

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

Report on the Standalone Financial Statements

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

Management's Responsibility for the 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 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 these standalone 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 Section 143(10) 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 account 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- d. In our opinion, the 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 the written representations received from the directors as on 31st March, 2015 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 Section 164 (2) 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 litigations which would impact its financial position;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



For S S Kothari Mehta & Co.
Chartered Accountants
Firm Registration No.: 000756N


K K Tulshan

Partner

Membership No.: 085033

Place : Gurgaon

Dated : 13th May 2015

Annexure referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report of even date to the members of Isgec Hitachi Zosen Limited on its standalone financial statements as of and for the year ended March 31, 2015.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a program of physical verification of fixed assets that covers every item of fixed assets over a period of three years. In our opinion, this periodicity and manner of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification undertaken during the year;
- (ii) (a) The physical verification of inventory has been conducted at reasonable intervals during the year by the management;
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of inventory;
- (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. Therefore sub - clauses (iii) (a) & (iii) (b) of the Order are not applicable;
- (iv) There is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct major weaknesses in the internal control system;
- (v) As the Company has not accepted deposits, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable;
- (vi) We have broadly reviewed the books and records required to be maintained as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie, the prescribed accounts and records have been maintained;



- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable;
- (b) There are no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess that have not been deposited on account of any dispute;
- (c) There are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder;
- (viii) The Company has not been registered for a period of more than five years. Therefore clause (viii) of paragraph 3 of the Order is not applicable to the Company;
- (ix) The Company has not defaulted in repayment of dues to a financial institution or bank. The Company has not issued any debentures;
- (x) The Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the Company;
- (xi) The term loans were applied for the purpose for which the loans were obtained;
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.



For S S Kothari Mehta & Co.
Chartered Accountants
Firm Registration No.: 000756N


K K Tulshan

Partner

Membership No.: 085033

Place : Gurgaon

Dated : 13th May 2015

ISGEC Hitachi Zosen Limited

CIN: U28123HR2012PLC045430

Balance Sheet as at 31st March, 2015

(Rs in lacs)

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	10,000.00	10,000.00
(b) Reserves and Surplus	4	(512.85)	(1,642.22)
		9,487.15	8,357.78
(2) Non-current Liabilities			
(a) Long Term Borrowing	5	1,390.05	1,853.40
(b) Other Long-term Liabilities	6	11.25	11.37
(c) Long-term Provisions	7	137.09	100.68
		1,538.39	1,965.45
(3) Current Liabilities			
(a) Short Term Borrowing	8	8,939.61	1,127.90
(b) Trade Payables	9	2,082.00	3,221.50
(c) Other Current Liabilities	10	7,274.02	11,389.67
(d) Short-term Provisions	11	171.13	18.13
		18,466.77	15,757.20
Total		29,492.30	26,080.44
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	12	2,792.87	290.17
(ii) Intangible Assets	13	37.79	19.26
(iii) Capital Work-in-progress	14	-	1,031.25
		2,830.66	1,340.68
(b) Deferred Tax Assets (Net)	15	592.14	914.07
(c) Long-term Loans and Advances	16	19.94	20.43
(d) Other Non-current Assets	17	332.79	31.90
		3,775.54	2,307.08
(2) Current Assets			
(a) Inventories	18	10,976.88	17,284.08
(b) Trade Receivables	19	10,717.23	722.69
(c) Cash and Bank Balances	20	771.62	2,244.76
(d) Short-term Loans and Advances	21	3,186.53	2,921.67
(e) Other Current Assets	22	64.51	600.16
		25,716.77	23,773.36
Total		29,492.30	26,080.44
Company Overview and Significant Accounting Policies	1 & 2		
Notes to the financial statements	1 to 42		

The Notes referred to above form an integral part of the financial statements

As per our report of even date.

for **S.S. Kothari Mehta & Co.**
Chartered Accountants
Firm Registration No.000756N

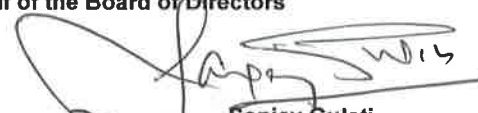

Sharesh Kumar
Manager & CFO


Brajesh Kr. Rai
Chief Operating Officer

CA.K.K. Tulshan
Partner
M.No.085033

For and on behalf of the Board of Directors


Bhupal Singh
Company Secretary


Sanjay Gulati
Managing Director
DIN: 05201178

Place:-

Dated:
13th May 2015




Hideaki Horluchi
Director
DIN: 07033748

ISGEC Hitachi Zosen Limited

CIN: U28123HR2012PLC045430

Statement of Profit and Loss for the year ended 31st March 2015

(Rs in lacs)

Particulars	Note No.	Year ended 31.03.2015	Year ended 31.03.2014
I. Revenue from Operations	23	33,675.99	7,204.72
Less Excise Duty		393.57	675.99
		33,282.42	6,528.73
II. Other Income	24	63.60	375.75
III. Total Revenue		33,346.02	6,904.48
IV. Expenses:			
(a) Cost of Material Consumed	25	14,361.99	10,812.45
(b) Changes in Inventories of Finished Goods, Work - in - Progress and Stock - in - trade	26	3,583.84	(9,612.64)
(c) Employee Benefits Expenses	27	2,251.66	1,710.95
(d) Financial Costs	28	784.19	33.24
(e) Depreciation		298.38	48.00
(f) Other Expenses	29	10,614.68	6,769.52
Total Expenses (IV)		31,894.72	9,761.53
V. Profit/ (Loss) before Tax (III-IV)		1451.29	(2857.04)
VI. Tax Expense:			
(a) Current Tax	30	-	-
(b) Deferred Tax	15	321.93	883.00
		321.93	883.00
VII Profit/ (Loss) after Tax for the period (V-VI)		1129.37	(1974.04)
VIII Basic /Diluted earning per share of Rs. 10 Each (Rs.)	31	1.13	(1.97)
Company Overview and Significant Accounting Policies	1 & 2		
Notes to the financial statements	1 to 42		

The Notes referred to above form an integral part of the financial statements

As per our report of even date.

for **S.S. Kothari Mehta & Co.**
Chartered Accountants
(Firm Registration No.000756N)

