

ANNUAL REPORT

2014-15

History

1977- 1980

ISMT began life as 'The Indian Seamless Metal Tubes Limited'. Incorporated on 29th July 1977 as a public limited company, raised Rs. 45 lacs through Initial Public Offering and commenced production of Seamless Tubes in the year 1980 with an installed capacity of 15,000 MTPA.

1985

Seamless Tube manufacturing capacity increased to 30,000 MTPA.

1992

Seamless Tube manufacturing capacity further increased to 50,000 MTPA.

Promoted 'Indian Seamless Steels and Alloys Ltd.' (ISSAL) to produce Alloy Steel giving the Company better control over product quality as well as deliveries.

Successfully completed Public Issue of ISSAL which was hugely oversubscribed.

1993-1994

Rights issue of Rs. 28 Crore in the year 1993 followed by rights issue of Rs. 58 Crore.

Seamless Tubes & Technologies (India) Ltd, a group Company amalgamated with the Company.

'Indian Seamless Steels and Alloys Ltd.' (ISSAL) commenced commercial production of Steel Rounds.

1998

Steel manufacturing capacity at ISSAL increased to 190,000 MTPA.

1999

Merged into Kalyani Seamless Tubes Ltd., (KSTL), a competing Seamless Tube manufacturer with 90,000 MTPA capacity. The combined entity, which retained the name The Indian Seamless Metal Tubes Ltd., not only had a larger capacity (1,58,000 MTPA) but also a much wider size range (from 6 mm to 273 mm).

2004-2005

Steel manufacturing capacity at ISSAL increased from 190,000 MTPA to 250,000 MTPA.

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

Exports cross Rs. 100 Crore mark.

2006 - 2007

Raised USD 20 Million through Foreign Currency Convertible Bonds issue.

Acquired Structo Hydraulics AB (based in Storfors, Sweden), Europe's leading supplier of tubes and engineering products for the hydraulic cylinder industry.

2010

ISMT added a PQF Mill, increasing its tube making capacity to 465,000 MTPA.

Simultaneously, Steel making capacity was increased from 250,000 MTPA to 350,000 MTPA.

2011

Exports cross Rs. 500 Crore mark.

Redeemed Foreign currency convertible Bonds (FCCB's) amounting to USD 20 Million along with redemption premium.

2012

Commissioned 40 MW Captive Power Plant located at Chandrapur district (Maharashtra).

COMPANY INFORMATION

Board of Directors

S C Gupta	- <i>Chairman</i>
B R Taneja	- <i>Managing Director (w.e.f. December 01, 2014)</i>
Salil Taneja	- <i>Chief Executive Officer (up to November 30, 2014)</i>
Rajiv Goel	- <i>Chief Financial Officer</i>
O P Kakkar	- <i>Director</i>
K K Rai	- <i>Director</i>
J P Sureka	- <i>Director</i>
Ajit Ingle	- <i>Nominee Director of IDBI Bank Limited (w.e.f. September 06, 2014)</i>
Suresh Khatanhar	- <i>Nominee Director of IDBI Bank Limited (up to September 05, 2014)</i>

Company Secretary

Nilesh Jain

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*

Bankers

Indian Overseas Bank
Bank of Baroda
IDBI Bank Limited
Andhra Bank
Central Bank of India

Bank of India
Bank of Maharashtra
ICICI Bank Limited
State Bank of India
IKB Deutsche Industriebank AG

Registered Office

Lunkad Towers,
Viman Nagar, Pune - 411014

Website : www.ismt.com

E-mail ID: secretarial@ismt.co.in

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

Registrar & Share Transfer Agent

Sharepro Services (India) Private Limited

PHYSICAL SUMMARY

(Tonnes Per Annum)

A. TUBE DIVISION										
Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Production	113982	147180	138571	185976	167187	135782	145429	162276	161181	135635
Sales	115910	145052	141980	183194	165662	132156	144242	159062	163315	132794
Captive	4802	5007	13539	21553	19992	14652	16025	19150	17175	17068
External	111108	140045	128441	161641	145670	117504	128217	139912	146140	115726
of which:										
- Domestic	81074	107783	83695	104355	101499	92363	86422	101208	112833	82481
- Exports	30034	32262	44745	57286	44171	25141	41795	38704	33307	33245

