Auditor's report to the Group Auditor on the audit of financial information for group audit purposes

Name(s) of component(s): Eagle Press & Equipment Co. Ltd
Group code/Component identifier: Period-end: March 31, 2020
Currency: Canada dollars

Mr. Abhinav Khosla
SCV & Co. LLP
505, 5th floor, Tower B
World Trade Tower, C1,
Sector 16, Noida 201301
India

As requested in your instructions dated June 5, 2020, we have audited, for the purpose of your audit of the group financial statements of ISGEC Heavy Engineering Limited, the accompanying financial statements of Eagle Press & Equipment Co. Ltd, ("the Component"), a Subsidiary of ISGEC Heavy Engineering Limited as of March 31, 2020 and for the year then ended (referred to as the fit for Consolidation Financial Statements (FCFS)). These FCFS are the responsibility of the Company's management. Our responsibility is to issue a report on these CFS Statements based on our audit. This FCFS has been prepared solely to enable ISGEC Heavy Engineering Limited to prepare its group financial statements.

Management is responsible for the preparation and presentation of the FCFS in accordance with policies and instructions received from ISGEC Heavy Engineering Limited and for such internal control as management determines is necessary to enable the preparation of FCFS that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the FCFS based on our audit. We conducted our audit of the Statement in accordance with International Standard on Auditing. This standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the FCFS are free of material misstatement. As requested by you, our opinion is based on the component materiality specified in your instructions of CAD 250,000 dated June 5, 2020.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the FCFS. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the FCFS, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the component's preparation and presentation of the FCFS in order to design audit procedures that are appropriate in the circumstances. An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the specified forms. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, these FCFS have been prepared, in all material respects, in conformity with accounting principles of ISGEC Heavy Engineering Limited and the instructions received from ISGEC Heavy Engineering Limited and are suitable for inclusion in the Consolidated Financial Statements of ISGEC Heavy Engineering Limited.

KNAV Professional Corporation
Chartered Professional Accountants
55 York Street, Suite 401, Toronto Ontario M5J 1R7 T 1 4162291411 F 1 416 229 171

The FCFS has been prepared for the purpose of providing information to ISGEC Heavy Engineering Limited to enable it to prepare the group consolidated financial statements. The FCFS may, therefore, not be suitable for another purpose.

This report is solely for the information and use of SCV & Co. LLP in conjunction with the audit of the consolidated financial statements of ISGEC Heavy Engineering Limited and should not be used by or distributed to anyone for any other purpose. If you have any questions on this report, please contact me (416) 229 1411 x 401

Harshad Parekh CPA, CA
KNAV Professional Corporation
Chartered Professional Accountants
Authorized to practice public accounting by the
Institute of Chartered Professional Accountants of Ontario
Toronto Ontario

June 12, 2020

Eagle Press & Equipment Co. Ltd.

Balance Sheet as at 31.03.2020

(All amounts in Canadian Dollars, unless otherwise stated)

S. No.	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
	ASSETS			
(1)	**Non - current assets**			
	(a) Property, plant and equipment	3	7,371,202	6,684,172
	(b) Right- of- Use Assets	30	134,704	
	(c) Intangible assets	4	5,684,000	5,684,000
	(d) Deferred tax assets (net	23	1,323,948	
	Sub total (Non - current assets		**14,513,854**	**12,368,172**
(2)	**Current assets**			
	(a) Inventories	5	5,108,814	6,518,054
	(b) Financial assets			
	(i) Trade receivables	6	3,076,408	6,235,051
	(ii) Cash and cash equivalents	7	1,385,295	1,063,477
	(c) Current tax assets (net)		102,414	
	(d) Other current asset	8	929,271	515,728
	Sub total (Current assets		**10,602,201**	**14,332,310**
	Total assets		**25,116,055**	**26,700,482**
	EQUITY AND LIABILITIES			
(1)	**EQUITY**			
	(a) Equity share capital	9	4,500,000	4,500,000
	(b) Other equity	10	(3,686,363)	502,738
	Sub total (Equity		**813,637**	**5,002,738**
	LIABILITIES			
(2)	**Non - current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	11	10,950,000	10,800,000
	(b) Lease liabilities	30	82,393	
	Sub total (Non - current liabilitie		**11,032,393**	**10,800,000**
(3)	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	11	1,350,000	
	(ii) Trade payables			
	Total outstanding dues of creditors other than micro enterprises and small Enterprises	12	3,101,921	4,443,260
	(iii) Other	13	361,286	306,930
	(b) Lease liabilities	30	56,000	
	(c) Other current liabilities	14	8,400,817	5,919,584
	(e) Current tax liabilities (ne	15	-	227,970
	Sub total (Current liabilitie		**13,270,024**	**10,897,744**
	Total Equity & Liabilitie		**25,116,055**	**26,700,482**

Harshad Hparekh
HARSHAD H PAREKH CPA, CA
Toronto, June 12, 2020

Eagle Press & Equipment Co. Ltd.

