

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ISGEC EXPORTS LIMITED**

Report on the Standalone Financial Statements:

We have audited the accompanying standalone financial statements of Isgec Exports Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and loss and Cash flow statement for the year then ended, and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (, the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act, and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on date.

Report on Other Legal and Regulatory Matters:

As required by the Companies (Auditor's report) Order, 2015 („the Order“), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the order.

As required by section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of written representations received from the directors as on 31st March, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company does not have any pending litigation which would impact its financial position.
- (ii) The Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For K.C Malhotra & Co.
Chartered Accountants
(Firm Regn. No. 000057N)



(Kamesh Malhotra)
Partner
Membership No. 013624

Place: New Delhi
Date: 26.05.2015

K.C. MALHOTRA & CO.
CHARTERED ACCOUNTANTS
R-79, GREATER KAILASH-I, NEW DELHI- 110048 (INDIA)
Phone: + 91-11-41608133, 26418337 Fax: +91-11-41608133
E-mail: rcm_kcmalhotra@yahoo.co.in

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

[The Annexure referred to in our Independent Auditors' Report of even date to the members of Isgec Exports Limited on the standalone financial statements for the year ended 31st March, 2015.]

- (i). The Company does not have any fixed assets and therefore paragraph 3(i) of Companies (Auditor's Report) Order, 2015 is not applicable to the Company.
- (ii). The Company does not have any inventory and therefore paragraph 3(ii) of Companies (Auditor's Report) Order, 2015 is not applicable to the Company.
- (iii). The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 except to Saraswati Sugar Mills Limited (Subsidiary of Isgec Heavy Engineering limited). The Company is regular in payment of interest. We are explained that the loan is repayable on demand and therefore, there is no overdue amount due at the year end.
- (iv). In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for other receipts (there being no purchase of fixed assets, inventory and sale of goods and services). In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control system.
- (v). The Company has not accepted any deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed thereunder.
- (vi) Maintenance of cost records has not been prescribed to the Company Central Government under Section 148 (I) of the Companies Act, 2013
- (vii) (a) According to the information and explanations given to us and records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including income tax and service tax and other statutory dues as applicable with the appropriate authorities. We are informed that there are no dues on account of Investor education and protection fund, employees state insurance, provident fund, wealth tax, sales tax, value added tax or cess custom duty and excise duty. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues outstanding at 31st March, 2015 for a period of more than six months from the date they became payable.


(b) According to the information and explanations given to us and as per records of the Company, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, value added tax and Cess, which have not been deposited on account of any dispute.

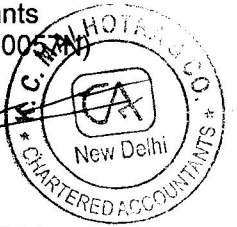
(c) According to the information and explanations given to us, there are no amounts which were required to be transferred to Investor Education and Protection Fund by the Company.
- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) According to the information and explanations given to us, the Company did not have any outstanding dues to financial Institution, bank or debenture holders during the year.
- (x) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not raised any term loan during the year.



(xii) According to the information and explanations given to us, no instances of material fraud on or by the company, has been noticed and reported during the course of our audit..

For K.C. MALHOTRA & CO.
Chartered Accountants
(Firm Regn. No. 0000574)


(Ramesh Malhotra)
Partner
Membership No.013624



Place: New Delhi
Dated:26.5.2015

ISGEC EXPORTS LIMITED
CIN: U51909DL1996PLC076750
Balance Sheet as on 31st March, 2015

(Rupees in thousands)