(Tonnes Per Annum)

B. STEEL DIVISION										
Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Production	203932	244888	216319	268638	254070	231395	202392	237914	247351	234707
Sales	208054	246410	214796	267296	256347	227866	201601	244684	245096	228078
Captive	116910	165222	137255	157913	148990	133976	145394	157862	160985	131968
External	91144	81189	77541	109383	107357	93890	56207	86822	84111	96110
of which:										
- Domestic	90938	80995	77497	108975	107174	93390	55865	86320	83510	95263
- Exports	206	194	44	408	183	500	342	502	601	847

KEY PARAMETERS

Rs. in Crore

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Operations :										
Gross Sales	2,320	2,563	2,513	2,981	2,553	1,914	2,308	2,051	2,049	1,807
Net Sales	1,463	1,495	1,511	1,879	1,602	1,185	1,285	1,180	1,190	1,061
- Tube Sales	979	1,072	1,098	1,302	1,071	777	980	827	872	694
- Steel Sales	484	424	413	578	532	408	304	353	318	367
- Exports	282	291	412	501	328	176	354	247	225	211
- Imports	443	566	492	551	364	268	195	60	90	132
- Exports (% of Total Tube sales)	28.8%	27.1%	37.5%	38.5%	30.7%	22.6%	36.1%	29.8%	25.9%	30.3%
Raw Material (% of Net Sales)	55.2%	50.0%	49.9%	51.1%	46.3%	42.3%	50.1%	48.3%	45.0%	45.4%
Energy Cost (% of Net Sales)	20.7%	21.3%	19.6%	18.3%	18.1%	18.1%	13.3%	14.7%	13.9%	12.9%
Profitability :										
EBIDTA	46	103	179	265	275	218	251	226	269	264
- EBIDTA margin	3.0%	6.5%	11.1%	13.5%	16.5%	18.1%	19.1%	18.6%	22.4%	24.3%
Net Profit / (Loss)	(221)	(170)	(100)	29	75	75	56	100	130	115
- Net Profit / (Loss) Margin	-14.6%	-10.8%	-6.2%	1.5%	4.5%	6.2%	4.3%	8.3%	10.8%	10.6%
Net worth	279	304	490	582	618	578	529	533	461	422
Finance :										
Total Debt	1,578	1,446	1,200	1,087	925	871	895	726	704	673
Term Debt	1,119	981	878	972	853	762	795	630	563	533
Term Loan Repayment	288	210	178	180	147	123	120	69	37	59
Total Finance Costs	226	184	153	121	91	79	82	67	76	86
- Total Finance Costs (% of Net Sales)	15.5%	12.3%	10.1%	6.4%	5.7%	6.6%	6.4%	5.6%	6.4%	8.1%
- Foreign Currency Debt (% Term Debt)	38.2%	63.8%	85.2%	78.1%	61.6%	79.7%	78.2%	88.7%	58.4%	31.9%
Net Block	1,577	1,340	1,388	1,427	1,361	1,223	1,148	1,021	810	823
General :										
Average Market Capitalization	230	151	317	500	766	636	467	1,289	1,154	888
Book Value (Rs. Per Share)	19.02	20.78	33.43	39.72	42.16	39.42	36.11	36.41	31.90	29.20

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, 2015.

FINANCIAL HIGHLIGHTS

Rs. in Crore

Particulars	Financial Year	
	2014-15	2013-14
Gross Sales	2320.15	2563.10
Profit/(Loss) before Finance Charges, Depreciation, Amortization & Tax (EBIDTA)	46.17	102.91
Cash Profit/ (Loss)	(250.70)	(102.56)
Gross Profit/ (Loss)	(180.17)	(80.62)
Profit/ (Loss) Before Tax	(220.99)	(204.65)
Taxation	0.00	(34.36)
Net Profit/ (Loss)	(220.99)	(170.29)
Add: Balance brought forward from Previous Year	(245.27)	(74.98)
Balance available for Appropriation	(472.19)	(245.27)
Appropriations / Transfer to Reserves	NIL	NIL
Balance carried to Balance Sheet	(472.19)	(245.27)

DIVIDEND

Your Directors are unable to recommend a dividend for the year ended on March 31, 2015, in view of the loss.