Statement of Profit & Loss Account for the year ended 31.03.2020

(All amounts in Canadian Dollars, unless otherwise stated)

S. No.	Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
I	Revenue from operations	16	21,052,349	27,481,354
II	Other income	17	164,073	108,624
III	**Total income (I + II)**		**21,216,422**	**27,589,978**
IV	**Expenses**			
	Cost of materials consumed	18	12,521,571	8,666,103
	Changes in inventories of finished goods, stock - in - trade and work - in - progress		1,271,303	13,393,745
	Employee benefits expenses	19	6,821,364	2,964,596
	Finance costs	20	520,973	192,798
	Depreciation and amortization expenses	21	866,789	367,647
	Other expenses	22	4,727,471	1,429,140
	Total expenses		**26,729,471**	**27,014,029**
V	**Profit / (loss) before exceptional items and tax (III - IV)**		**(5,513,049)**	**575,949**
VI	Exceptional items		-	-
VII	**Profit / (loss) before tax (V - VI)**		**(5,513,049)**	**575,949**
VIII	**Tax expense**			
	(1) Current tax		-	30,489
	(2) Deferred tax	23	(1,323,948)	-
	Total Tax expense		**(1,323,948)**	**30,489**
IX	**Profit / (loss) for the Period (VII- VIII)**		**(4,189,101)**	**545,460**
X	Other comprehensive income			
	A (i) Items that will not be reclassified to profit or loss			
	B (ii) Items that will be reclassified to profit or loss			
	a) Exchange difference on translation of foreign operation			
	Total other comprehensive income		**-**	**-**
XI	**Total comprehensive income for the period (IX + X)**		**(4,189,101)**	**545,460**
XII	Earnings per equity share			
	(1) Basic /Diluted	24	(0.93)	0.12

Eagle Press & Equipment Co. Ltd.

Statement of Cash Flows for the year ended 31.03.2020

(All amounts in Canadian Dollars, unless otherwise stated)

S. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
A	**Cash flow from operating activities :**		
	Net Profit/(Loss) Before Tax	(5,513,049)	575,949
	Adjustment for :		
	Depreciation and amortization of PPE	866,789	367,647
	Interest Income	(44,073)	
	Finance costs	520,973	192,798
	Operating profit/(loss) before working capital changes	**(4,169,360)**	**1,136,394**
	Adjustments for changes in working capital :		
	(Increase) /Decrease in trade receivables	3,158,643	(2,703,414)
	(Increase) /Decrease in other receivables	(413,543)	(235,777)
	(Increase) /Decrease in inventories	1,409,240	13,245,341
	Increase /(Decrease) in trade and other payables	1,194,250	(1,589,354)
	Increase /(Decrease) in payables and provisions	-	(15,861,155)
	Cash generated from Operations	**1,179,231**	**(6,007,964)**
	Income Tax (Paid)/ Received (Net of TDS)	(330,384)	(30,489)
	Net Cash Flow from Operating Activities	**848,847**	**(6,038,453)**
B	**Cash flow from investing activities :**		
	Purchase of property, plant and equipment including capital work-in-progress and intangible assets	(1,515,332)	(7,109)
	Net Cash generated from Investing Activities	**(1,515,332)**	**(7,109)**
C	**Cash flow from financing activities :**		
	Interest Paid	(512,371)	(192,798)
	Lease liability	(43,400)	
	Proceeds from Borrowings	1,544,073	
	Net Cash used in financing activities	**988,302**	**(192,798)**
	Net Increase/(Decrease) In Cash & Cash Equivalents	**321,818**	**(6,238,360)**
	Foreign currecy translation reserve		
	Cash and Cash equivalents as at Opening date	**1,063,477**	**7,301,836**
	Cash and cash equivalents at the end of the year	**1,385,295**	**1,063,476**
	Cash and cash equivalents comprise		
	Balance with Banks	1,385,295	1,063,477
	Cash and cash equivalents	**1,385,295**	**1,063,477**

Eagle Press & Equipment Co. Ltd.

Consolidated Statement of Changes in Equity (SOCIE) for the year ended 31.03.2020

(a) Equity share capital

	As at 31 March, 2020		As at 31 March, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	4,500,000	4,500,000	4,500,000	4,500,000
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the year	**4,500,000**	**4,500,000**	**4,500,000**	**4,500,000**

(b) Other equity

Particulars	Reserves & Surplus				Total Equity
	Securities Premium account	Capital Contribution	Other comprehensive income	Retained earnings	
Balance at March 31, 2019		**4,500,000**	**-**	**502,738**	**5,002,738**
Profit/(loss) for the year	-	-	-	(5,239,312)	(5,239,312)
Total comprehensive income for the year	**-**	**-**	**-**	**(5,239,312)**	**(5,239,312)**
Balance at March 31, 2020	**-**	**4,500,000**	**-**	**(4,736,574)**	**(236,573)**

This is the consolidated statement statement of changes in equity referred to in our report of even date

A Reporting entity

Eagle Press & Equipment Co. Ltd. (the "Company") was incorporated by articles of incorporation under the Canada Business Corporations Act on September 18, 2018. The Company has its sole commercial purpose the objective of being a world class supplier of mechanical and hydraulic presses to all tier suppliers and original equipment manufacturers. It maintains full commitment to satisfying its customers with both product and service excellence through a program of continuous quality improvement.

The company has been in business since 1959. It started out as a tool and die shop then product shifted to manufacturing and design of presses in 1970, and now they manufacture presses exclusively. The manufactured presses are all designed by the company through their design center and made entirely on site. Presses are made to customer specifications for their specific needs. The customer signs off on all drawing and design before the press is made for their needs.

1 Basis of preparation

1.1 Statement of compliance

These Fit-for-Consolidation Consolidated Financial Statements (‘the consolidated financial statements’) relate to Eagle Press & Equipment Co. Ltd. and its Subsidiaries (the Company). The consolidated financial statements have been prepared in conformity with the group accounting policies of ISGEC Heavy Engineering Limited, India (‘ISGEC’), which are in accordance with the recognition and measurement principles of Indian Accounting Standard notified under section 133 of the Companies Act 2013 (‘the Act’) [Companies (Indian Accounting Standards) Rules, 2015, including subsequent amendments] (‘Ind AS’) and other accounting principles generally accepted in India. The consolidated financial statements have been prepared to facilitate ISGEC in preparation of its consolidated financial statements. The consolidated financial statements includes the disclosures as required under Ind AS to the extent it facilitates and is applicable for preparation of ISGEC’s consolidated financial statements.

