

ANNUAL REPORT

2017-18

ISMT LIMITED

Solutions You Can Trust

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 1,50,000 MTPA 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, for modernization and technology upgradation of Seamless Tube plant.

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 Ltd'.

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).

2013

Raised long term working capital loans of Rs. 235 Crore.

2014

Operations of Captive Power Plant were suspended due to non-availability of coal & denial of energy banking facilities by MSEDCL.

Levy of Safeguard Duty on imports of seamless tubes into India.

JLF approved and disbursed Corporate Term Loans of Rs. 405 Crore under corrective Action Plan

2016

Levy of Anti-Dumping Duty for a period of 5 years on imports of seamless tubes from China.

COMPANY INFORMATION

Board of Directors

S C Gupta	- Chairman
B R Taneja	- Managing Director
Rajiv Goel	- Chief Financial Officer
O P Kakkar	- Director
J P Sureka	- Director (upto December 21, 2017)
Ajit Ingle	- Nominee Director of IDBI Bank Ltd (upto December 10, 2017)
Deepa Mathur	- Director
Shyam Powar	- Director
Shashank Dixit	- Nominee Director of IDBI Bank Ltd. (w.e.f. December 21, 2017)

Company Secretary

Chetan Nathani (w.e.f. June 11, 2018)
Jaikishan Pahlani (upto February 28, 2018)

Auditors

M/s. Damania & Varaiya
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 Industrie Bank AG

Registered Office

Lunkad Towers,
Viman Nagar, Pune - 411014
Tel: +91-20-4143 4100/ 6602 4901
Fax: +91-20-26630779
E-mail ID: secretarial@ismt.co.in
Website: www.ismt.com
CIN: L27109PN1999PLC016417

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

Karvy Computershare Private Limited

PHYSICAL SUMMARY

(Tonnes Per Annum)

A. TUBE DIVISION										
Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Production	158068	94652	72854	113982	147180	138571	185976	167187	135782	145429
Sales	151752	95427	74624	115910	145052	141980	183194	165662	132156	144242
Captive	17146	6575	2807	4802	5007	13539	21553	19992	14652	16025
External	134606	88852	71817	111108	140045	128441	161641	145670	117504	128217
of which:										
- Domestic	120204	80863	60058	81075	107783	83695	104355	101499	92363	86422
- Exports	14402	7988	11759	30034	32262	44745	57286	44171	25141	41795

(Tonnes Per Annum)

B. STEEL DIVISION										
Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Production	145806	126417	123601	203932	244888	216319	268638	254070	231395	202392
Sales	146353	126124	122638	208054	246410	214796	267296	256347	227866	201601
Captive	62515	42597	41567	116910	165222	137255	157913	148990	133976	145394
External	83838	83527	81071	91144	81189	77541	109383	107357	93890	56207
of which:										
- Domestic	83838	83527	81052	90938	80995	77497	108975	107174	93390	55865
- Exports	0	0	19	206	193.53	44	408.1	183	500	342