OPERATIONS

This has been one of the most difficult years with all the three plants viz. Baramati, Jejuri and Ahmednagar recording lowest production and sales in last 10 years. The continuing imports resulted in tube segment operating at 25% capacity.

MARKET

Both domestic and export markets continued to be extremely challenging - on account of large volume of imports at low prices and sharp drop in oil prices in the international market.

FINANCE

The Joint Lenders' Forum (JLF) of the Company bankers had mandated SBI Capital Markets Limited to make a financial plan and had also commissioned Techno Economic Viability Study by Dun and Bradstreet Information Services India Pvt. Ltd. The JLF then approved a Corrective Action Plan for fresh Corporate Term Loans of Rs. 450 Crore by way of rectification.

Term Loans of Rs. 405 Crore were accordingly disbursed during the year. Due to increased borrowings and higher interest rates, the finance cost shot up by more than 23%.

The Corrective Action Plan (CAP), however, failed to achieve the desired result primarily due to aggressive Chinese imports in the absence of a deterrent Import Duty. The Company is now discussing with Bankers the various options including Restructuring.

CAPTIVE POWER PLANT

Captive Power Plant (CPP) had envisaged that the Coal Linkage will be available and the Banking of Power will be allowed, both of which are still not in place resulting in large losses. The Company has now appealed to APTEL against the MERC order denying Banking to the Company.

The Company has yet to receive an amount of Rs. 40.83 Crore from MSEDCL towards excess energy charges paid on account of non availability of Banking facility.

IMPORT DUTY

The Safeguard Duty of 20% was finally imposed after about two years in August, 2014 which will soon come down to 10% in August 2015. The domestic industry has since filed an application for levy of Anti Dumping Duty against imports from China.

It is critical for survival of the industry that steep and long term Anti Dumping Duty is imposed at the earliest and that the Provisional Duty is urgently levied immediately after initiation of Anti Dumping Proceedings.

SALE OF NON CORE ASSETS

Reduction of debt through sale of non core assets is one of the highest priority of the Company.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013 ('Act') and the Articles of Association of the Company, Mr. O. P. Kakkar retires by rotation and being eligible, offers himself, for re-appointment.

IDBI Bank Limited had appointed Mr. Ajit Ingle as its Nominee Director in place of Mr. Suresh Khatanhar on the Board of the Company w.e.f September 6, 2014. The Board placed on record its sincere appreciation and gratitude for his guidance and contribution to the Company.

Mr. Salil Taneja whose term as Whole-time Director was upto November 30, 2014 has resigned as Director of the Company w.e.f. December 1, 2014. The Board placed on record its appreciation and gratitude for his guidance and contribution to the Company.

Mr. B. R. Taneja was appointed as the Managing Director of the Company w.e.f. December 1, 2014 for a period of 2 (two) years with approval of the Members of the Company by way of Postal Ballot.

Directors' Report (contd.)

Mr. Rajiv Goel has been re-appointed as a Whole-time Director of the Company w.e.f. December 1, 2014 for a period of 1 (one) year subject to approval of the Members of the Company at its ensuing Annual General Meeting (AGM).

The Independent Directors of the Company had given a declaration pursuant to Section 149 (7) of the Act.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors like : Knowledge and Skills, Familiarity with the Company and its business, Monitoring Company's Corporate Governance Practices, Development of strategies and risk management, Participation and attendance in meetings, Professional conduct and Sharing of information etc.

The details of familiarisation programme of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at www.ismt.com

AUDITORS

Pursuant to Section 139 of the Companies Act, 2013 and the Rules framed thereunder, the members of the Company at the 16th AGM held on September 26, 2014, approved the appointment of M/s. P. G. Bhagwat and J. K. Shah & Co., as Joint Statutory Auditors of the Company to hold office for a period of 3 (three) consecutive years till the conclusion of 19th AGM, subject to ratification of their appointment at every AGM.

