

TRANSCRIPT OF THE 23RD ANNUAL GENERAL MEETING

Day : Monday
Date/ Time : September 27, 2021/ 11.30 a.m.
Venue : Through Video Conferencing

Mr. Chetan Nathani, Company Secretary

Good Morning to all. Since the requisite quorum for the meeting is present, I request Mr. O P Kakkar, Chairman of the Board, to Chair and start the AGM proceedings.

Mr. O P Kakkar, Chairman

Dear Shareholders,

A Very Good Morning to you all.

I, O P Kakkar, on behalf of the Board, welcome you all to the 23rd Annual General Meeting of ISMT.

Since the requisite quorum for meeting is present. I therefore call this meeting to order.

I would like to introduce my colleagues on VC & request each member to acknowledge when I introduce them.

Mr. B R Taneja - Managing Director of the Company.

Mr. B R Taneja

A very good Morning to you all

Mr. O P Kakkar, Chairman

Mr. Rajiv Goel - Chief Financial Officer.

Mr. Rajiv Goel

A very Good Morning.

Mr. O P Kakkar, Chairman

Mr. Kanakraj Madhavan - Independent Director

Mr. Kanakraj Madhavan

Hello and a very good Morning

Mr. O P Kakkar, Chairman

Mr. R. Poornalingam, Independent Director

Mr. R. Poornalingam

Hello & a very Good Morning.

Mr. O P Kakkar, Chairman

Ms. Deepa Mathur - Non-Executive Director of the Company, has expressed her inability to attend the meeting.

Mr. O P Kakkar, Chairman

I now request the Company Secretary to brief the members on AGM proceedings including e-voting.

Mr. Chetan Nathani, Company Secretary

Thank you Sir.



5CT-0123, 5L-0102



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Dear Shareholders,

Due to COVID-19 pandemic, Ministry of Corporate affairs & SEBI have allowed companies to hold AGM through video conferencing during the calendar year 2021.

Further as per the said circulars, the companies are also dispensed with the requirement of sending physical copies of annual report for FY2020-21 to the shareholders.

Accordingly, Annual Reports for FY2020-21 have been sent thru electronic mode to all shareholders whose e-mail id's are registered with Company/ Depositories.

Few instructions about the e-meeting:

- Members who have not voted during remote e-voting, may cast vote electronically during the Meeting. The e-voting will end 15 minutes from conclusion of this meeting.
- All members have been kept on mute.
- Shareholders who have registered as Speakers will be un-muted once their name is called.
- We will respond to queries received in due course of the meeting.
- Speed & working of audio-video mode for joining the meeting by members depends on internet capacity.

For any queries relating to VC or e-voting, members can call on helpline toll free no. 022-23058542/ 43. I repeat 022-23058542/ 43.

Thank you.

Mr. O P Kakkar, Chairman

As the meeting is through Electronic means, no proxies are allowed to attend the meeting.

The Company has received representations from Bodies Corporate to attend the meeting. The details of which are available with the scrutinizer.

Statutory registers as required under the Companies Act are made available for electronic inspection to the members.

Dear Shareholders,

A very good morning to all of you!!

On behalf of the Board, it gives me immense pleasure in extending a warm welcome to all of you to the 23rd Annual General Meeting of ISMT. Thank you for being present and I solicit your trust and support in the years ahead.

I will now take the opportunity to apprise Members & Investor family of ISMT on performance & prospects of the Company.

During the year 2020-21, Net Sales of the Company was Rs. 1,217 Crore as against Rs. 1,280 Crore in year 2019-20. EBIDTA stood at Rs. 25 Crore while Net Loss was Rs. 351 Crore which mainly consists of interest cost.

Tube sales came down by 15% while Steel Sales improved by 41%. Lockdown in first quarter of year 2020-21 resulted in drop in tube sales. However, increase in demand from automobile and bearing sector in subsequent quarters helped reduce the gap in tube sales against the previous financial year.

Steel sales saw an exceptional growth in 2nd half of FY2020-21 on account of revival in Automobile and Bearing sector.

Exports also reduced substantially on account of prolonged lockdown especially in US and European countries.

Current year is witnessing improvement in sales performance. As a result, Sales were at Rs. 477 Crore in quarter ended 30 June, 2021 as against Rs. 98 Crore in same quarter previous year.