The financial information in this report is shown in both Canadian Dollars (CAD) and in Indian Rupees (INR) for March 31, 2020 and March 31, 2019. Dollar amounts are translated into Indian Rupees using closing rate for consolidated balance sheets items, average rates for consolidated profit and loss statements items and historic rate for equity.

The consolidated financial statements were authorized for issue by the Company's Board of Directors.

1.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost convention on accrual basis (except certain Financial Instruments which are measured at fair value).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except measurements that have some similarities to fair value but are not fair value, such as net realizable value in Inventories or value in use in Impairment of Assets. The basis of fair valuation of these items is given as part of their respective accounting policies.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- **Level 2** inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability

1.3 Basis of presentation

On September 18, 2018, the directors of the company approved a resolution of amalgamation as per the Business Corporations Act (Ontario) under a share purchase transaction. Pursuant to amalgamation, the group entities were amalgamated into a newly amalagamted entity named, ISGEC Canada Inc. On October 18, 2018, the name of the Company was changed from ISGEC Canada Inc. to Eagle Press & Equipment Co. Ltd.

Accordingly, The consolidated financial statements of the Company have been presented for the year April 1, 2019 to March 31, 2020 and for the period September 18, 2018 to March 31, 2019.

Functional currency and presentation currency:
The consolidated financial statements of the Company are reported in Canadian Dollars. The functional currency of Eagle Press & Equipment Co. Ltd. and its subsidiary are the Canadian Dollars (CAD). Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the consolidated balance sheet date. Property and equipment and related amortization are translated at rates prevailing at the dates of acquisition. Revenue and expenses, other than amortization, are translated at the average rate of exchange in effect during the month that the transaction occurred. All exchange gains and losses are recognized in the current year's net income.

Classification of assets and liabilities as current and non-current:
All assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

1.4 Use of estimated and judgements

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The management’s estimates for determination of useful lives for property, plant and equipment and impairment of intangible assets, revenue from contracts with customer, accounting for leases, provision for doubtful debts and inventory valuation at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i. Revenue from contracts with customers: The Management applied judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers such as identifying performance obligations, estimating relative standalone selling price of items not sold separately, and determining timing of satisfaction of performance obligations for revenue from research and development contracts.

ii. Income taxes: The Company estimates its Canadian federal income taxes based on interpretation of tax rules and regulations. The Company is also subject to audits from the Canada Revenue Agency and the outcome of such audits may differ from original estimates. Management believes that a sufficient amount has been accrued for income taxes.

1.5 New standards adopted by the Company

The Company has applied the following standard and amendments for the first time for its reporting period commencing September 18, 2018:

a) Ind AS 115, Revenue from Contracts with Customers

The Company applied the cumulative catch-up transition method of transition to change its accounting policies following the adoption of Ind AS 115 which is applied to orders that were not completed as of September 18, 2018. However, the effect on adoption of Ind AS 115 did not have any significant impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

b) The Company has adopted the IndAS 116 leases for the first time for its annual reporting period commencing April 01, 2019.

2 Significant accounting policies

2.1 Principles of consolidation

The consolidated financial statements include financial statements of the Company, 2197375 Ontario Inc. and Eagle Press America Inc., its wholly owned subsidiary. The financial statements of subsidiaries of the company are included in consolidated financial statements from the date on which control is transferred. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

2.2 Scientific research and experimental development credits recognition

The company is entitled to Canadian federal and provincial investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. The company recognizes 100% of the estimated investment tax credits in income in the year of the claim provided that the company has assurance that the tax credits will be realized.

2.3 Revenue recognition

Revenues are recognized through profit and loss when the Company transfers control of goods at a point in time in exchange for a consideration.

Revenue from sale of products:
Revenue from the sale of products are recognised when control of the goods has passed to the buyer i.e. at the point of sale / delivery to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Sale is net of sales returns, discounts and goods & services tax. Revenue is measured at the transaction price. Revenue is reduced for returns, trade allowances for deduction, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue from service contracts
Revenues are recognised over time under percentage of completion method. The percentage of completion method has been determined using input method which recognise revenue on the basis of costs incurred to date compared to total estimated contract costs.

Contract Costs comprise of costs that directly relate to specific contract, costs that are attributable to contract activity in general and can be allocated to contract and such other costs as are specifically chargeable to the customer under the terms of contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The difference between the cumulative amount of revenues recognized and intermediary billing is measured. If this difference is positive, it is recognized under an asset. If this difference is negative, it is recognized as a liability.