KEY PARAMETERS

Rs. in Crore										
Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Operations :										
Gross Sales	1,915	1,419	1,331	2,320	2,563	2,513	2,981	2,553	1,914	2,308
Net Sales	1,436	1,029	968	1,463	1,495	1,511	1,879	1,602	1,185	1,285
- Tube Sales	986	638	566	979	1,072	1,098	1,302	1,071	777	980
- Steel Sales	450	391	402	484	424	413	578	532	408	304
- Exports	129	77	110	282	291	412	501	328	176	354
- Imports	235	145	177	443	566	492	551	364	268	195
- Exports (% of Total Tube sales)	13.1%	12.1%	19.4%	28.8%	27.1%	37.5%	38.5%	30.7%	22.6%	36.1%
Raw Material (% of Net Sales)	54.5%	52.1%	54.6%	55.2%	50.0%	49.9%	51.1%	46.3%	42.3%	50.1%
Energy Cost (% of Net Sales)	16.0%	19.0%	19.6%	20.7%	21.3%	19.6%	18.3%	18.1%	18.1%	13.3%
Profitability :										
EBIDTA	86	50	34	46	103	179	265	275	218	251
- EBIDTA margin	5.8%	4.7%	3.4%	3.0%	6.5%	11.1%	13.5%	16.5%	18.1%	19.1%
Net Profit / (Loss)	(241)	(288)	(382)	(221)	(170)	(100)	29	75	75	56
- Net Profit / (Loss) Margin	-16.4%	-27.2%	-38.1%	-14.6%	-10.8%	-6.2%	1.5%	4.5%	6.2%	4.3%
Net worth	(589)	(352)	(64)	279	304	490	582	618	578	529
Finance :										
Total Principal Debt	2,174	2,161	1,999	1,578	1,446	1,200	1,087	925	871	895
Term Debt	1,108	1,102	1,111	1,119	981	878	972	853	762	795
Total Finance Costs	275	269	280	226	184	153	121	91	79	82
- Total Finance Costs (% of Net Sales)	19.5%	26.1%	28.9%	15.5%	12.3%	10.1%	6.43%	5.7%	6.6%	6.4%
- Foreign Currency Debt (% Term Debt)	26.2%	21.5%	26.4%	38.2%	63.8%	85.2%	78.1%	61.6%	79.7%	78.2%
Net Block	1,421	1,465	1,524	1,577	1,340	1,388	1,427	1,361	1,223	1,148
General :										
Average Market Capitalization	180	156	118	230	151	317	500	766	636	467
Book Value (Rs. Per Share)	(40.24)	(24.03)	(4.35)	19.02	20.78	33.43	39.72	42.16	39.42	36.11

Directors' Report

To the Members of ISMT Limited

Your Directors present herewith the Twentieth Annual Report & Audited Financial Statements of the Company for financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

Particulars	Rs. in Crore	
	Financial Year	
	2017-18	2016-17
Gross Sales	1915.31	1416.45
Profit/ (Loss) before Finance Charges, Depreciation, Amortization & Tax (EBIDTA)	86.09	51.96
Cash Profit/ (Loss)	(182.38)	(216.44)
Gross Profit/ (Loss)	(188.76)	(218.64)
Profit/ (Loss) Before Tax	(240.93)	(279.62)
Taxation	(0.98)	-
Net Profit/ (Loss)	(239.95)	(279.62)
Re-measurement Gains/ (Losses) on Defined Benefit Plans	0.60	0.74
Total Comprehensive income for the year	(239.35)	(278.88)

INDIAN ACCOUNTING STANDARDS (IND AS)

The Company had adopted Ind AS with effect from 1st April, 2017 pursuant to the Ministry of Corporate Affairs notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015. Accordingly, the Financial Statements for the year ended 31st March, 2018 of the Company was prepared with comparative data, in compliance with Ind AS.

DIVIDEND

Your Directors are unable to recommend dividend for the year ended March 31, 2018 in view of the losses.

RESERVES

No amount was proposed to be transferred to Reserves.

OPERATIONS

There was a marked improvement in capacity utilization at Tube Plant. The higher captive requirement also helped improve steel plant capacity utilization.

MARKET

Tube sales showed a healthy growth of 55% contributed by both domestic & international markets. Levy of Anti-Dumping Duty on imports of seamless tubes from China coupled with initial pick-up in domestic demand resulted in domestic sales going up by 53%. Export sales also went up by 67% with the increase in international oil prices.

FINANCE

The net turnover & EBIDTA for the year increased by 40% & 71% respectively over the previous year. The Company along with its advisers and Bankers have been looking at various options as per the RBI Circulars in force from time to time. The Banks have since

decided to assign their debt to Asset Reconstruction Companies (ARCs) as a resolution plan. A few Banks including Lead Bank have already assigned their debt to ARCs.

CAPTIVE POWER

For want of energy banking facility, the Company could not operate its Captive Power plant during the year. The Company's appeal in this regard is pending with Supreme Court. The Company also have not been successful in finding any buyer for the plant.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. J.P. Sureka, one of the founding Directors of the Company, expired on December 22, 2017. The Board of Directors express grief on his sad demise.

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 Ltd appointed Mr. Shashank Dixit as its Nominee Director in place of Mr. Ajit Ingle on the Board of the Company w.e.f. December 21, 2017.

The Board placed on record its sincere appreciation and gratitude for services rendered by Mr. J.P. Sureka and Mr. Ajit Ingle during their respective association with the Company.