CA.K.K. Tulshan
Partner
M.No.085033


Place:-

Gurgaon

Dated :
13th May 2015




Shailesh Kumar
Manager & CFO


Brajesh Kr. Rai
Chief Operating Officer

For and on behalf of the Board of Directors


Bhupal Singh
Company Secretary


Sanjay Gulati
Managing Director
DIN:05201178


Hideaki Horiuchi
Director
DIN: 07033748

ISGEC Hitachi Zosen Limited

CIN: U28123HR2012PLC045430

Cash Flow Statement for the year ended 31st March, 2015

(In lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
A. Cash flow from Operating activities:		
Net (loss)/profit before tax but after exceptional /extraordinary items	1,451.29	(2,857.04)
Adjustments for:		
Depreciation	298.38	48.00
Interest Expense	784.19	33.24
Interest and other Income	(63.60)	(375.75)
Fixed Assets written off.	-	0.16
Liability no longer required written back	(72.43)	(47.21)
Operating profit before working capital changes	2,397.83	(3,198.60)
Adjustments for changes in working capital :		
- (Increase)/Decrease in Trade Receivables	(9,994.54)	18.07
- (Increase)/Decrease in Other Receivables	(120.92)	(2,402.82)
- (Increase)/Decrease in Inventories	6,307.20	(14,347.32)
- Increase/(Decrease) in Trade, Other payable	(5,175.99)	11,400.98
Cash generated from operations	(6,586.41)	(8,529.69)
- Taxes (Paid) / Received (Net of TDS)	254.67	(50.91)
Net cash from operating activities	(6,331.75)	(8,580.59)
B. Cash flow from Investing Activities		
Purchase of fixed assets	(1,788.75)	(1,283.03)
Interest Received (Revenue)	83.18	423.46
Net cash used in investing activities	(1,705.57)	(859.57)
C. Cash flow from Financing activities:		
Proceeds/(Repayment) of Equity Share Capital		
Proceeds/(Repayment) from Secured loans	7,348.37	2,981.30
Interest and other Borrowing cost Paid	(784.19)	(33.24)
Net cash used in financing activities	6,564.18	2,948.05
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,473.14)	(6,492.11)
Cash and cash equivalents as at 31.03.2014	2,244.76	8,736.86
Cash and cash equivalents as at 31.03.2015	771.62	2,244.76
Cash and cash equivalents comprise		
Cash, Cheques & Drafts (in hand) and Remittances in transit	0.59	0.55
Balance with Scheduled Banks :		
Current Accounts	50.05	313.62
Term Deposit & Margin Money with Banks (against Bank Guarantees & Letter of Credit issued by Bank)	720.97	1,930.58
	771.62	2,244.76

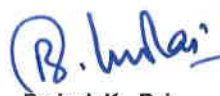
Notes :

- 1 The above Cash flow statement has been prepared under the indirect method set out in Accounting Standard - 3 .
- 2 Figures in brackets indicate cash outgo.
- 3 Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.

As per our report of even date.

for **S.S. Kothari Mehta & Co.**
Chartered Accountants
(Firm Registration No. 000756N)


Shallesh Kumar
Manager & CFO


Brajesh Kr. Rai
Chief Operating Officer


(**CA.K. K. Tulshan**)
Partner

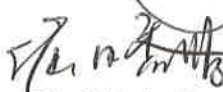
Membership No. 085033





Bhupal Singh
Company Secretary

For and on behalf of Board of Directors


Sanjay Gulati
Managing Director
DIN: 05201178


Hideaki Horiuchi
Director
DIN: 07033748

Place:


Dated :
13th May 2015

ISGEC Hitachi Zosen Limited

Notes to the Financial Statements as at and for the year ended 31st March 2015

Note 1. Overview

ISGEC Hitachi Zosen Limited (the 'Company') is a heavy engineering Company and is engaged in manufacturing of all types of Industrial Pressure Vessels, Heat Exchanger, Reactors (excluding nuclear reactors), Boilers and related Critical Equipment for Customers in India and abroad having principal place of business at 13 B, Dahej GIDC, Tal-Vagra, District Bharuch, Gujarat (India)

Note 2. Significant Accounting Policies

i) Basis of Preparation of Financial Statements

The financial statements of the Company are prepared under the historical cost convention and in accordance with applicable Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 2013. The Company follows mercantile system of accounting and recognises income and expenditure on accrual basis to the extent measurable and where there is certainty of ultimate realisation in respect of income. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

ii) Preliminary Expenses

All expenses prior to commencement of commercial operations are aggregated as preliminary expenses. These are to be amortized and over a period of 5 financial years on commencement of commercial operations.

iii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which the results are known.



ISGEC Hitachi Zosen Limited

iv) Inventories

Raw Materials, Stores & Spares are valued at lower of weighted average cost or net realisable value. However items held for use in the production are not valued below cost if the finished goods in which these will be incorporated are expected to be sold at or above cost.

Work-in-Progress and Finished Goods are valued at lower of cost or net realisable value.

Cost in case of finished goods and work-in-progress includes material cost and applicable direct manufacturing and administrative overheads. Value of finished stock is inclusive of excise duty (if any).

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

v) Fixed Assets

a) Tangible Assets.

Tangible assets are stated at their cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to working condition for its intended use. Capital spares directly attributable to the fixed assets are capitalised with the related assets.

b) Intangible Assets

Intangible assets are recognised on the basis of recognition criteria specified in Accounting Standard AS-26.

Costs incurred on acquisition of specialised software & technical know how are capitalised.

vi) Depreciation and Amortization

Depreciation is provided on fixed assets at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013 as per Straight Line Methods on Plant and Machinery and Written down value method on Tools and Implements. Capital spares directly attributable to the specific fixed assets are depreciated with the cost of the assets.

Assets costing not more than Rs.5, 000/- are fully depreciated in the year of their acquisition. Intangible assets are amortised over a period not exceeding ten years on a straight line basis as per Accounting Standard – 26 on Intangible Assets.



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vii) Revenue Recognition

Revenue is recognised in case of traded & manufactured products on despatch of goods from the factory/other locations when substantial risks & rewards of ownership are transferred to the buyer.

Revenue in case of erection & commissioning jobs carried out is recognised on stage of completion as per the terms of related agreements / job orders.

Insurance Claims, export incentives, escalation, etc. are accounted for as and when the estimated amounts recoverable can be reasonably determined as being acceptable to the concerned authorities / parties.