We are hopeful that performance will further improve in 2nd half of FY21-22.



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Over last few years, your Company and its bankers have worked on various options for resolution of its debt. At present Banks holding about 74% is assigned to Asset Reconstruction Companies.

Debt restructuring could not be concluded in previous year on account of COVID-19 pandemic. The Company, after considering impact of Pandemic on its Cash Flows, has submitted revised resolution options with lenders which are under consideration.

On behalf of the Board, I express my gratitude to our shareholders for their continued support and co-operation.

I also take this opportunity to express my sincere thanks to all the investors, customers, suppliers, bankers, Lenders and all employees of the Company for their continued support through these challenging times.

Thank You.

With permission of members, I take the AGM Notice as read.

I request Company Secretary to read observations in Audit Reports.

Mr. Chetan Nathani, Company Secretary

Dear Members,

I now hereby read the observations in Audit Reports for FY20-21.

A. The Company has o/s MAT entitlement, classified as Deferred Tax Asset as per Ind AS- 12, Income Taxes, of Rs. 82.05 Crore as on March 31, 2021. Taking into consideration loss during year ended March 31, 2021 & carried forward losses under Income Tax, in our opinion; it is not probable that MAT entitlement can be adjusted within specified period against future taxable profits under the Income Tax Act. In view of the same, in our opinion, MAT entitlement cannot be continued to be recognized as asset in terms of Ind AS-12. Non-writing off of the same has resulted in understatement of loss for year ended March 31, 2021 & overstatement of other equity by Rs.82.05 Crore & its consequential effect on EPS of the Company.

B. The Company, thru its subsidiary, invested Rs. 48.43 Crore in Structo. Net receivables to the Company from Structo against supplies made is Rs. 8.20 Crore. The Company received approval from regulatory authorities for conversion into equity of Rs. 33.33 Crore due from Structo of which Rs. 16.75 Crore converted into equity & balance is pending for allotment. Structo has been incurring losses & its net worth eroded due to continuing losses. No provision for diminution in value of investment (including pending allotment) and net receivable against supplies is made by the Company as explained in Note No.3.17 of standalone financials. We are unable to comment on the same & ascertain its impact, if any, on net loss for year ended March 31, 2021, carrying value of investment & other equity as at March 31, 2021.

C. The Company recognized claim in earlier years, of which o/s balance as on March 31, 2021 is Rs. 39.53 Crore, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Company appealed to Appellate Tribunal (APTEL) against order passed by Maharashtra Electricity Regulatory Commission (MERC) & the same has been dismissed by APTEL. The Company has appealed before Hon'ble Supreme Court against APTEL order. Realization of this claim is contingent & dependent upon outcome of Supreme Court decision. In our opinion recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, "Provisions, Contingent liabilities & Contingent assets".

Recognition of above claim has resulted into overstatement of carrying value of non-current assets & other equity by Rs.39.53 Crore as at March 31, 2021. Refer Note No. 3.21(i) of standalone financial statements.

D. The Company is unable to determine recoverable value of 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra for reasons stated in Note No. 3.21(ii) of standalone financial statements; hence, CPP is measured on March 31, 2021 at carrying amount of Rs. 229.95 Crore & impairment loss, if any, is not recognized as required by Ind AS 36 "Impairment of Assets". In view of the aforesaid, we are unable to determine impact of the same, if any, on net loss for year ended March 31, 2021, carrying value of CPP & other equity as at March 31, 2021.



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E. Pending approval of debt restructuring scheme by lenders & balance confirmation from lenders & reconciliation thereof, the Company has not provided for overdue/ penal interest & differential liabilities including such overdue/ penal interest & differential liabilities arising from reconciliation of balances to the extent of available confirmation, if any, for reason stated in Note No 3.20 of standalone financial statements. The quantum & its impact, if any, on net loss for year ended March 31, 2021, carrying value of Borrowings (i.e. Financial Liabilities) & other equity as at March 31, 2021 is unascertainable.