Particulars	Note No.	31.03.2015	31.03.2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	1,000.00	1,000.00
(b) Reserves and Surplus	4	9,238.85	8,912.17
(c) Money received against share warrants		-	-
		<u>10,238.85</u>	<u>9,912.17</u>
(2) Share application money pending allotment			
(3) Non-current Liabilities			
(a) Long-term borrowings		-	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long-term liabilities		-	-
(d) Long-term provisions		-	-
		<u>-</u>	<u>-</u>
4 Current Liabilities			
(a) Short-term borrowings		-	-
(b) Trade payables	5	28.50	22.41
(c) Other current liabilities		-	-
		<u>28.50</u>	<u>22.41</u>
	TOTAL	10,267.35	9,934.58
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible assets		-	-
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred Tax Assets (Net)		-	-
(d) Long-term loans and advances		-	-
(e) Other non-current assets		-	-
		<u>-</u>	<u>-</u>
(2) Current Assets			
(a) Current Investments		-	-
(b) Inventories		-	-
(c) Trade receivables		-	-
(d) Cash and cash equivalents	6	75.15	79.63
(e) Short-term loans and advances	7	10,192.20	9,854.95
(f) Other current assets		-	-
		<u>10,267.35</u>	<u>9,934.58</u>
	TOTAL	10,267.35	9,934.58
Significant Accounting Policies	1	-	0
Notes on Financial Statements	10 to 12	-	-

For and on behalf of the Board of directors

(Aditya Puri)
Director
DIN: 00052534

(V.D. Verma)
Director
DIN: 01024831

In terms of our report of even date attached

For K.C. Malhotra & Co.
Chartered Accountants
(Firm Regn. No. 000057N)
(Ramesh Malhotra)
Partner
Membership No. 013624
Place: New Delhi
Date: 26-5-2015

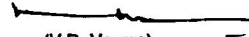


ISGEC EXPORTS LIMITED
CIN: U51909DL1996PLC076750
Statement of Profit and Loss for the year ended 31st March, 2015


Particulars	Note No.	(Amount in Rs. thousands)	
		31.03.2015	31.03.2014
1 Revenue from Operations		0.00	0.00
Other Income	8	540.04	486.00
Total Revenue		<u>540.04</u>	<u>486.00</u>
II. Expenses:			
Other Expenses	9	64.36	49.83
Total Expenses		<u>64.36</u>	<u>49.83</u>
III Profit before tax (I-II)		475.68	436.17
IV Tax Expense:			
Current tax	10	149.00	135.00
V Profit after tax (III -IV)		<u>326.68</u>	<u>301.17</u>
VI Earnings per equity share(basic and diluted) (Rupees)			
Face value Rs.10/-each		3.27	3.01
Significant Accounting Policies	2		
Notes on Financial Statements	3 to 12		

For and on behalf of the Board of Directors


(Aditya Puri)
 Director
 DIN: 00052534


(V.D. Verma)
 Director
 DIN: 01024831

For K.C. Malhotra & Co.
 Chartered Accountants
 (Firm Regn. No. 000057N)


(Ramesh Malhotra)
 Partner
 Membership No.013624



Place : New Delhi
 Date : 26.5.2015

ISGEC EXPORTS LIMITED
CIN: U51909DL1996PLC076750

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(Rupees in Thousands)

	31.03.2015	31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	475.68	436.17
Adjustments for :		
Preliminary Expenses	-	-
Interest Income	-540.04	-486.00
Interest Expenses	-	-
Operating Profit Before Working Capital Changes	-64.36	-49.83
Adjustments for :		
(Increase)/Decrease in Loans & Advances	-337.25	-271.00
Increase/(Decrease) in Trade payables	6.09	-28.09
Cash Generated From Operations	-395.53	-348.92
Interest Expenses	-	-
Direct Taxes Paid/ Refund received	-149.00	-135.00
Net Cash Flow From Operating Activities	-544.53	-483.92
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	-	-
Interest Received	540.04	486.00
Net Cash used in Investing Activities	540.04	486.00
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Net Cash Used in Financing Activities	-	-
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		
Total of A+B+C	-4.49	2.08
Cash and Cash equivalents as at 1st April, 2014 (Opening Balance)	79.64	77.56
Cash and Cash equivalents as at 31st March, 2015 (Closing Balance)	75.15	79.64
Note:	-	-