Interest income is recognised on a time proportion basis taking into account the amounts outstanding and the rate applicable.

viii) Foreign Currency Transactions

a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency on the date of the transaction.

b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) Exchange Differences

Exchange differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

- d) Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, are recognized as income or as expenses in the year in which they arise.

ix) Employee Benefits

As per AS-15 notified by Companies (Accounting Standards) Rules, 2006, (as amended) the



ISGEC Hitachi Zosen Limited

provision for employee benefits is charged on accrual basis as under:

a) Provident Fund

The contributions are deposited in the Recognized Provident Fund accounts operated by the Regional Provident Fund Commissioner under the Employees Provident Fund and Miscellaneous Provisions Act 1952, on the basis of services rendered by the employees and is expensed as and when incurred.

b) Gratuity

The Company operates a Gratuity Fund Trust which in turn has taken Group Gratuity cum Life Assurance policy with the Life Insurance Corporation of India for all the employees. Provision for liability on account of gratuity being defined benefit plan, is determined as per actuarial valuation and charged to statement of Profit & Loss.

c) Leave Encashment

Provision for leave encashment is made in respect of eligible employees as per actuarial valuation done at the balance sheet date.

d) Pension

Liability on account of pension payable to employees transferred from ISGEC Heavy Engineering Limited covered under that Company's erstwhile pension scheme has been accounted for on accrual basis.

x) Leases

The Company has taken Equipments, Plant and machinery and other movable assets under non-cancellable operating lease and payment made for the same is charged to statement of Profit and Loss Account. Payments made under for other assets are charged to statement of Profit & Loss as per respective lease agreements.

xi) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

xii) 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.



ISGEC Hitachi Zosen Limited

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xiii) Taxation

Tax Expense/ (Tax Saving) is the aggregate of current year tax and deferred tax charged (or credited) to the statement of Profit and Loss for the year in accordance with Accounting Standard- 22- "Accounting for Taxes on Income" notified by Companies (Accounting Standards) Rules, 2006 and measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

a) Current Year Charge

The provision for taxation is based on assessable profits (if any) of the Company as determined under the Income Tax Act, 1961.

b) Deferred Tax

In accordance with Accounting Standard AS-22 "Accounting for Taxes on Income" notified by Companies (Accounting Standards) Rules, 2006, (as amended), deferred taxes resulting from timing differences between book and tax profits/loss are accounted for at tax rate to the extent the timing difference are expected to be crystallised. Deferred tax assets on account of unabsorbed losses & unabsorbed depreciation are recognised to the extent there is virtual certainty of realising such assets against future taxable income.

xiv) Impairment of Assets:

a) As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine

- i) the provision for impairment loss, if any, required or
- ii) the reversal, if any, required of impairment loss recognised in previous periods.

b) Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount which is determined

- i) in the case of an individual asset, at the higher of the net selling price and the value in use.
- ii) in the case of a cash generating unit (a group of assets that generates identified independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

c) Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset/cash generating unit and from its disposal at the end of its useful life.

xv) Provisions, Contingent Liabilities & Contingent Assets



ISGEC Hitachi Zosen Limited

a) Provisions

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- i) the Company has a present obligation as a result of a past event,
- ii) a probable outflow of resources is expected to settle the obligation and
- iii) the amount of the obligation can be reliably estimated.

b) Contingent Liabilities

Contingent Liability is disclosed in the case of

- i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- ii) a possible obligation, unless the probability of outflow of resources is remote.

c) Contingent Assets: Contingent Assets are neither recognised, nor disclosed.

d) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

xvi) Cash and Cash Equivalents

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand and fixed deposits with banks, excluding investment in mutual fund.



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 3 Share Capital

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number of shares	(Rs In lacs)	Number of shares	(Rs In lacs)
Authorized Equity shares of Rs.10 each with voting rights	110,000,000	11,000.00	110,000,000.00	11,000.00
Issued Equity shares of Rs.10 each with voting rights	100,000,000	10,000.00	100,000,000.00	10,000.00
Subscribed and Fully Paid-up Equity shares of Rs.10 each with voting rights	100,000,000	10,000.00	100,000,000.00	10,000.00
	100,000,000	10,000.00	100,000,000	10,000.00

Notes:

- (a) The rights, preferences and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital are as under:

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each share holder is entitled to one vote per share. During the year ended 31st March 2015, the dividend per share recognised as distribution to equity holders is Nil. The total dividend appropriation for the year ended 31st March 2015 amounts to Nil. In the event of the liquidation of the company, the holders of the equity shares will be entitled to receive the remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to number of equity shares held by each of the equity share holders. There are restrictions and conditions attached to transfer of shares in accordance with joint venture agreement dated 13th February 2012.

- (b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting Period :

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number of shares	(Rs In lacs)	Number of shares	(Rs In lacs)
Equity shares outstanding at the beginning of the Period	100,000,000	10,000.00	100,000,000	10,000.00
Add: Issued during the Period	-	-	-	-
Less: Shares bought back	-	-	-	-
Equity shares outstanding at the close of the Period	100,000,000	10,000	100,000,000	10,000

- (c) Detail of Shares held by Holding Company:

Name of the Holding Company	As at 31.03.2015		As at 31.03.2014	
	Number of shares held	% Holding in that class of	Number of shares held	% Holding in that class of
Isgec Heavy Engineering Limited	51,000,000	51%	51,000,000	51%

ISGEC Hitachi Zosen Limited is a Joint Venture between Isgec Heavy Engineering Limited and Hitachi Zosen Corporation, Japan vide Joint Venture agreement dated 13th February, 2012. However, it is treated as a subsidiary in view of the definition provided in the Companies Act, 2013 and as per guidance in the Accounting Standard notified under the Companies (Accounting Standards) Rule, 2006.

- (d) Detail of Shares held by each shareholder holding more than 5% Shares:

Class of shares/Name of the shareholders:	As at 31.03.2015		As at 31.03.2014	
	Number of shares held	% Holding in that class of	Number of shares held	% Holding in that class of
Equity shares with voting rights				
(i) Isgec Heavy Engineering Limited and its nominees	51,000,000	51%	51,000,000.00	51%
(ii) Hitachi Zosen Corporation, Japan and its nominees	49,000,000	49%	49,000,000.00	49%



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 4 Reserves and Surplus

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
Surplus(+)/Deficit(-) in Statement of Profit and Loss		
Opening balance of profit and loss A/c	(1642.22)	331.82
Surplus(+)/Deficit(-) during the Year	1,129.37	(1974.04)
Total	(512.85)	(1642.22)



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 5 Long Term Borrowings

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
Bank borrowing-Term loan-ECB (Secured)	1,390.05	1,853.40
Total	1,390.05	1,853.40

Details of Securities offered for above Long term Borrowing :-

- 1.) First charge on Plant and Machinery exclusively/ specifically procured by utilizing above said loan amount both present and future, carrying rate of interest @ 11.20% p.a)
- 2.) Corporate Guarantee of Isgec Heavy Engineering Limited.

