basis for sustained growth in Exports. Your company continues to actively participate in global trade fares.

b) The information on foreign exchange earnings and outgo is contained in Notes to Accounts under point 3.5.

For and on behalf of the Board of Directors

S C Gupta
Pune, May 28, 2012 Chairman

Annexure II to the Directors' Report

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED ON MARCH 31, 2012

Sr. No.	Name of the Employee	Designation/ Nature of Duties	Age (years)	Qualifications	Experience (years)	Date of Commencement of Employment	Remuneration (Rs.)	Last Employment held
1	Rajiv Goel	Chief Financial Officer	59	B. Com. (Hons), FCA & FCS	34	May 01, 1999	74,38,791	The Indian Seamless Metal Tubes Ltd.
2	Salil Taneja	Chief Executive Officer	45	B. Sc. (Engg), MBA (Fin.), Ohio, Yale, USA	22	October 01, 2004	77,64,360	The Indian Seamless Metal Tubes Ltd.

Notes: 1. Nature of employment is contractual for all the above employees.

2. Remuneration includes salary and allowance (contribution to Provident Fund & Superannuation), House Rent allowance, Leave Travel allowance, medical reimbursement and other allowances payable as per Rules of the Company.

For and on behalf of the Board of Directors

S C Gupta
Pune, May 28, 2012 Chairman

History

1980

ISMT began life as The Indian Seamless Metal Tubes Ltd. with an Assel Mill and an installed capacity of 15,000 metric tons per annum.

1990

Production was increased to 50,000 metric tons per annum with the addition of a second Assel Mill.

1995

Launched a new company called Indian Seamless Steels and Alloys Ltd. (ISSAL), to produce alloy Steel, giving the company better control over product quality as well as deliveries.

2000

Acquired Kalyani Seamless Tubes Ltd., (KSTL), a competing manufacturer. The combined entity, which retained the name The Indian Seamless Metal Tubes Ltd., not only had a larger capacity (150,000 metric tons per annum) but also a much wider size range (from 6mm to 273 mm).

ISMT LIMITED
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2005

The Indian Seamless Metal Tubes Ltd. and Indian Seamless Steels and Alloys Ltd. merged to form ISMT Ltd.

2007

ISMT acquired Structo Hydraulics AB. Based in Storfors, Sweden. Europe's leading suppliers of tubes and engineering products for the hydraulic cylinder industry.

2008

ISMT added a PQF Mill, increasing it's tube making capacity from 150,000 MT/ annum to 465,000 MT/annum. Simultaneously, steel making capacity was increased from 250,000 MT/annum to 350,000 MT/annum with the addition of a second Ladle refining furnace.

2012

ISMT Limited officially commissioned its 40 MW, captive Power Plant. Located at Chandrapur district (Maharashtra). The power generated is wheeled using the state electricity grid to all three manufacturing plants located at Ahmednagar, Baramati & Jejuri. The captive plant will cater to over 80% of the company's power requirement, thereby helping the company to substantially reduce its variable costs.

ISMT LIMITED

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Registered Office

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