Mr. Jaikishan Pahlani, Company Secretary of the Company resigned from the services of the Company w.e.f. March 1, 2018. The Board has appointed Mr. Chetan Nathani as the Company Secretary & Compliance Officer of the Company w.e.f. June 11, 2018.

The term of Mr. Rajiv Goel as Whole-time Director expired on September 30, 2017. He was re-appointed as such for a period from October 01, 2017 to September 30, 2018 subject to approval of Shareholders of the Company.

Five (5) meetings of the Board of Directors were held during the year. Detailed information is given in the Corporate Governance report.

The Independent Directors have given a Declaration pursuant to Section 149(7) of the Act.

The Company has devised a Policy for annual performance evaluation of the Board, its Committees & individual Directors which include criteria for performance evaluation of the non-executive & executive directors.

The performances of non-independent directors & Committees of the Board have been evaluated by independent directors. The performances of independent directors have been evaluated by Chairman of the Nomination & Remuneration Committee (NRC) with inputs from all directors. The performance of the Board as a whole is evaluated by the Chairman with inputs from all directors. The performance evaluation of Chairman of NRC is evaluated by Chairman with inputs from all the directors.

The above evaluations have been carried out once during the year.

The details of familiarization Programme of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates,

Directors' Report (Contd.)

business model of the Company and related matters are put up on the website of the Company at www.ismt.co.in

AUDITORS REMARKS

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

COST AUDITORS

Pursuant to Section 148 of the Act read with Rules framed thereunder, your Directors had, on recommendation of the Audit Committee, approved the appointment & remuneration of the following Cost Auditors of the Company for FY 2017-18:

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

The payment of remuneration for FY 2017-18 to aforesaid Cost Auditors is subject to ratification by the Members in the ensuing Annual General Meeting.

The Cost Audit Report for FY 2016-17 was filed within the prescribed time limit as per the Companies (Cost Record and Audit Rules) 2014.

SUBSIDIARIES

As on date of this report, the Company has ten direct & indirect subsidiary companies. In accordance with Section 129(3) of the Act, a statement containing salient features of the financial statements of subsidiaries in Form AOC-1 is provided separately in this Annual Report. A report on performance & financial position of each of the subsidiaries is provided in financial statements forming part of this Annual Report. The Company has also framed a Policy for determining Material Subsidiaries which is available on website: www.ismt.com.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

RESEARCH & DEVELOPMENT

As part of Company's overall strategy, Company remained focused on developing new products for all its market segments including Energy, OCTG, Bearing, Auto & Mining Sectors. R&D activities also focused on process cost reductions. Details of R&D activities undertaken are enumerated in Annexure 'B' attached to this Report.

MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT

Pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a separate section on Management Discussion & Analysis & Corporate Governance' Report is forming part of this Report.

The Managing Director & CFO have certified to the Board with regard to the financial statements & other matters as required under Regulation 17(8) of the aforesaid Regulations.

Certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance is also annexed to this Report.

EXTRACT OF ANNUAL RETURN

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

Further, the latest Annual Return of the Company in Form MGT-7 is placed on website of the Company at www.ismt.com

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

Information required under Section 134(3)(m) of the Act is forming part of this Report as Annexure 'B'.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) read with Section 134(5) of the Act, your Directors make the following statement:

- i) That in preparation of 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 & applied them consistently & made judgments & estimates, that are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company at end of financial year March 31, 2018 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 & that such internal financial controls are adequate & were operating effectively; and
- 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.

NOMINATION & REMUNERATION POLICY

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

The criteria for performance evaluation as laid down by NRC have been defined in the Nomination & Remuneration Policy.

Details pertaining to Section 197(12) of the Act read with Rules framed thereunder are forming part of this Report as Annexure 'C'.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Act & Rules made thereunder the Board has appointed M/s. MRM Associates, Company Secretaries as Secretarial Auditors to undertake Secretarial Audit of the Company for period ended March 31, 2018.

Directors' Report (Contd.)

The Report of the Secretarial Auditors in Form MR-3 is forming part of this Report as Annexure 'D'.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under Section 186 of the Act have been mentioned in the Notes to the Financial Statements forming part of this Annual Report.

RISK MANAGEMENT

The Company has constituted a Risk Management Committee to address organization wide risk including credit, security, property, regulatory and other risks. The Committee is assisting the Board in ensuring that there is adequate risk management policy in place capable of addressing those risks.