Material uncertainty Related to Going Concern

The Company has accumulated losses & its net worth has been fully eroded, the Company has incurred net cash loss during the year ended March 31, 2021 and previous years and the Company's current liabilities exceeded its current assets as at March 31, 2021. These conditions indicate existence of material uncertainty that may cast significant doubt on Company's ability to continue as going concern. However, standalone financial statements have been prepared on going concern basis for reasons stated in Note No. 3.19 of standalone financial statements.

Emphasis of Matter (s)

We draw attention to:

a) Note No. 1.32 of standalone financial statements regarding remuneration to Managing Director amounting Rs 0.99 Crore for year ended March 31, 2021 (Rs. 1.59 Crore cumulative upto March 31, 2021) is subject to approval of lenders.

b) Note No 3.18 of standalone financial statements, regarding impairment assessment performed by the Company in respect of its investment (including advances) in wholly owned subsidiary "Tridem Port & Power Company P Ltd" (TPPCL) of Rs 117.08 Crore in accordance with Ind AS 36 "Impairment of Assets". This assessment involves significant management judgment & estimates on valuation methodology & various assumptions used in determination of value in use/fair value by independent valuation experts/ management as more fully described in the aforesaid note. Based on management's assessment & independent valuation reports, the Company has made provision for impairment loss of Rs 58.37 Crore for year ended March 31, 2021 in respect of its investment in TPPCL.

c) Note no. 3.3 of standalone financial statements, regarding uncertainties arising out of outbreak of COVID 19 pandemic & assessment made by management on its operations & financial reporting for year ended March 31, 2021. Such an assessment & outcome of pandemic, as made by management, is dependent on circumstances as they evolve in subsequent periods.

Our opinion is not modified in respect of above stated matters.

Thank you

Mr. O P Kakkar, Chairman

I now commence to transact business contained in AGM Notice dt. August 14, 2021 & request Company Secretary to read out the proceedings relating to e-voting.

Mr. Chetan Nathani, Company Secretary

As per Companies Act, 2013 & SEBI LODR, the Company had provided 2 modes to shareholders for casting vote on resolution set-out in AGM Notice: Remote e-voting & electronic voting facility during the continuation of the live AGM i.e. E-voting.

The Remote e-voting facility was made available to all Members from September 24, 2021 (09.00 A.M.) to September 26, 2021 (05.00 P.M.) & the same has been closed.

E-voting at AGM is being made available to enable members who have not cast votes thru remote e-voting to exercise voting rights.

Since AGM is thru video conferencing & resolutions mentioned in AGM Notice already been put to vote thru remote e-voting, there will be no proposing & seconding of resolutions.



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Members already voted through remote e-voting shall not be eligible to vote today. However, they can participate in the AGM.

Mr. Kuldeep Ruchandani, Practising Company Secretary has been appointed as Scrutinizer to scrutinize votes cast.

Upon Completion of e-voting, voting results will be declared within 48 hours based on scrutinizer's report & would be published on Company's website & uploaded on BSE & NSE websites.

Now I request Chairman to continue with the proceedings.

Mr. O P Kakkar, Chairman

Now I request the shareholders those who have registered as Speakers, to ask the questions.

Mr. Chetan Nathani, Company Secretary

I request Moderator to connect Mr. Dnyaneshwar Bhagwat.

Moderator:

Mr. Dnyaneshwar Bhagwat has joined the meeting

Mr. Dnyaneshwar Bhagwat, Speaker Shareholder

Very good morning to all and thank you Chairman Sir for allowing me to speak.

I thank the Company Secretary and his team for sending the copy of AGM Notice & Annual Report on time. The same contains adequate and full facts and details. Hence, from my side there are no questions in this regard.

I wish good luck and all the very best to the Company. Thank you.

Mr. Chetan Nathani, Company Secretary

I request Moderator to connect Ms. Nisha Shenoy

Moderator:

Ms. Nisha Shenoy has not joined the meeting.

Mr. Chetan Nathani, Company Secretary

I request Chairman to please continue with the proceedings.

Mr. O P Kakkar, Chairman

I request scrutinizer to submit report to the Company in order to declare voting results within 48 hours of conclusion of the AGM.

This concludes business of the meeting & I thank all Members present, for participating in the Meeting.

Mr. B R Taneja

Thank you.

Mr. Rajiv Goel

Thank you.

Mr. Kanakraj Madhavan

Thank you.

Mr. R. Poornalingam

Thank you.



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