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standards -3 on Cash Flow Statements

For and on behalf of the Board of Directors

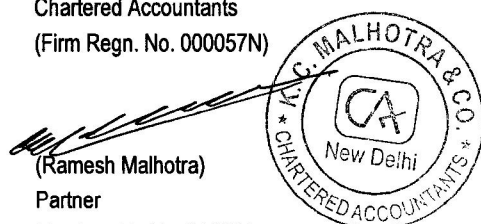


(Aditya Puri)
Director
DIN: 00052534



(V.D. Verma)
Director
DIN: 01024831

For K.C.Malhotra & Co.
Chartered Accountants
(Firm Regn. No. 000057N)



Membership No. 013624
Place: New Delhi
Date: 26-5-2015



ISGEC EXPORTS LIMITED

NOTES

1 Corporate Information

- | | |
|---|---------------------------------------|
| i. Business activity/ operations of the Company | Export of Engineering Goods |
| ii. Main place of business | D-860 New Friends Colony
New Delhi |

2 Significant Accounting Policies

2.1 1.1 Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with the Generally Accepted Accounting principles in India (Indian GAAP) under the historical cost convention on the accrual basis. GAAP comprises of Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 '(the Act)', read with Rule 7 of the Companies (Accounts), Rules, 2014, the provisions of the Act (to the extent notified). Accounting policies have been consistently applied.

2.2 Use of estimates:

The preparation of financial statements is in conformity with Indian generally accepted accounting principles requiring management to make estimates and assumptions that may affect the reported amount of the assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

2.3 Revenue Recognition :

Interest income is accounted for on accrual basis.

2.4 Taxes on Income

Current tax is determined as the account of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence, on timing difference between taxable income and accounting income that originates in one year and are capable of reversal in one or more subsequent years.

2.5 Provisions, Contingent Liabilities and Contingent Assets :

Provisions are created when there is a present obligation as a result of a past event that probably requires an outflow of resources and reliable estimate can be made of the amount of the obligation. Contingent liabilities are not recognised but are disclosed in the notes to the accounts. Contingent assets are neither recognised nor disclosed in the financial statements.

2.6 Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

2.7 Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand and/ deposit with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.



ISGEC EXPORTS LIMITED
Notes on Financial Statements

Note 3 Share Capital

	31.03.2015		31.03.2014	
	Number of shares	Rupees in Thousands	Number of shares	Rupees in Thousands
Authorised				
Equity Shares of Rs. 10/-each with voting rights	1,00,000	1,000.00	1,00,000	1,000.00
Issued				
Equity Shares of Rs. 10/-each with voting rights	1,00,000	1,000.00	1,00,000	1,000.00
Subscribed and Fully Paid-up				
Equity Shares of Rs. 10/-each with voting rights	1,00,000	1,000.00	1,00,000	1,000.00
TOTAL	1,00,000	1,000.00	1,00,000	1,000.00

Notes :

i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	31.03.2015		31.03.2014	
	Number of shares	Rupees in Thousands	Number of shares	Rupees in Thousands
Equity Shares with voting rights				
-Issued	1,00,000	1,000.00	1,00,000	1,000.00
-Subscribed and Fully Paid-up	1,00,000	1,000.00	1,00,000	1,000.00

ii) Detail of Shares held by each shareholder holding more than 5% Shares :

Class of Shares/Names of Shareholder:	31.03.2015		31.03.2014	
	Number of shares held	%holding in that class of shares	Number of shares held	%holding in that class of shares
Equity Shares with voting rights				
Holding Company Isgec Heavy Engineering Limited	99,991	99.99	99,991	99.99

Note 4 Reserves and Surplus

(a) General Reserve

Balance brought forward as per last balance sheet 5,864.69 5,864.69

(a) Surplus in Statement of Profit and Loss Account

Opening Balance 3,047.48 2,746.31
 Add: Profit for the year after Tax 326.68 301.17
3,374.16 3,047.48