2.4 Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use. Any gain or losses on disposal of an item of property, plant and equipment is recognized in the statement of profit and loss

Depreciation
Depreciation is provided on a declining method over the estimated useful lives of the assets at following rates

Asset class	Useful life
Buildings	5% Declining balance
Machinery and equipment	20% Declining balance
Automotive equipment	30% Declining balance
Computer equipment	30% Declining balance
Telephone (Other office equipment)	20% Declining balance
Signs (Other office equipment)	20% Declining balance

2.5 Goodwill and intangible assets

The Company classifies intangible assets, obtained through acquisitions or developed internally, as definite-lived and indefinite-lived intangible assets, as well as goodwill. Definitelived intangibles are amortized on a straight-line basis over the asset's useful life while indefinite-lived intangibles and goodwill are not amortized but are tested for impairment annually, or more frequently, if events or circumstances indicate that they might be impaired. The impairment test consists of allocating indefinite-lived intangibles and goodwill to reporting units and then comparing the book value of the reporting units, including indefinite-lived intangibles and goodwill, to their fair values. The Company determines fair value by using discounted future cash flows for reporting units. The excess of carrying value over fair value, if any, is recorded as an impairment charge to the consolidated statement of operations and deficit in the year in which the impairment is determined. Subsequent reversals of impairment are prohibited.

2.6 Impairment of assets

Goodwill and other intangible assets that have indefinite useful life are not subject to amortization and tested annually for impairment, or more frequent if the events or changes in circumstances indicate that they might be impaired. The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.7 Financial instruments

The company considers any contract creating a financial asset, liability, or equity instrument as a financial instrument, except in certain limited circumstances. The company accounts for
the following as financial instruments:
- Cash and cash equivalents
- Trade and other receivables
- Other financial assets
- Accounts payable and accrued liabilities
- Progress billings in excess of costs and estimated earnings

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition
The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

Subsequent measurement
For the purpose of subsequent measurement financial assets are classified in three broad categories:

A. Non-derivative financial instruments

(i) Debt instrument carried at amortized cost
A debt instrument is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income
A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities
Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date,

2.7.1 Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i. Financial assets that are debt instruments, and are measured at amortised cost.
ii. Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather,it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

2.8 Inventories

Raw materials, Stores & Spares: are valued at lower of weighted average cost and 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. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work in progress: are valued at lower of cost and net realizable value. Cost includes cost of direct materials and applicable direct manufacturing and administrative overheads but exclude borrowing costs. Cost is determined on weighted average basis.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Taxation

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax laws.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.10 Borrowing costs

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

2.11 Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.12 Business combination

The Acquisition method of accounting is used to account for business combination and amalgamation, regardless of whether equity instrument or other assets are acquired. The consideration transferred for the comprise of cash. Identifable assets acquired and liabilities and contingent liabilties assumed in business combination are, with limited exception, measured intially at their fair value at the transaction date. The excess of the consideration tranferred over the net identifable assets acquired is recorded as goodwill.

Pursuant to business combination, purchase price allocation ('PPA') was undertaken to assess the fair value of assets and liabilities acquired in the acquisition wherein total purchase consideration was allocated to all acquired assets and assumed liabilities and the excess over fair value of net identifiable assets acquired was allocated to goodwill. (Refer Note 30)

2.13 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

2.14 Earnings per share

In determining earnings per share, the Company considers the net profit and loss after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

2.15 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crores as per the requirement of Schedule III, unless otherwise stated.

2.16 Lease

The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17

As a lessee The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the following: – Fixed payments, including in-substance fixed payments; – Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; – Amounts expected to be payable under a residual value guarantee; and – The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets The company has elected not to recognise right-of-use assets and lease liabilities for shortterm leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under Ind AS 17 In the comparative period, as a lessee the company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease

EAGLE PRESS & EQUIPMENT CO. LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3 : Property, plant & equipment

Particulars	Land (Freehold)	Buildings	Machinery & Equipment	Automotive equipment	Computer equipment	Office equipment	Total
Gross carrying value							
As at September 17, 2018	447,586	4,555,673	1,810,697	60,421	136,897	33,436	7,044,711
Additions	0	0	0	0	29,646	0	29,645.72
Disposals	0	0	(22,536.69)	0	0	0	(22,536.69)
As at March 31, 2019	447,586	4,555,673	1,788,161	60,421	166,543	33,436	7,051,820
Additions	-	11,151	1,431,080	-	82,906	-	1,525,137
Disposals/adjustments	-	-	9,806	-	-	-	9,806
As at March 31, 2020	**447,586**	**4,566,824**	**3,209,435**	**60,421**	**249,450**	**33,436**	**8,567,151**
Accumulated depreciation							
As at September 17, 2018	-	-	-	-	-	-	-
Charge for the year	-	121,481	208,725	9,684	23,128	4,630	367,648
Disposals	-	-	-	-	-	-	-
As at March 31, 2019	-	121,481	208,725	9,684	23,128	4,630	367,648
Charge for the year	-	221,755	528,444	15,221	57,120	5,761	828,302
Disposals	-	-	-	-	-	-	-
As at March 31, 2020	**-**	**343,236**	**737,169**	**24,905**	**80,249**	**10,391**	**1,195,950**
Net carrying value							
As at March 31, 2019	**447,586**	**4,434,192**	**1,579,436**	**50,737**	**143,415**	**28,806**	**6,684,172**
As at March 31, 2020	**447,586**	**4,223,588**	**2,472,266**	**35,516**	**169,201**	**23,045**	**7,371,202**

Notes: Property, plant and equipment of the Company are hypotheticated as security against the bank loan.