In respect of the Qualified Opinion and Emphasis of Matter by the Auditors on the Standalone and Consolidated Financial Statement, it has been explained in the Notes forming part of said Financial Statements which are self-explanatory and do not call for further comments.

COST AUDITORS

Pursuant to Section 148 of Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014, your Directors had, on recommendation of the Audit Committee, approved the appointment and remuneration of following Cost Auditors for Financial Year 2014-15:

- (i) M/s. Dhananjay V. Joshi & Associates and
- (ii) M/s Parkhi Limaye & Co.

The payment of remuneration for FY 2014-15 to aforesaid Cost Auditors is subject to ratification by the Members at the ensuing Annual General Meeting.

The Cost Audit Report for the financial year 2013-14 was due on September 30, 2014 and was filed with the Ministry of Corporate Affairs on September 26, 2014.

SUBSIDIARIES

As on date of this report, the Company continued to have eleven direct and indirect subsidiary companies. A report in Form AOC-1 on the performance and financial position of each of the subsidiary companies as per the Companies Act, 2013 included in the consolidated financial statement is provided in the Financial Statements forming part of this Annual Report.

The Company has framed a Policy for determining Material Subsidiaries which is available on its website at www.ismt.com

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (3) (c) read with Section 134 (5) of the Companies Act, 2013, 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, 2015 and of the Loss 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, 2013 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;
- v) That the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 is forming part of this Report as Annexure A.

Directors' Report (contd.)**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

The particulars as required under Section 134(3)(m) of the Companies Act, 2013 is forming part of this report as Annexure B.

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration Policy of the Company on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters is available on the website of the Company at www.ismt.com.

The criteria for performance evaluation as laid down by Nomination and Remuneration Committee has been defined in the Nomination and Remuneration Policy.

Detail pertaining to remuneration of Directors and employees required under Section 197(12) of the Companies Act, 2013 read with Rules framed thereunder are forming part of this Report as Annexure C.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Act, the Board has appointed M/s. MRM Associates, Company Secretaries in Practice as Secretarial Auditors to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2015. The Report of the Secretarial Auditors is forming part of this Report as Annexure D. The Company is in the process of appointing an Independent Woman Director to address both the observations of the Secretarial Audit Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under Section 186 of the Act forming part of the Notes to the Financial Statements is forming part of this Report.

RISK MANAGEMENT

The Management of the Company has been entrusted with the responsibility to assist the Board in (a) Overseeing and approving the Company's risk management framework; and (b) Overseeing that all the risks that the organization faces such as strategic, financial, credit, liquidity, security, property, IT, regulatory and other risks have been identified and assessed and there is an adequate risk management policy in place capable of addressing those risks.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to Section 135 of the Companies Act, 2013 a CSR Committee constituted by the Board of Directors consists of three directors including one independent director.

AUDIT COMMITTEE AND VIGIL MECHANISM

Pursuant to Section 177 of the Companies Act, 2013 an Audit Committee constituted by the Board of Directors consists of three directors with independent director forming a majority.

The Whistle Blower Policy/ Vigil Mechanism of the Company was established by the Board of Directors and is available on the website of the Company at www.ismt.com.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which were either not at an arm's length or not in the ordinary course of business and further could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Hence, there is no information to be provided in Form AOC-2 while the particulars of all Related Party Transactions in terms of AS-18 are forming part of the financial statements.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at www.ismt.com.

GENERAL

1. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
2. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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 teamwork.

For and on behalf of the Board of Directors

Pune
May 30, 2015

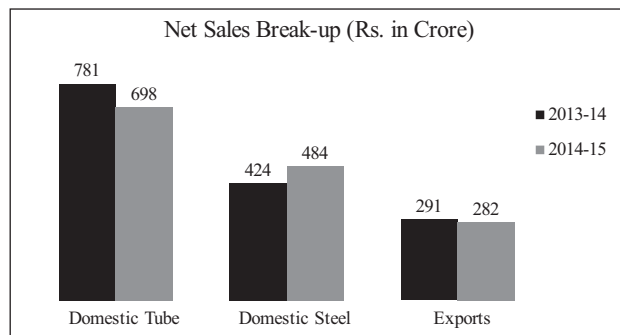
S C Gupta
Chairman

Management Discussion and Analysis

It was the most difficult years for the industry - less than 50% of the market was available to the domestic players on account of unabated imports from China at dumping prices.

Company Performance :

- Total Revenue : Rs. 1515.89 Crore
- EBDITA : Rs. 46.18 Crore
- Profit / (Loss) after Tax : Rs. (220.99) Crore



While external steel volumes increased by over 14% there was a drop in external tube volumes by 11% over Previous Year. Export sales during the year remained at the same level as previous year.

Rs. in Crore

Particulars	2014-15	2013-14	% Change
Net Sales	1463	1495	(2%)
Domestic			
- Tube	697	781	(11%)
- Steel	484	424	14%
Exports	282	291	(3%)

INDUSTRY STRUCTURE AND DEVELOPMENTS

Seamless Tubes Industry

Seamless Tube is a capital intensive industry and deploys high end technology and better surface finish, machine-ability, strength to weight ratio and longer life. Seamless Tubes find applications in Oil and Gas exploration industry, Power Sector, Automotive, Construction Equipment, Bearing, Material handling equipments, Structural Components and host of other Mechanical applications. With the fast growing horizontal drilling and hydraulic fracturing technology being deployed for recovery of Shale gas, the use of seamless tubes is also set to increase.

Despite the large market, the rampant dumping by global players has rendered the domestic Seamless Tube manufacturers extremely vulnerable. While Indian seamless tube sector accounts for less than 5% of the world seamless tube market, ample scope exists for growth of the sector once the core sectors of the economy start reviving and the problem of dumping is addressed. Indian seamless tubes industry is also competitive in the global arena with about 30% of seamless tube production in the country is being directly or indirectly exported.

Anti Dumping

Chinese imports have continued to dominate the domestic seamless tube industry. Market share of imports from China has been increasing which resulted into loss of market share of the Domestic Industry. Increased imports are entering Indian Market at dumped prices causing price suppression and depression effect on domestic industry's prices. In addition to the material injury, which is already inflicted on the domestic industry, the imports are causing a significant threat of injury to the domestic industry.

The Domestic Industry has already lost several opportunities in the form of tenders floated by PSUs / other private projects in the fields of oil exploration, etc. to China exporters. It is likely that similarly further opportunities may be lost to imports from China increasing the losses suffered by the Domestic Industry.

The Safeguard Duty has failed to make any impact and the imports have continued at dumping prices. The domestic industry has therefore filed an application for levy of Anti Dumping Duty which is intended to provide adequate protection for upto five years.

The table gives details of imports and domestic demand for last 4 years:

Particulars	2014 *	2013-14	2012-13	2011-12
Total imports	292,548	352,804	375,581	439,409
Imports from China	247,131	291,002	259,758	325,865
% of Chinese imports to Total Imports	84.5%	82.5%	69.2%	74.2%
Total Estimated Domestic Demand	547,161	631,127	676,656	814,372
% of Chinese share in Total Domestic Demand	45.2%	46.1%	38.4%	40.0%

* January 2014 to Decemeber 2014

Since the Chinese imports are below their cost of production and amount to dumping, most of the tube producing countries have imposed Anti Dumping Duties on imports of Seamless Tubes & Pipes originating from China. The quantum of steep import duties imposed by various countries highlights the extent of dumping.