INTERNAL FINANCIAL CONTROLS

The Company has an internal financial control framework which is commensurate with the size, scale and complexity of its operations. The Statutory Auditors of the Company review the same on periodical basis.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of the Act a CSR Committee has been constituted by the Board consists of three directors including one independent director.

In view of the losses during three immediately preceding financial years, the Company was not required to spend on CSR activities in year 2017-18.

AUDIT COMMITTEE & VIGIL MECHANISM

Pursuant to Section 177 of the Act, an Audit Committee constituted by the Board 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 & available on website at www.ismt.com.

CONTRACTS & ARRANGEMENTS WITH RELATED PARTIES

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

Hence, there is no information required to be provided in Form AOC-2 while particulars of Related Party Transactions in terms of Ind AS-24 are forming part of financial statements enclosed.

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

GENERAL

1. No significant or material orders were passed by Regulators or Courts or Tribunals which impact the going concern status & Company's operations in future.
2. During the year, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.
3. The Company has complied with the applicable secretarial standards.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

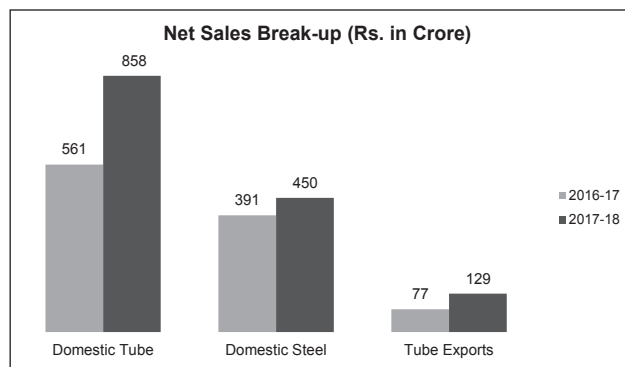
Pune
June 11, 2018

S C Gupta
Chairman

Management Discussion and Analysis

Company Performance:

Total Revenue	: Rs. 1500.38 Crore
EBDITA	: Rs. 86.09 Crore
Profit/ (Loss) after Tax	: Rs. (239.95) Crore



Sales of Domestic and export seamless tubes and pipes saw a healthy increase of 53% and 68% respectively in the current year over previous year.

The increase in the Domestic Tube sales volumes was contributed both on account of growth in Domestic demand and lower imports consequent on levy of Anti-Dumping Duty on imports of the seamless tubes and pipes.

Rs. in Crore			
Particulars	2017-18	2016-17	Change
Net Sales	1437	1029	40%
Domestic			
- Tube	858	561	53%
- Steel	450	391	15%
Tube Exports	129	77	68%

INDUSTRY STRUCTURE AND DEVELOPMENTS

Seamless Tubes Industry

Seamless Tube is a capital intensive industry and deploys high end technology. While the industry competes with other types of pipes and tubes in certain applications, it clearly is a preferred choice when it comes to 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 equipment, Structural Components and host of other Mechanical applications. The seamless Tube consumption is largely dependent on economic developments and with expected long term economic growth, the Company is assured of a secular market in future.

Steel Industry

ISMT has integrated Steel Plant which uses Electric arc furnace technology to produce Steel.

ISMT is predominantly engaged in manufacturing of specialty alloy & bearing Steel. The end user segments are largely Bearing, Automotive, Engineering & Forging Customers apart from some customers requiring steel for specialized application. The fortunes of the specialty & alloy steel products is closely linked to automotive & auto component industry.

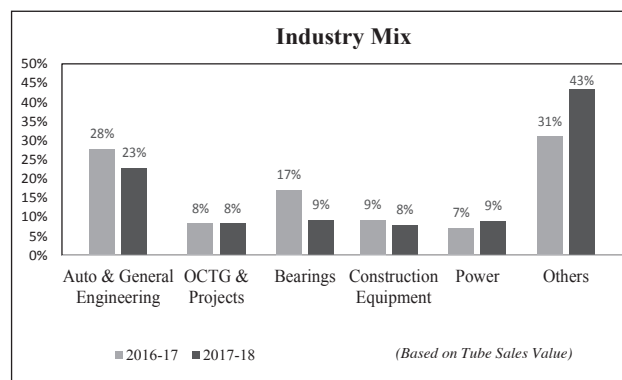
Captive Power Plant

The operations of the Captive Power Plant remained suspended during the year on account of non-availability of energy banking facility from the Maharashtra State Electricity Distribution Company Ltd (MSEDCL).

MARKET

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

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



There was growth in absolute terms in each Industry segments despite a fall in percentage terms in some segments.

Management Discussion and Analysis (Contd.)

OPPORTUNITIES & THREATS

Opportunities

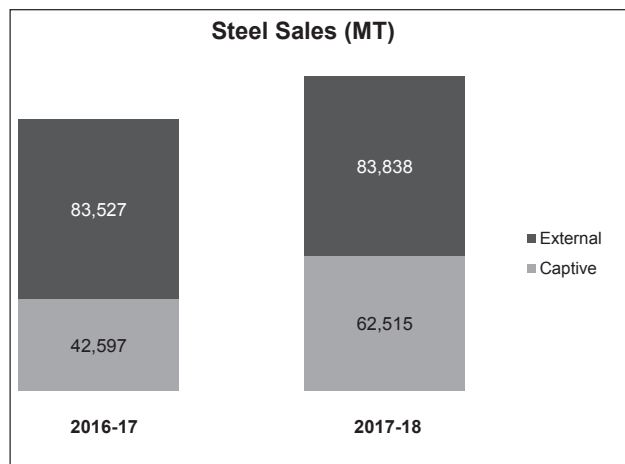
The imposition of Anti-Dumping Duty on Chinese imports of seamless tubes & pipes for a period of five years continues to be an opportunity especially with the growing economy. The same coupled with increase in international oil prices will favour the upward direction in domestic & export sales. An opportunity in increase in export sales can also be expected due to future increase in demand for seamless pipes from developing countries.

Threats

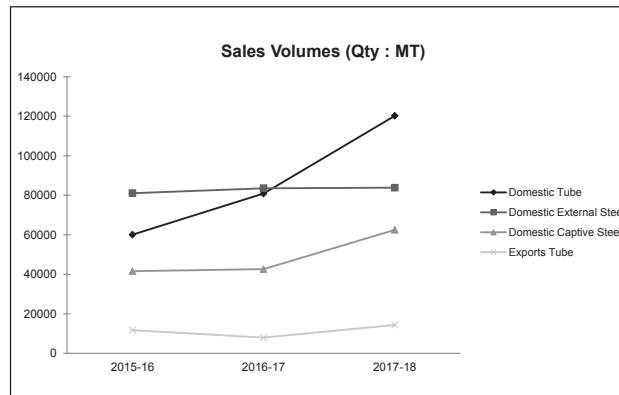
There is a continuous threat of imposition of duties from developed economies. Also strict ecological regulations may lead to technological changes.

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 the balance 31%. Captive consumption of steel increased to 43% as compared to that of 34% for previous year.



Total sales quantity of both seamless tube & steel put together showed an increasing trend. The same for the year 2017-18 was 280,959 MT as against 214,975 MT for 2016-17 and 194,455 MT for 2015-16.



OUTLOOK

Levy of Final Anti-Dumping Duty on import of seamless tube into India from China coupled with 'Make in India' program of the Government of India is likely to lead to increase in volume of the Company's product in domestic market. Firming of international oil prices late in the year is a good sign to increase global demand for seamless tubes which in turn will increase exports of the Company.

RISKS & CONCERNS

Your Company regularly evaluates and reviews potential risks on account of various factors such as government policies, natural/man-made disasters, and political risks. Apart from above, the Company is exposed to changes in foreign exchange rates and commodity prices. Any change in laws & regulations, whether domestically or internationally could affect the business and financial condition of your Company.

The long term success of a Company largely depends on effectively identifying and analyzing the risks involved. The Company has adequate risk management system towards identification and evaluation of potential risks and the same are evaluated and reviewed regularly by the management so as to minimize/ eliminate the adverse impact if any.

INTERNAL CONTROL SYSTEMS

The Company has adequate and effective internal control systems and processes in place, which are designed to provide reasonable assurance with regards to recording and providing reliable financial and operational information, safeguarding the assets, statutory compliance, executing transactions with proper requisite approvals and ensuring compliance with applicable laws and regulations. The Audit Committee of Directors on a periodic