EAGLE PRESS & EQUIPMENT CO. LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4 : Intangible assets

Particulars	Trademark	Technology	Goodwill	Total
Gross carrying value				
As at September 17, 2018	1,770,000	1,220,000	2,694,000	5,684,000
Additions	-	-		-
Disposals	-	-		-
As at March 31, 2019	1,770,000	1,220,000	2,694,000	5,684,000
Additions	-	-	-	-
Disposals	-	-	-	-
As at March 31, 2020	**1,770,000**	**1,220,000**	**2,694,000**	**5,684,000**
Accumulated amortisation				
As at September 17, 2018	-	-	-	-
Charge for the year	-	-	-	-
Disposals	-	-		-
As at March 31, 2019	-	-	-	-
Charge for the year	-	-	-	-
Disposals	-	-	-	-
As at March 31, 2020	**-**	**-**	**-**	**-**
As at March 31, 2019	1,770,000	1,220,000	2,694,000	5,684,000
As at March 31, 2020	**1,770,000**	**1,220,000**	**2,694,000**	**5,684,000**

*As at March 31, 2020, the management has analyzed and tested the goodwill and other intangible assets for impairment. Based on the assessment, no allowance for impairment loss is required.

EAGLE PRESS & EQUIPMENT CO. LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 5 : Inventories (lower of cost or net realisable value)

Particulars	As at March 31, 2020	As at March 31, 2019
Raw Material		
Raw materials	265,217	403,153
Work - in - progress	4,843,598	6,114,901
Total	**5,108,814**	**6,518,054**

Note 6 : Current financial assets - Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivable considered good - unsecured *	3,076,408	6,235,051
Less: Allowance for expected credit losses		-
Total	**3,076,408**	**6,235,051**

* Trade receivables of the Company are hypotheticated as security against the bank loan liability

Note 7: Current financial assets- Cash & cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks		
- In current accounts	1,385,295	1,063,477
Total	**1,385,295**	**1,063,477**

Note 8 : Other current assets

Particulars	As at March 31, 2020	As at March 31, 2019
Others		
Prepaid expenses	277,801	131,952
Balance with government authorities	156,436	196,556
SR&ED tax credit receivable	307,219	187,219
Related parties	187,814	-
Total	**929,271**	**515,727**

Note 9 : Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019
	Number of shares	Number of shares
Authorised share capital - Class A common shares	Unlimited	
Issued, subscribed & paid up (4,500,000 Class A Common Shares of CAD 1/-each fully paid up)	4,500,000	4,500,000
Total	**4,500,000**	**4,500,000**

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 authorized common share capital of the company is unlimited, providing non-cumulative dividends payable at the discretion of the directors only once the holders of thhe Class A special shares have received their dividend entitlement.

The authorized Class A preferred share capital of the company is unlimited, non-voting providing for non-cummulaitve, dividends not to exceed 0-15% per annum. They are redeemable at $1.00 per share.

The authorized Class B preferred share capital of the company is unlimited, non-voting, providing for non-cummulaitve dividends only once the holders of the Class A special shares have received their dividend entitlement and not to exceed 0-15% per annum. They are redeemable at $1.00 per share.

The authorized Class C preferred share capital of the company is unlimited, non-voting, providing for non-cummulaitve, dividends not to exceed 0-15% per annum. They are redeemable at $1.14 per share.

The authorized Class D preferred share capital of the company is unlimited, non-voting, providing for non-cummulaitve, dividends not to exceed 0-15% per annum. They are redeemable at $1.14 per share.

The authorized Class E preferred share capital of the company is unlimited, non-voting, providing for non-cummulaitve, dividends not to exceed 0-15% per annum. They are redeemable at $1.00 per share.

The authorized Class F preferred share capital of the company is unlimited, non-voting, providing for non-cummulaitve, dividends not to exceed 0-15% per annum. They are redeemable at $1.00 per share.

(b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2020 Number of shares	As at March 31, 2019 Number of shares
Equity shares outstanding at the beginning of the Year	4,500,000	4,500,000
Add: Issued during the year	-	-
Less: Shares bought back	-	-
Equity shares outstanding at the end of the year	**4,500,000**	**4,500,000**

(c) Detail of shares held by each shareholder holding more than 5% of total number of equity shares:

Class of shares/name of the shareholders:	As at March 31, 2020 Number of shares held	As at March 31, 2019 Number of shares held
Equity shares with voting rights		
(i) ISGEC Heavy Engineering Limited, India	4,500,000	4,500,000

EAGLE PRESS & EQUIPMENT CO. LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10 : Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
(f) Retained earnings		
Balance outstanding at the beginning of the year	502,738	(42,722)
Add: Net profit for the year	(5,239,312)	545,460
Balance outstanding at the end of the year	(4,736,574)	502,738
Total	**(4,736,574)**	**502,738**

Note 11 : Borrowings

Particulars	As at March 31, 2020		As at March 31, 2019	
	Non-current	Current	Non-current	Current
Secured				
From banks	9,450,000	1,350,000	10,800,000	-
Non secured				
From ISGE Heavy Engineering Limited.	1,500,000		0	-
Total	**10,950,000**	**1,350,000**	**10,800,000**	**-**

The loan payable from bank is secured by a registered general security agreement on the property of the company including accounts receivable and equipment. Repayments commence on December 17, 2020 at the rate of $675,000 quarterly principal only with a termination date of August 19, 2024. The loan payable bears interest at Bank's prime rate - 0.25% per annum.

The loan from ISGEC Heavy Engineering Limited - India is non secured loan with 7% interest commencing on September 2, 2019. Repayments is required the earlier of surplus funds available and the tenure. Interest payments are due on March every year.