Note 6 Other Long Term Liabilities

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
Deposits from Employees (under Car Loan Scheme)	11.25	9.22
Security Deposits received.	-	2.15
Total	11.25	11.37

Note 7 Long Term Provisions

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
(I) Provision for Employee Benefits:		
(a) Provision for Pension (unfunded)	33.85	35.78
(b) Provision for Leave Encashment (unfunded) (Refer Note 27)	81.53	60.57
(II) Others		
(a) Provision after sale service(Ref. Note 7.1)	21.71	4.33
Total	137.09	100.68

Note 7. Movement of provision for Liabilities

Disclosure in terms of Accounting Standard AS – 29 on Provisions, Contingent Liabilities and Contingent Assets:-

Particulars	As at 31.03.2015	As at 31.03.2014
(a) Movement of provision for Performance Warranties / After Sales Services		
(i) Opening Balance	4.33	-
(ii) Provided for during the year	31.53	4.33
(iii) Used during the year	0.07	-
(iv) Reversed during the year	-	-
(v) Closing Balance	35.80	4.33
(v) Closing Balance	35.80	4.33
Break up of Closing Balance		
Long term provisions	21.71	4.33
Short term provisions	14.09	-
(b) Timing of outflow/uncertainties	Outflow on claims to be made by the customers.	



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 8 Short-term Borrowing

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
a) Secured		
(i) Cash Credit (Secured) from Banks	8,939.61	1,127.90
Total	8,939.61	1,127.90

Details of Securities offered for above short term Borrowing :-

- 1.) Secured against first pari-passu charge on current assets of the Company, both present and future.
- 2.) First Pari-Passu charge on Plant and Machinery of the Company (excluding machinery exclusively/specifically charged to other lender) both present and future.
- 3.) Corporate Guarantee of Isgec Heavy Engineering Limited.
- 4.) Rate of interest ranging from 10.5% to 13.5% p.a.



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 9 Trade Payables

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
(a) To Micro & Small Enterprises (Refer Note 9.1)	56.11	84.58
(b) To Other than Micro & Small Enterprises	1,344.86	1,848.95
(c) To Isgec Heavy Engineering Ltd- (Refer note no. 34.1 (F))	38.93	54.36
(e) To Hitachi Zosen Corporation, Japan (Refer note no. 34.1 (F))	642.10	1,233.62
Total	2,082.00	3,221.50

Note 9.1 Trade Payables to Micro and Small Enterprises

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
a) Amount remaining unpaid to any supplier		
Principal Amount	56.11	84.58
Interest due thereon	Nil	Nil
b) Interest paid under Micro, Small and Medium Enterprises (Development) Act, 2006	Nil	Nil
c) Interest due (Other than (b) above)	Nil	Nil
d) Interest accrued and unpaid	Nil	Nil
e) Interest due and payable till actual payment	Nil	Nil



ISGEC Hitachi Zosen Limited
Notes on Financial Statements

Note 10 Other Current Liabilities

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
(a) Advance from Customers (unrelated)	2,570.86	1,347.62
(b) Advance from Customers (related)		
-Hitachi Zosen Corporation, Japan (Refer note no. 34.1 (G))	2,893.71	8,654.06
-Isgec Heavy Engineering Ltd.(Refer note no. 34.1 (G))	-	695.85
(c.) Statutory remittances	118.12	40.85
(d) Payables to Employees	185.31	160.07
(e) Supplier of Capital goods.	55.84	381.82
(f) Interest accrued but not due on borrowings (ECB - Loan)	38.67	38.67
(g) Bank borrowing-Term loan (ECB)-Secured (Repayable within 12 months)	463.35	-
(h) Other Liabilities		
- Stale Cheque	2.94	0.77
-Credit Balance of Sundry Debtors.	9.03	3.72
-Expenses Payable	936.19	66.24
Total	7,274.02	11,389.67

Note 11 Short-term Provisions

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
(I) Provision for Employee Benefits:		
(a) Provision for Leave Encashment (unfunded)(Refer Note 27)	3.43	2.61
(b) Provision for Pension (unfunded)	4.14	4.14
(c) Provision for Gratuity (funded) (Refer Note 27)	14.13	11.38
(II) Others		
(a) Provision for after sale service(Ref. note 7.1)	14.09	-
(b) Provision of Income tax (Net of TDS of Rs. 59.66 Lacs)	135.34	-
Total	171.13	18.13



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 12 : Tangible Assets

Sr. Nos.	Particulars	Gross Block			Depreciation			Net Block	
		Balance as at 01.04.2014	Additions	Deduction	Balance as at 31.3.2015	For the year	Deduction	Balance as at 31.3.2015	Balance as at 31.3.2014
1	BUILDING (Method- WDV)								
(A)	Other than Factory Building RCC Frame Structure.	19.81	9.94	-	29.76	1.00	-	28.29	19.35
2	PLANT AND MACHINERY (Method- WDV & SLM)								
(A)	Plant and Machinery (Method- SLM)	139.32	2,429.47	4.57	2,564.22	172.22	0.31	2,382.09	129.41
(B)	Tools and Implements (Method-WDV)	41.56	76.38	-	117.94	23.75	-	89.37	30.73
3	GENERAL FURNITURE AND FITTINGS (Method- WDV)								
(A)	Furniture and Fittings.	48.22	20.28	-	68.50	16.63	-	40.29	36.63
4	VEHICLE (Method- WDV)								
(A)	Vehicle	30.84	6.48	-	37.32	7.93	-	18.98	20.42
5	OFFICE EQUIPMENTS (Method- WDV)								
(A)	Office Equipments	13.21	8.91	-	22.12	8.41	-	13.00	12.49
(B)	Library	3.27	0.70	-	3.97	1.73	-	1.97	3.01
6	ELECTRICAL INSTALLATION AND EQUIPMENT (Method- WDV)								
(A)	Electronic Equipments	3.63	5.50	-	9.13	1.74	-	6.60	2.85
(B)	Electrical Installation	-	200.06	-	200.06	30.25	-	169.81	-
(C)	Refrigeration And Air Conditioning Mach.	11.60	7.31	0.24	18.67	4.09	0.01	13.66	10.68
7	COMPUTERS AND DATA PROCESSING UNITS (Method- WDV)								
(A)	Computer, laptop, Desktop etc.	26.81	24.00	-	50.80	20.17	-	21.19	17.36
8	GENERAL LABORATORY EQUIPMENTS (Method- WDV)								
(A)	General Laboratory Equipments	8.99	9.68	-	18.67	3.29	-	13.63	7.24
	Total	347.25	2798.71	4.81	3141.15	291.20	0.32	2792.87	290.17
	Previous Year	80.51	266.91	0.17	347.25	44.92	0.01	290.17	68.34

Note 12.2

Borrowing Cost Capitalized during the year Rs 96.57 Lacs, previous year NIL.

Note 13 : Intangible Assets

Sr. No.	Particulars	Gross Block			Depreciation			Net Block	
		Balance as at 01.04.2014	Additions	Deduction	Balance as at 31.3.2015	For the year	Deduction	Balance as at 31.3.2015	Balance as at 31.3.2014
(A)	Computer Software	23.62	25.71	-	49.33	7.18	-	37.79	19.26
(B)	Technical Know How	-	-	-	-	-	-	-	-
	Total	23.62	25.71	-	49.33	7.18	-	37.79	19.26
	Previous Year	12.78	10.84	-	23.62	3.08	-	19.26	11.50

Note 13.1

As per Accounting Standard, AS - 26, the assets acquired during the year have been capitalised and amortised over estimated useful life as follows:-



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 14 : Capital Work in Progress

(Rs in lacs)

Sr. No.	Particulars	As at 31.03.2015	As at 31.03.2014
1	Building under construction	-	4.83
2	Machinery Under Erection	-	1,026.42
	Total	-	1,031.25



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 15 Deferred Tax

The Company estimates the Deferred tax (charge)/ credit for the year using the applicable tax rate based on timing differences between book and tax profits/loss. Deferred tax assets on account of unabsorbed losses & unabsorbed depreciation are recognised to the extent there is virtual certainty of realising such assets against future taxable income.

Element of Deferred Tax	(Rs. In Lacs.)		
	As at March 2014	Credit / (Charge) during the year	As at 31.03.2015
Depreciation	(13.82)	(202.68)	(216.50)
Other Timing Differences	31.66	4.79	36.45
Business Loss	896.23	(124.03)	772.20
Net Deferred Tax	914.07	(321.93)	592.14



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 16 Long-term Loans and Advances

(Rs in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
	Unsecured considered good	Unsecured considered good
(a) Security Deposits	0.23	5.23
(b) Loan and advances to Employees	19.71	15.20
Total	19.94	20.43



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 17 Other Non-current Assets

(Rs in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Unamortised Preliminary Expenses	11.37	22.73
Fixed deposit with Bank with more than 12 months maturity period.	26.43	9.17
Minimum Alternate Tax Credit entitlement	295.00	-
Total	332.79	31.90



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 18 Inventories

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
Raw Materials	2,354.01	4,114.19
Stores and Spares Parts.	66.86	43.90
Scrap Inventory	4.69	-
Material Under Inspection/ in Transit	211.34	1,202.17
Work-in-Progress : - Engineering Goods	8,339.98	11,923.82
Total	10,976.88	17,284.08

Note 19 Trade Receivables

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
<u>Trade receivables outstanding for a period more than six months from the date they are due for payments:</u>		
Unsecured, considered good - Isgec Heavy Engineering Ltd. (Refer note no. 34.1 (E))	-	3.16
Unsecured, considered good - Others.	5.03	
<u>Trade receivables outstanding for a period less than six months from the date they due for payments:</u>		
Unsecured, considered good-Isgec Heavy Engineering Ltd. (Refer note no. 34.1 (E))	19.24	90.48
Unsecured, considered good-Hitachi Zosen Corporation, Japan (Refer note no. 34.1 (E))	3,654.36	95.59
Unsecured, considered good-Others	7,038.60	533.46
Total	10,717.23	722.69



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 20 Cash and Bank Balances

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
a) Cash and Cash equivalents		
i) Cash in hand	0.59	0.55
ii) Balance with Banks:		
In Current and Cash Credit Accounts	50.05	99.61
In Current account ECB Loan	-	214.01
In Fixed Deposits Accounts (Refer Note 20.1 (a))	-	31.51
	50.65	345.68
b) Other Bank Balances		
(i) In Fixed Deposits Accounts (Refer Note 20.1(b))	720.97	1,099.08
(ii) In Fixed Deposits Accounts (Refer Note 20.1(c))	-	800.00
	720.97	1,899.08
Total	771.62	2,244.76

Note 20.1 Fixed Deposits With Banks

Particulars	(Rs in lacs)	
	As at 31.03.2015	As at 31.03.2014
a) Free From any Lien		
i) Maturing within 3 months from date of deposit (Classified as cash and cash equivalents)	-	31.51
Sub Total	-	31.51
b) Under Lien		
i) Maturing within 3 months from date of deposit (Classified as other bank balances)	355.58	400.00
ii) Maturing after 3 months from date of deposit but within one year of Balance Sheet date (Classified as other bank balance)	365.39	699.08
c) ECB Loan unutilized fund parked		
i) Maturity within three months from the date of deposits	-	800.00
Sub Total	720.97	1,899.08
Total	720.97	1,930.58



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 21 Short Term Loans and Advances

(Rs in lacs)

Particulars	As at 31.03.2015		As at 31.03.2014	
	Unsecured considered good	Total	Unsecured considered good	Total
Loans and Advances to Employees	14.27	14.27	10.79	10.79
Balance with Government Department and Others	1,888.15	1,888.15	1,491.75	1,491.75
Security Deposit	-	-	-	-
Prepaid Expenses	16.96	16.96	9.49	9.49
Advance to Suppliers	1,077.47	1,077.47	1,409.63	1,409.63
Export incentive receivable A/c	189.67	189.67	-	-
Total	3,186.53	3,186.53	2,921.67	2,921.67

Note 22 Other Current Assets

(Rs in lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Interest accrued but not due on Deposits	26.93	46.51
Unamortised Preliminary Expenses	11.37	11.37
Others:		
-Capital Goods Inventory	26.21	470.55
-Income Tax Recoverable (TDS)	-	71.74
Total	64.51	600.16