Trade Remedies Instruments	Imposing Countries	Affected Countries	Range of Duties
Anti-Dumping	US	China	48.99% - 98.74%
Subsidies	US	China	13.66% - 53.65%
Anti-Dumping	Canada	China	39.00% - 166.9%
Subsidies	Canada	China	91.26 - 4,070.00 RMB/Metric Ton
Anti-Dumping	EU	China	48.3% - 71.9%
Safeguard	Indonesia	Global Measure	Rp 28,429 per kg - Rp 27,126 per kg (on a reducing scale year on year)
Anti-Dumping	Brazil	China	USD 759.26 / MT to USD 811.13 / MT
Anti-Dumping	Mexico	China	USD 1252 / MT

Management Discussion and Analysis (contd.)**Steel Industry**

ISMT is predominantly engaged in the manufacturing of specialty alloy and bearing Steel. The end user segments are largely Bearing, Automotive, Engineering and Forging Customers apart from some customers requiring steel for specialized application. The fortunes of the specialty and alloy steel products is closely linked to automotive and auto component industry. Unlike last year, the raw material prices have remained relatively stable during the year, however the forex volatility has impacted the prices of imported raw material in the short term.

ISMT has integrated Steel Plant which uses the Electric Arc Furnace technology to produce Steel.

Safeguard Duty (Steel Rounds & Billets)

There has been a surge in imports of Alloy & Non Alloy Steel Long Products comprising of bars, billets and rods.

Alloy Steel Producers Association of India (ASPA) of which the Company is a constituent, proposes to file an application for imposition of Safeguard Duty.

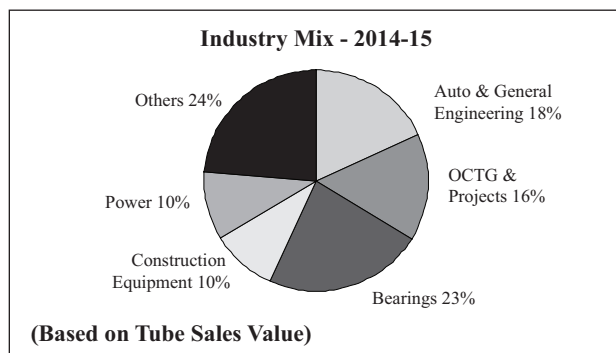
Captive Power Plant

Unfortunately for the Company, MSEDCL did not permit Banking and there have been no Coal Linkage available with the Government during last 5 years. It was not economical for the Company to run the Captive Power Plant and accordingly operations of the Captive Power Plant was temporarily suspended w.e.f. 1st April, 2014 and the same will be reviewed as and when Banking or Coal Linkage do become available.

MARKET

ISMT is a diversified value added Seamless Tube supplier catering to following major industries:

- | | |
|-------------------------------------|---|
| a. Oil and gas | : As casings & Tubings during oil/gas exploration. |
| b. Power | : In Boilers & Heat Exchangers |
| c. Construction Equipment | : In mining and earth moving equipments |
| d. Automotive & General Engineering | : Applications in two wheeler to four wheeler as front forks, axel, Steeling columns, Air bag system etc. |
| e. Bearings | : Inner and outer races of Bearings |
| f. Others | : In greenfield projects for fluid transportation, Construction of Stadiums and airports, gas cylinders, crane booms etc. |



Your Company continues to be a leading supplier of value added Seamless Tubes to Bearing Industry both in the domestic and international market where the share in total tube sales increased to 23% in current year from 19% in FY 2013-14 and 17% in FY 2012-13. Similarly sales to Oil & Gas exploration and Auto & General Engineering increased by 2% and 4% respectively as compared to previous year. Power Sector on account of delay in implementation of power projects witnessed a drop and accounted for 10% of total tube sales against 14% last year.

OPPORTUNITIES & THREATS**Opportunities**

The overall seamless tubes production in the country relative to its steel production is much lower than that of developed markets. This in turn creates the potential for a long term upside as the economy revives.

Threats

Unabated Chinese imports constituted the biggest threat to the Company and the Industry and this is likely to be further aggravated by the slow down of the Chinese economy.

SEGMENT / PRODUCT INFORMATION

Your Company is engaged in manufacturing Seamless Tubes and Engineering Steels. Seamless Tube accounted for 67% of ISMT's total external sales value while Steel accounted for the balance 33%. Captive consumption of steel decreased to 56% against 67% last year on back of lower seamless tube production.