EAGLE PRESS & EQUIPMENT CO. LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 12: Current financial liabilities - Trade payables

Particulars	As at March 31, 2020	As at March 31, 2019
Toal outstanding dues of creditors	3,148,602	4,443,260
Total	**3,148,602**	**4,443,260**

Note 13 : Current financial liabilities - Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Payable to employees	361,286	306,930
Other payables (consideration payable)	-	-
Total	**361,286**	**306,930**

Note 14: Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Advance received from customers	8,354,136	5,919,584
Total	**8,354,136**	**5,919,584**

Note 15: Current tax liabilities (net)

Particulars	As at March 31, 2020	As at March 31, 2019
Provisions for income- Tax, net of prepaid taxes	-	227,970
Total	**-**	**227,970**

Note 16: Revenue from operations

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a. Disaggregated revenue information		
Sale of products - (Finished goods)	17,901,419	26,809,552
Sale of services	3,150,930	671,802
Total	**21,052,349**	**27,481,354**

b. Timing of revenue recognition		
Goods transferred at a time	17,901,419	26,809,552
Goods transferred over a period of time	3,150,930	671,802
Total	**21,052,349**	**27,481,354**

c. Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

Trade receivables	3,076,408	6,235,051
Contract assets		-
Contract liabilities	(8,354,136)	(5,919,584)
Total	**(5,277,729)**	**315,467**

d. Right of return assets and liabilities

The Company does not have any right of return assets and liabilities as at March 31, 2020.

e. Performance obligation

Performance obligation for revenues has been summarized in the accounting policies. Performance obligation for all of the contracts are similar wherein performance obligation is completed once control of goods or service is transferred to the customer.

Note 17 : Other income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Foreign exchange fluctuations		5,646
Interest income	44,073	26,759
Investment tax credits for scientific research and development	120,000	76,219
Total	**164,073**	**108,624**

Note 18: Cost of materials consumed

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Raw material consumed	12,521,571	8,681,419
Total	**12,521,571**	**8,681,419**

EAGLE PRESS & EQUIPMENT CO. LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 19: Employee benefits expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries & wages	6,821,364	2,964,596
Total	**6,821,364**	**2,964,596**

EAGLE PRESS & EQUIPMENT CO. LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 20 : Finance costs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest	520,973	192,798
Total	**520,973**	**192,798**

Note 21 : Depreciation and amortization expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of property plant & equipment	866,789	367,646
Total	**866,789**	**367,646**

Note 22: Other expense

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	-	
Advertising & Promotion	-	24,692
Bank charges	174,002	79,938
Insurance	236,683	96,390
Legal and Professional fees	385,854	283,039
Miscellaneous expenses	-	1,340
Office and miscellaneous expenses	368,313	220,277
Total of other manufacturing expenses	2,495,523	-
Repairs and Maintenance	263,427	106,929
Research & Development costs	400,000	275,874
Sales commission	-	71,667
Taxes and licenses	85,770	61,768
Telephone and postage		27,823
Travel	140,031	67,661
Utilities	177,868	111,741
Total	**4,727,471**	**1,429,140**

EAGLE PRESS & EQUIPMENT CO. LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 23: Tax expense

A. Income Tax Expenses

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
(a) Current Tax		
Current tax on profit for the year	-	30,489
Adjustments for current tax of prior periods	-	-
Total Current Tax Expenses	**-**	**30,489**
(b) Deferred tax		
Decrease/(Increase) in Deferred Tax Assets	(1,323,948)	-
(Decrease)/Increase in Deferred Tax Liabilities		-
Total Deferred Tax Expenses	**(1,323,948)**	**-**
Total Income Tax Expenses	**(1,323,948)**	**30,489**

B. Income tax rate reconciliation

The impact of differences between the company's reported income tax expense on operating earnings and the expense that would otherwise result from the application of statutory rates is as follows:

Accounting income before tax	(5,513,049)
Income tax rate at the statutory rate	26.50%
Income tax Expense at the Statutory rate	(1,460,956)
Tax effect of timing differences between accounting percentage of completion income and taxable income	132,542
Tax effect on non-deductible expenses and timing differences	4,468
	(1,323,948)

EAGLE PRESS & EQUIPMENT CO. LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 24 : Earnings per share

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
a)	Net profit / (loss) available to equity shareholders (` in lakhs)	**(5,239,312)**	**545,460**
b)	Number of weighted average equity shares outstanding during the year for the purpose of calculation of earning per share	**4,500,000**	**4,500,000**
c)	Nominal value of equity share (CAD)	**1.00**	**1.00**
d)	Basic earning per share	**(1.16)**	**0.12**
e)	Diluted earning per share	**(1.16)**	**0.12**

EAGLE PRESS & EQUIPMENT CO. LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 25 : Segment Information

The Company operates in only one segment of engineering business which comprises of production and sales of Engineering Equipment's, identified in accordance with principle enunciated in Indian Accounting Standard Ind AS-108, Segment Reporting. This is the only business segment.

a) The company is domiciled in India. The amount of its revenue is broken on the basis of location of customer.

Particulars	**Year ended March 31, 2020**			Year ended March 31, 2019		
	Domestic	**Overseas**	**Total**	Domestic	Overseas	Total
Revenue by geographical market	20,727,108	325,241	**21,052,349**	26,789,196	692,158	**27,481,354**

b) These assets are allocated based on the operation and physical location of the assets

Particulars	**Year ended March 31, 2020**			Year ended March 31, 2019		
	Domestic	**Overseas**	**Total**	Domestic	Overseas	Total
Carrying amount of assets	7,333,362	37,839	**7,371,202**	6,667,312	16,860	**6,684,172**

Note 26: Disclosures as required by Indian Accounting Standard (Ind AS) 24 related party disclosures

A. List of Related Party

S.no	Name of the Related Party	Country of Incorporation	% of Equity interest As at March 31, 2020
(i)	**Holding Company**		
	Isgec Heavy Engineering Limited	India	100%
(ii)	**Key Management Personnel**	**(Designation)**	
1	Tadeusz Polewski	President	
2	Mark Polewski	Chief Financial Officer	
3	Kishore Chatnani	Director	
4	Vivek Nigam	Director	
5	Aditya Puri	Director	
6	Lorie Waisberg	Director	

B. The following transactions were carried out with the related parties in the ordinary course of business

S.no	Nature of Transaction/Relationship	2019-20	2018-19
(i)	**Isgec Heavy Engineering Limited**		
	Loan obtained	1,500,000	
	Purchase of good/service	547,421	
	Interest expense	47,466	
(ii)	**Key management personnel compensation**		
1	Tadeusz Polewski	200,000	103,846
2	Mark Polewski	200,000	103,846
	Total	**2,494,886**	**207,692**

C. Amount due to / from related parties

S.no	Nature of Transaction/Relationship	As at March 31, 2020	As at March 31, 2019
(i)	**Isgec Heavy Engineering Limited**		
	Loan payable	1,500,000	
	Accounts payable	604,820	-
	Total	**2,104,820**	-
	Total	**2,104,820**	-

D. Terms and Conditions

The transactions with the related parties are made on term equivalent to those that prevail in arm's length transactions and are in the normal course of business.

EAGLE PRESS & EQUIPMENT CO. LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 27 : Fair Value Measurement

Financial instruments by category

Particulars	As at March 31, 2020			As at March 31, 2019		
	Amortised Cost	FVTPL *	FVTOCI #	Amortised Cost	FVTPL *	FVTOCI #
Financial Asset						
Trade receivables - current	3,076,408	-	-	6,235,051	-	-
Cash and cash equivalents	1,385,295	-	-	1,063,477	-	-
Total Financial Assets	**4,461,702**	**-**	**-**	**7,298,528**	-	-
Financial Liabilities						
Borrowings	12,300,000	-	-	10,800,000	-	-
Trade payables	3,101,921	-	-	4,443,260	-	-
Other Financial Liabilities	361,286	-	-	306,930	-	-
Total Financial Liabilities	**15,763,207**	-	-	**15,550,189**	-	-

*** FVTPL - Fair value through profit and loss**

 # FVTOCI - Fair value through other comprehensive income

Note 28 : FINANCIAL RISK MANAGEMENT

The Company’s principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the Company’s operations. The Company's principal financial assets include investments in trade and other receivables and cash and short-term deposits that arise directly from its operations.

The Company's activities are expose to **Market risk, Credit risk and Liquidity risk**.

I. Market risk

Market risk is the risk that the fair value of expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. The company is mainly exposed to currency risk and interest rate risk.

Credit Risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to currency risk due to its holdings of U.S. denominated cash, accounts receivable and accounts payable, as well as its negligible holdings of Euro denominated cash. The company did not use foreign currency derivative contracts to manage its currency risk in the current period.

As at March 31, 2020, cash of $ 888,416, accounts receivable of $1,621,964 and accounts payable of $478,569 are denominated in U.S. dollars and are converted into Canadian dollars.

Interest Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company has bank overdraft at period end bearing interest at variable rates. The company repaid its long-term loans during the period and reduced its exposure to interest rate risk.

II. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company is exposed to credit risk on its accounts receivable $ 1,767,872.61. The entity provides credit to its clients in the normal course of its operations. Accounts receivable from three customers represents 69% of total accounts receivable at March 31, 2020. There was no significant change in exposure from the prior year. The Company usually is not signficantly exposed to credit risk as the Company's policy is to obtain advances from the customers.

III. Liquidity risk

Liquidity risk is the risk that the company cannot repay its obligations when they become due to its creditors. The company does have a liquidity risk in the accounts payable and accrued liabilities of $ 3,444,468.02. The company increased its liquidity risk by taking a long-term loan during the current period. Included in accounts payable are remitances due to the government for payroll deductions, health tax, workers compensation, and property tax totalling $(42,178).

32 Commitment and contingencies

Commitment:
The company signed a conditional grant agreement with the Ministry Responsible for Small Business Ontario under the Southwestern Ontario Development Fund Program ("SWODF") to assist Ontario businesses and business development organizations to support business investment and economic development in key sectors of Ontario. The province of Ontario has agreed to provide a maximum grant of $738,000 to the company through the SWODF in order to assist with financing of the project and in turn the recipient will be creating new jobs and will deliver the benefit to the community.

Contingencies
Litigation:

Claim 1: Challenge MFG Co
Challenge MFG Company has filed a lawsuit against the company disputing a limited warranty clause for an amount of approximately $1,000,000. It is the opinion of management that the claim is without substantial merit and no provision should be recognized as the limited warranty clause under the contract, which is uniform in all the sale contracts entered by the company, states that the warranty expired in September 2015 and the warranty claim was made in 2018. Furthermore, in the agreement, any litigation above $500,000 requires notice to the ministry. During the year the case is still pending.

Claim 2: Karen Moffatt Brown
The company received a statement of claim dated March 5, 2019 from Karen Moffatt Brown claim is for wrongful termination of her employment and breach of Ontario Human Rights Code for an amount of approximately $150,000. It is the opinion of management that the claim is without substantial merit and no provision should be recognized. The case was closed during the year.

Warranty Provision:

The company has USD17,000 warranty provision related to JN-1658B bearing Lennox Saltillo, Mx

33 Subsequent events

The Company evaluated all events and transactions that occurred after March 31, 2020 through the date of audit report. Further based on the evaluation the Company is not aware of any events or transactions that to require recognition or disclosure in financial statements.

EAGLE PRESS & EQUIPMENT CO. LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 29: Capital Management

(a) The Company monitors capital using gearing ratio, which is net debt divided by total capital plus debt.

Particulars	As at March 31, 2020	As at March 31, 2019
Debt	12,300,000	10,800,000
Less: Cash & cash equivalent	1,385,295	1,063,477
Net Debt	10,914,705	9,736,523
Total Equity	(236,574)	5,002,738
Total Equity and Net Debt	10,678,132	14,739,262
Net debt to equity plus debt ratio (Gearing Ratio)	**102%**	**66%**

Notes-

(i) Debt is defined as long-term and short-term borrowings including current maturities (excluding derivatives).

(ii) Total equity (as shown in balance sheet) includes issued capital and other equity.

Note 30 : Leases

(I) As a lessee (Ind AS 116)

(a) The company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. The effect of initial recognition as per Ind AS 116 is as follows:

Particulars	As on April 01, 2019
	CAD
Lease liability	173,191
Right of Use (ROU) asset	173,191
Deferred tax assets	-
Net Impact on Retained Earnings	-

(b) Following are the carrying value of Right of Use Assets for the year ended March 31, 2020:

Particulars	Gross Block				Accumulated depreciation and amortisation				Net Block
	As at April 01, 2019	Reclassified on account of Ind AS 116	Additions	As at March 31, 2020	As at April 01, 2019	Reclassified on account of Ind AS 116	For the year	As at March 31, 2020	As at March 31, 2020
Leasehold Property	-	-	173,191	173,191	-	-	(38,487)	(38,487)	134,704
Total	**-**	**-**	**173,191**	**173,191**	**-**	**-**	**(38,487)**	**(38,487)**	**134,704**
Net Depreciation Charged to Statement of Profit & Loss							**(38,487)**		

(c) Impact of adoption of Ind AS 116 for the year ended March 31, 2020 is as follows:

Particulars	
Decrease in Rent by	(43,400)
Increase in Finance cost by	8,602
Increase in Depreciation by (excludes depreciation on reclassified assets)	38,487
Net Impact on Profit/Loss	**3,689**

(d) Maturity analysis of lease liabilities– contractual undiscounted cash flows for the year ended March 31, 2020:

Particulars	
Less than one year	56,000
One to five years	138,393
More than five years	-
Total undiscounted lease liabilities at March 31, 2020	194,393
Discounted Lease liabilities included in the statement of financial position at March 31, 2020	52,002
Current lease liability	56,000
Non-Current lease liability	82,393

(f) The Weighted average incremental borrowing rate of 8.45% p.a. for local currency borrowings applied for measuring the lease liability at the date of initial application.

(g) The total cash outflow for leases for year ended March 31, 2020 is $43,400

(All amounts in Canadian Dollars, unless otherwise stated)

31 Amalgamation

On September 18, 2018, the directors of the company approved a resolution of amalgamation as per the Business Corporations Act (Ontario) under a share purchase transaction. Pursuant to amalgamation, the following entities were amalgamated into an amalagamted entity named, ISGEC Canada Inc. On October 17, 2018, the name of the Company was changed from ISGEC Canada Inc. to Eagle Press & Equipment Co. Ltd.

Following entities were amalgamated on September 18, 2018:
- ISGEC Canada Inc.
- 2391472 Ontario Ltd.
- 2606887 Ontario Inc.
- 260889 Ontario Inc.
- Eagle Press & Equipment Co. Ltd.

Following completion of the amalgamation, the above entities were dissolved and all the assets and liabilities were transferred to the newly incorporated entity, Eagle Press & Equipment Co. Ltd. Further, the Company fully owned subsidiaries namely, Eagle Press America Inc. and 2191375 Ontario Inc.

The effective closing was on September 18, 2018 for a purchase consideration of $14,189,928 plus variable payments subject to certain milestones being achieved. The aggregate purchase consideration shall not exceed $20,500,000 adjusted by any increase/decrease in net retained earnings of $3,500,000 as on the date of closing. The Company accounted the acquisition by following the purchase method of accounting wherein the total purchase consideration was allocated to all acquired assets and assumed liabilities. The purchase price allocation ('PPA') was undertaken to assess the fair value of assets and liabilities acquired in the acquisition.

a. Purchase consideration

	Amount
Cash and cash equivalents	14,189,928
Total	**14,189,928**

b. Identifiable assets acquired and liabilities

Following assets and liabilities were transferred pursuanto to Amalgamation at the fair values determined by independent appraisers based on purchase price allocation report.

	Amount
ASSETS	
Current assets:	
Cash and cash equivalents	6,096,406
Trade receivables	3,134,476
Inventory	254,749
Cost and Earnings in excess of billings	2,065,175
Prepaids and other assets	223,904
Total	11,774,710
Capital Assets:	
Land and building	5,001,000
Vehicles, Computers and other assets	227,711
Machinery and Equipment	1,816,000
Total	7,044,711
Identifiable Intangible assets:	
Trade mark	1,770,000
Technology	1,220,000
Goodwill	2,694,000
Total	5,684,000
Total Assets	24,503,421
LIABILITIES	
Trade payables	6,145,417
Billings in excess of cost plus earnings	3,782,600
Income taxes payable	385,476
Total	10,313,493
Total net identifiable assets acquired	**14,189,928**

C. Goodwill

Goodwill arising from the acquisition has been determied as follows:

	Amount
Consideration transferred	14,189,928
Fair value of net identifiable assets	11,495,928
Goodwill	**2,694,000**