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 23 Revenue from operations

Particulars	(Rs In lacs)	
	Year ended 31.03.2015	Year ended 31.03.2014
Sale of products (Refer Note 23.1 below)	9,236.01	3,246.63
Export sale of Manufactured goods.(Refer Note 23.1 below)	22,292.83	1,986.07
Sub Total	31,528.84	5,232.70
Sale of Bought out	-	1.09
Store sale including High sea sale.	3.56	96.98
Own job Manufactured sale	-	57.92
Job work services , fabrication etc .	95.00	622.05
Receipts for service rendered	10.00	-
Other operating revenues (Refer Note 23.2 below)	2,038.60	1,193.98
Total	33,675.99	7,204.72
Less Excise Duty	393.57	675.99
Net	33,282.42	6,528.73

Note 23.1 Sale of products

Particulars	(Rs In lacs)	
	Year ended 31.03.2015	Year ended 31.03.2014
Reactor/Urea reactor/Stripper	7,492.45	1,464.50
Relief scrubber	-	737.71
Demethanizer & Caustic Tower	-	1,872.66
Deaerator	750.24	1,003.74
Foundation & template	-	154.09
Ammonia Separator	315.17	-
Ammonia Converter/Shift converter	10,140.09	-
Effluent Chamber Transfer line	278.43	-
Lap & Hp Flash Column	1,417.93	-
Hydro treating reactor	2,861.96	-
Co2 Absorber	1,162.96	-
Secondary reformer	756.26	-
Others	6,353.35	-
Total	31,528.84	5,232.70

Note 23.2 Other operating revenue

Particulars	(Rs In lacs)	
	Year ended 31.03.2015	Year ended 31.03.2014
Foreign exchange fluctuation gain	1,043.73	-
Scrap and Waste Sale	318.96	439.59
Excess provision written back.	72.43	47.21
Miscellaneous Income	20.23	31.19
Excise Duty Receipts	388.70	656.31
Cess on Excise Duty Receipts	3.25	13.12
S&H Edu. Cess on Excise Duty Receipts	1.62	6.56
Export incentive receivable	189.67	-
Total	2,038.60	1,193.98



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 24 Other Income

Particulars	(Rs in lacs)	
	Year ended 31.03.2015	Year ended 31.03.2014
Interest Income		
- On Bank Deposits	61.95	375.75
- Other Interest	1.65	-
Total	63.60	375.75



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 25 Cost of Materials, Components, Stores and Spares Consumed

Particulars	(Rs in lacs)	
	Year ended 31.03.2015	Year ended 31.03.2014
Raw Materials & Components (Refer Note 25.1 & 25.2(i))	14257.92	10799.44
Consumption of Stores and Spares (Refer Note 25.2(ii))	104.07	13.01
Total	14,361.99	10,812.45

Note 25.1 Details of Raw Materials and Components Consumed

Type of Materials	(Rs in lacs)	
	Year ended 31.03.2015	Year ended 31.03.2014
Iron and Steel	6069.51	6,733.27
Components and other items issued for Jobs	8188.41	4,066.17
Total	14,257.92	10,799.44

Note 25.2 Analysis of Material Consumed

Particulars	(Rs in lacs)			
	Year ended 31.03.2015		Year ended 31.03.2014	
	%	Value	%	Value
i) Raw Materials & Components				
Imported	62.20%	8,868.63	53.46%	5,773.40
Indigenous	37.80%	5,389.29	46.54%	5,026.04
Total	100.00%	14,257.92	100.00%	10,799.44
ii) Stores & Spares				
Imported	-	-	-	-
Indigenous	100.00%	104.07	100.00%	13.01
Total	100.00%	104.07	100%	13.01



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 26 Changes in Inventories of Finished Goods, Work - in - Progress and Stock - in - trade

(Rs in lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Opening stock		
Work - in - Progress	11,923.81	2,311.17
Total	11,923.81	2,311.17
Closing stock		
Work - in - Progress	8,339.98	11,923.81
Total	3583.84	11923.81
Net increase (-) /decrease(+)	3583.84	(9612.64)



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 27 Employees Benefits Expenses

(Rs In lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Salaries, Wages and Bonus	2,095.90	1,593.51
Contribution to Provident and other Funds (Refer Note 27.1(a) & 27.1(b))	127.88	104.60
Staff Welfare Expenses	27.88	12.84
Total	2,251.66	1,710.95

Note 27.1 Details of Employees Benefits Expenses

The disclosure of employee benefits as defined in Accounting Standard - 15 is given below:-

a) Defined Contribution Plan:

The Company has recognised, in the profit and loss account, expenses for the following Defined Contribution Plan:

Particulars	2014-15	2013-2014
Provident Fund	94.23	72.95
Total	94.23	72.95

b) Defined Benefits Plan :

The liability for Employee Gratuity and Leave Encashment is determined on actuarial valuation using projected unit credit method. The obligations are as under:-

Description	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)
	2014-15	2014-15	2013-14	2013-14	2012-13	2012-13
I. Change in Present value of Obligation						
a. Present Value of Obligation beginning of the Period	89.11	63.18	90.79	60.05	0.00	55.15
b. Interest cost	7.21	5.33	6.70	4.80	3.54	7.17
c. Current service cost	22.15	22.70	17.45	18.48	15.95	29.38
d. Benefits paid	(1.37)	(16.20)	(7.24)	(17.16)	-	(22.81)
e. Actuarial (gain) / loss	2.90	9.95	(18.58)	(2.99)	71.30	(8.83)
f. Present Value of Obligation at the end of the Period	120.01	84.96	89.11	63.18	90.79	60.05
II. Change in the Fair Value of Plan Assets						
a. Fair Value of Plan Assets at the beginning of the Period	77.73	-	16.39	N.A.	-	N.A.
b. Expected Return of Plan Assets	7.94	--	0.72	--	--	--
c. Employer's Contributions	21.77	--	60.94	--	16.56	--
d. Benefits paid	(1.37)	--	(3.19)	--	--	--
e. Actuarial Gain / (Loss) on Plan Assets	(0.19)	--	2.87	--	--	--
f. Fair Value of Plan Assets at the end of the Period	105.88	--	77.73	--	16.56	--