TOTAL 9,238.85 8,912.17



ISGEC EXPORTS LIMITED
Notes on Financial Statements

		(Rupees in Thousands)	
		31.03.2015	31.03.2014
Note 5	Trade Payables		
	Due to others	28.50	22.41
	Total	<u>28.50</u>	<u>22.41</u>
Note 6	Cash and Cash Equivalents		
	Balance with Banks:		
	In Current Accounts	75.15	79.63
	Total	<u>75.15</u>	<u>79.63</u>
Note 7	Short Term Loans and Advances		
	Advances recoverable in cash or in kind or for value to be received		
	-Saraswati Sugar Mills Limited subsidiary of Isgec Heavy Engineering Limited	10,104.37	9,752.33
	Advance tax and TDS (net of provisions Rs.749250/- ,Previous year Rs 600250/-)	87.83	102.61
		<u>10,192.20</u>	<u>9,854.95</u>



ISGEC EXPORTS LIMITED
Notes on Financial Statements

(Rupees in Thousands)
31.03.2015 **31.03.2014**

Note 8	Other Income		
	Interest Income from Saraswati Sugar Mills Ltd.	540.04	486.00
	Total	<u>540.04</u>	<u>486.00</u>
Note 9	Other Expenses		
	Bank Charges	4.09	0.98
	Legal & Professional Charges	27.89	19.50
	Rates and Taxes	3.89	1.26
	Audit fee(a)	28.50	28.09
	Total	<u>64.36</u>	<u>49.83</u>
	(a) Include service tax	3.50	3.09
Note 10	Tax Expense		
	(a) Current Tax	149.00	135.00
		<u>149.00</u>	<u>135.00</u>
	(b) Deferred tax	0.00	0.00
	Total	<u>149.00</u>	<u>135.00</u>



ISGEC EXPORTS LIMITED

NOTES ON FINANCIAL STATEMENTS

Note 11 Additional information to the financial statements

11.1 Disclosures under Accounting Standards

Description of relationship

- a) Holding Company : Isgec Heavy Engineering Limited
 b) Entities over which Mr Aditya Puri, director can exercise significant influence
 (i) Saraswati Sugar Mills Limited (ii) Isgec Covema Limited (iii) Isgec engineering and Projects Limited (iv) Isgec Hitachi Zosen Limited (v) Free Look softwares Private Limited and (vi) Isgec Foster Wheeler Boiler Private Limited (Subsidiaries of Isgec Heavy Engineering limited)
 c) Key Management Personnel None

11.1.a Related Party transactions :

In accordance with the Accounting Standards on "Related Party Disclosures"(AS-18), the disclosures in respect of related parties and transactions with them, as identified and certified by the Management, as follows:

11.1.b Details of Related party transactions during the year and outstanding balance as at 31st.March,2015

Detail of transactions

	(Rupees in thousands)	
	<u>31.03.2015</u>	<u>31.03.2014</u>
*i) Interest received	540.04	486.00
*ii) Outstanding payable / (receivable) by the company	-10,104.37	-9,752.33
* Refer Entity 11.1.b(i)		

Note 11.2 In accordance with Accounting Standards(AS-20)"Earning Per share" is calculated by dividing the profit/(Loss) attributable to the Equity Shareholders by the weighted average number of shares outstanding during the year. The number used in calculating basic and diluted earnings per equity share are as stated below:

	(Rupees in thousands)	
	<u>31.3.2015</u>	<u>31.3.2014</u>
Description		
a) Net profit after tax as per Statement of profit and loss	326.68	301.17
b) Weighted average number of equity shares used as denominator for calculating of earning per share	1,00,000	1,00,000
c) Face Value of equity shares (in Rs.)	10	10
d) Basic and diluted earnings per share (in Rs.)	3.27	3.01

12 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure