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Description	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)
	2014-15	2014-15	2013-14	2013-14	2012-13	2012-13
iii. Recognised of Fair Value of Assets and Obligations in Balance Sheet.						
a. Fair Value of Plan Assets at the end of the Period	105.88	--	77.73	--	16.56	0.00
b. Present Value of Obligation at the end of the Period	120.01	84.96	89.11	63.19	90.79	60.05
c. Amount recognised in the Balance Sheet	(14.13)	(84.96)	(11.38)	(63.19)	(74.23)	(60.05)
iv. Expenses recognised in the statement of Profit & Loss						
a. Current Service Cost	22.15	22.70	9.27	9.46	15.95	29.38
b. Interest Cost	7.21	5.33	3.06	2.39	3.54	7.17
c. Expected Return on Plan Assets.	(7.94)		(0.72)		-	
d. Actuarial (Gain) / Loss	3.08	9.95	0.51	0.20	71.30	(8.83)
e. Expenses recognised in the statement of Profit & Loss	24.52	37.98	12.12	12.05	90.79	27.72
v. Actuarial Assumptions						
a. Discount Rate (per annum)	8.0%	8.0%	8.0%	8.0%	0	0
b. Estimated Rate of return on Plan Assets(p.a)	8.75%	0	8.8%	0	0	0
c. Rate of Escalation in Salary (p.a)	6.5%	6.5%	6.5%	6.5%	0	

c) Amounts of Gratuity & Leave Encashment are as follows:

Particulars	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)
	2014-15	2014-15	2013-14	2013-14		
Defined Benefit Obligation	120.01	84.96	89.11	63.19	90.79	60.05
Plan Assets	105.88	-	77.7	-	16.56	0
Surplus / (Deficit)	(14.13)	(84.96)	(11.38)	(63.19)	(74.23)	(60.05)
Experience adjustment on Plan Liabilities		(9.95)		(0.20)		8.83
Experience adjustment on Plan Assets						



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Note 28 Finance Costs

(Rs in lacs)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Interest Expenses	620.76	10.84
Interest on External Commercial Borrowings	131.19	-
Bank Borrowing cost	32.24	22.40
Total	784.19	33.24



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Notes on Financial Statements

Note 29 Other Expenses

Particulars	(Rs in lacs)	
	Year ended 31.03.2015	Year ended 31.03.2014
Power & Fuel	1,113.58	500.56
Other Manufacturing Expenses	4,100.34	1,154.59
Lease Rent (Refer Note 35.1 & 35.3)	2,749.80	2,499.60
Rent (Refer Note 35.2)	-	0.62
Repairs to:		
-Machinery	161.01	125.25
-Building	25.45	29.72
-Others	5.71	4.03
Insurance	46.73	11.52
Rates and Taxes	8.15	8.45
Brokerage and Commission	119.25	125.06
Bank Charges	70.83	63.21
Electricity and Water Charges	47.03	32.99
Advertisement and Business promotion expenses.	1.98	15.15
Foreign Exchange fluctuation loss	-	1,032.08
Office & Miscellaneous expenses	456.13	333.98
Preliminary Expenses written off	11.37	11.37
-Statutory audit fees	1.00	1.00
-For Consultancy and Certification Fee	-	0.30
Packing, Forwarding and Transportation Expenses	964.22	352.71
Design & Technical Services	465.40	228.85
Travelling Expenses	266.69	238.47
Total	10,614.68	6,769.52



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Notes on Financial Statements

Note 30 Current Tax

Particulars	(Rs in lacs)	
	Year ended 31.03.2015	Year ended 31.03.2014
Current Income Tax	295.00	-
Minimum Alternate Tax entitlement	(295.00)	-
Current Tax Balances	-	-

Note 31 Earning Per Share

In accordance with Accounting Standard (AS-20) on 'Earnings Per Share' the following table reconciles the numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

Particulars	(Rs in lacs)	
	Year ended 31.03.2015	Year ended 31.03.2014
a) Net Profit/(Loss) available to Equity Shareholders (Rs. in lacs)	1,129.37	(1,974.04)
b) Number of Equity Shares outstanding during the year for the purpose of calculation of Earning Per Share	100,000,000	100,000,000
c) Nominal value of Equity Share (In Rs.)	10.00	10.00
d) Basic & Diluted Earning per Share (In Rs.)	1.13	(1.97)



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Notes on Financial Statements

Note 32	Contingent Liabilities Commitments.	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
I	Contingent Liabilities: Guarantees furnished by the Bankers on behalf of the Company and counter indemnity furnished by the Company to Bankers for the same amount.	3,524.27	634.67
II	Bonds executed in favour of President of India against EPCG license and advance authorization.	15,854.71	13,681.00
III	Other Contingent Liability (Including Form C -Outstanding)	126.06	22.39
IV	Letters of Credit outstanding at year end	3,255.45	2,715.73
✓	Estimated amount of contracts remaining to be executed on Capital Account and not provided for.	0.00	381.82

Note 33 Segment Reporting

(a) Primary Segment

The Company operates in only one segment of engineering business which comprises of production and sales of Engineering Equipments, identified in accordance with principle enunciated in Accounting Standard AS-17, Segment Reporting . Hence, separate segment information is not applicable.

(b) Secondary Segment

The Segment Revenue in the geographical segments considered for disclosure is as follows:

- Revenue within India includes sales to customers located within India and earnings in India.
- Revenue outside India includes sales to customers located outside India and earnings outside India.

The required disclosure is as follows:-



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

Information about Secondary Business Segments

(Rs. In Lacs)

Description	2014-15			2013-14		
	India	Outside India	Total	India	Outside India	Total
(i) Revenue by Geographical market	9,236.01	22,292.83	31,528.84	4,542.66	1,986.07	6,528.73
(ii) Carrying amount of Segment assets	29,492.30	-	29,492.30	26,080.44	-	26,080.44
(iii) Addition to fixed assets	2,824.42	-	2,824.42	277.58	-	277.58

Note 34 Related Party Transactions

In accordance with the Accounting Standard on "Related Party Disclosures" (AS-18), the disclosures in respect of Related Parties and Transactions with them, as identified and certified by the Management, are as follows:

Description and Name of Related Parties

Description of Relationship

Name

Holding Company

Isgec Heavy Engineering Limited

Associate Company

Hitachi Zosen Corporation, Japan

Entities over which Directors and their relatives can exercise significant influence

Hitachi Zosen India Pvt. Limited

Key Management Personnel

Mr. Sanjay Gulati (Managing Director)



ISGEC Hitachi Zosen Limited

Notes on Financial Statements

34.1 Following transactions were carried out with related parties in the ordinary course of business during the year and balances as on date 31.03.2015 :

(Rs in Lacs)

Nature of Transactions	Name of Related Party	2014-2015				2013-2014			
		Holding Company	Associate/ Fellow Subsidiary Companies	Key Management Personnel	Total	Holding Company	Associate/ Fellow Subsidiary Companies	Key Management Personnel	Total
A) Purchase of Goods, Services.									
Purchase of Goods	Isgec Heavy Engineering Ltd	81.42	-	-	81.42	204.27	-	-	204.27
	Hitachi Zosen Corporation, Japan	-	2,330.59	-	2,330.59	-	2,365.44	-	2,365.44
Purchase of Goods Total		81.42	2,330.59	-	2,412.01	204.27	2,365.44	-	2,569.71
B) Service Received									
	Isgec Heavy Engineering Ltd	43.16	-	-	43.16	108.62	-	-	108.62
	Hitachi Zosen India Pvt. Ltd	-	-	-	-	-	200.00	-	200.00
	Hitachi Zosen Corporation of Japan	-	496.56	-	496.56	-	-	-	-
Services Received Total		43.16	496.56	-	539.72	108.62	200.00	-	308.62
C) Sale of Goods, Services.									
Sale of Goods	Isgec Heavy Engineering Ltd	318.84	-	-	318.84	835.70	-	-	835.70
	Hitachi Zosen Corporation, Japan	-	19,430.87	-	19,430.87	-	1,973.78	-	1,973.78
Sale of Goods Total		318.84	19,430.87	-	19,749.71	835.70	1,973.78	-	2,809.48



(Rs in Lacs)

Nature of Transactions	Name of Related Party	Holding Company	Associate/Fellow Subsidiary Companies	Key Management Personnel	Total	Holding Company	Associate/Fellow Subsidiary Companies	Key Management Personnel	Total	Key Management Personnel	Total
Service Rendered	Isgec Heavy Engineering Ltd.	95.00	-	-	95.00	622.05	-	-	622.05	-	622.05
Services Rendered Total		95.00	-	-	95.00	622.05	-	-	622.05	-	622.05
Sale of Goods & Services Total		413.84	19,430.87	-	19,844.71	1,457.75	1,973.78	-	3,431.53	-	3,431.53
D) Rent Paid											
Lease Rent Paid	Isgec Heavy Engineering Ltd	2,749.80	-	-	2,749.80	2,499.60	-	-	2,499.60	-	2,499.60
Rent Paid Total		2,749.80			2,749.80	2,499.60			2,499.60		2,499.60
E) Amount Receivable											
Trade Receivables (Refer Note 19)	Isgec Heavy Engineering Ltd	19.24	-	-	19.24	93.64	-	-	93.64	-	93.64
	Hitachi Zosen Corporation , Japan	-	3,654.36	-	3,654.36	-	95.59	-	95.59	-	95.59
Amount Receivable Total		19.24	3,654.36	-	3,673.61	93.64	95.59	-	189.23	-	189.23
F) Amount Payable											
Trade Payables (Refer Note 9)	Isgec Heavy Engineering Ltd	38.93	-	-	38.93	54.36	-	-	54.36	-	54.36
Trade Payables (Refer Note 9)	Hitachi Zosen Corporation , Japan	-	642.10	-	642.10	-	1,233.62	-	1,233.62	-	1,233.62
Amount Payable Total		38.93	642.10	-	681.03	54.36	1,233.62	-	1,287.98	-	1,287.98
G) Advance received from customers.											
Other Current Liabilities (Refer Note 10)	Isgec Heavy Engineering Ltd	-	-	-	-	695.85	-	-	695.85	-	695.85
Other Current Liabilities (Refer Note 10)	Hitachi Zosen Corporation , Japan	-	2,893.71	-	2,893.71	-	8,654.06	-	8,654.06	-	8,654.06
Total Advance received from customers.			2,893.71		2,893.71	695.85	8,654.06		9,349.91		9,349.91
H) Managerial Remuneration	Managing Director	-	-	50.49	50.49	-	-	-	39.64	-	39.64



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Note 35 Lease Rent Charges

	2014-2015 (Rs in lacs)	2013-2014 (Rs in lacs)
35.1 The Company has taken equipments, plant & machinery and other movable assets under non cancellable operating lease in accordance with Accounting standard (AS-19) on 'leases ', the lease rent charged to statement of profit and loss for the year:	2,749.80	2,499.60
35.2 The Company has taken residential/commercial premises under cancellable operating lease. In accordance with Accounting standard (AS-19) on 'leases ', the lease rent charged to statement of profit and loss for the year:	-	0.62
35.3 The Company has taken equipments, plant & machinery and other movable assets under non cancellable operating lease. In accordance with Accounting standards (AS-19) on 'leases disclosure' of the future minimum lease rent to be paid under non cancellable operating leases in the aggregate and for each of the following periods.		
Future minimum lease payments		
a) not later than one year	2,830.00	2,499.60
b) later than one year and not later than five years	11,320.00	9,998.40
c) later than five years	5,660.00	7,498.80
	19,810.00	19,996.80
	2014-2015 (Rs (Rs in lacs)	2013-2014 (Rs (Rs in lacs)
Note 36 Value of Imports on C.I.F. Basis:		
Raw Materials	6,827.47	12,528.02
Components & Spare Parts	227.26	1,914.29
Capital Goods	274.01	227.79
	7,328.74	14,670.10
Note 37 Earnings in Foreign Exchange:		
Export of Goods & Services on F.O.B basis	22,002.69	1,979.25
Note 38 Expenditure in Foreign Currency (Accrual Basis)		
Travelling Expenses	7.48	5.49
Consultancy/Technical services	498.89	19.07
Brokerage and Commission.	106.01	46.43
ECB Loan interest	61.91	
Others	27.03	16.89
Total	701.32	87.89



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Notes on Financial Statements

Note 39 Dividend paid in foreign currency

(Rs in lacs)

Particulars	2014-15	2013-14
Dividend Paid in foreign currency	Nil	Nil
No. of Equity Shares held by Non Resident	49,000,000.00	49,000,000.00
No. of Non Resident Shareholders including nominees	4	4

Note 40 Foreign Currency Exposures :

The Company had entered into swaps/forward contracts which are not intended for trading or speculative purposes but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

	As at 31.03.2015 (Rs in lacs)	As at 31.03.2014 (Rs in lacs)
a) The particulars of forward contracts		
- For receivables	5,898.21	102.84
- For Loans.	1,853.40	1,853.40
- For payable to Suppliers	579.86	1,240.48
b) Unhedged foreign currency exposures as at year end are as under:		
- Payables to Suppliers	111.23	-
- Receivable from customers	669.84	-

Note 41 Previous year figures have been regrouped/recast wherever considered necessary to confirm to current year classification.

Note 42 During the year, Company has not provided any loan and advances in the nature of loan to firms/companies in which directors are interested. Hence, clause 32 of listing agreement is not applicable.

