PARTNERS BEYOND BOUNDARIES

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, 2019
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 May 14, 2019, we have audited, for the purpose of your audit of the group financial statements of ISGEC Heavy Engineering Limited, the accompanying special purpose financial statements of Eagle Press & Equipment Co. Ltd, ("the Component"), a Subsidiary of ISGEC Heavy Engineering Limited as of March 31, 2019 and for the period September 18, 2018 to March 31, 2019. This special purpose financial statements have been prepared solely to enable ISGEC Heavy Engineering Limited to prepare its group financial statements.

Management's responsibility for the specified forms

Management is responsible for the preparation and presentation of the specified forms in accordance with policies and instructions contained in ISGEC Heavy Engineering Limited Group accounting policies and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and, as requested, we performed the additional procedures detailed in the group audit instructions. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the specified forms are free of material misstatement. As requested by you, we planned and performed our audit using the component materiality specified in your instructions of $400,000 which is different from the materiality level that we would have used, had we been designing the audit to express an opinion on the financial statements of the component alone.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the specified forms. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the specified forms, 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 specified forms in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the component's internal control. 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. The conclusions reached in forming our opinion are based on the component materiality specified by you in the context of the audit of the group financial statements.

Opinion

In our opinion, the accompanying special purpose financial statements of Eagle Press & Equipment Co. Ltd as of March 31, 2019 and for the period then ended have been prepared, in all material respects, in accordance with the policies and instructions contained in ISGEC Heavy engineering Limited Group accounting policies.

Restriction on Use and Distribution

The special purpose financial statements have been prepared for purposes of providing information to ISGEC Heavy Engineering Limited to enable it to prepare the group financial statements. As a result, the special purpose financial statements are not a complete set of financial statements of Eagle Press & Equipment Co. Ltd in accordance with group applicable financial reporting framework underlying the group's accounting policies and therefore the special purpose financial statements may, therefore, not be suitable for another purpose.

This report is intended solely for the information and use of SCV & Co LLP in conjunction with the audit of the group 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

May 24, 2019

EAGLE PRESS & EQUIPMENT CO. LIMITED
BALANCE SHEET AS AT MARCH 31, 2019
(All amounts in Canadian Dollars, unless otherwise stated)

	Particulars	Note No.	As at March 31, 2019	As at September 17, 2018
	ASSETS			
(1)	**Non - current assets**			
	(a) Property, plant and equipment	3	6,684,172	7,044,711
	(c) Intangible assets	4	5,684,000	5,684,000
	Total non current assets		**12,368,172**	**12,728,711**
(2)	**Current assets**			
	(a) Inventories	5	6,518,054	19,763,396
	(b) Financial assets			
	(ii) Trade receivables	6	6,235,051	3,531,637
	(iii) Cash and cash equivalents	7	1,063,477	7,301,836
	(c) Other current assets	8	515,727	279,950
	Total current assets		**14,332,310**	**30,876,819**
	Total assets		**26,700,482**	**43,605,530**
	EQUITY AND LIABILITIES			
	EQUITY			
	(a) Equity share capital	9	4,500,000	4,500,000
	(b) Other equity	10	502,738	(42,722)
	Total equity		**5,002,738**	**4,457,278**
	LIABILITIES			
(1)	**Non - current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	11	10,800,000	10,800,000
	Total non current liabilities		**10,800,000**	**10,800,000**
(2)	**Current liabilities**			
	(a) Financial liabilities			
	(ii) Trade payables	12	4,443,260	6,158,770
	(iii) Other financial liabilities	13	306,930	180,773
	(b) Other current liabilities	14	5,919,584	21,623,233
	(d) Current tax liabilities (net)	15	227,970	385,476
	Total current liabilities		**10,897,743**	**28,348,252**
	Total equity & liabilities		**26,700,482**	**43,605,530**

The accompanying notes from 1 to 32 form an integral part of the consolidated financial statements

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May 24, 2019

EAGLE PRESS & EQUIPMENT CO. LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in Canadian Dollars, unless otherwise stated)

	Particulars	Note No.	Year ended March 31, 2019
I	Revenue from operations	16	**27,481,354**
II	Other income	17	**108,624**
III	**Total income (I + II)**		**27,589,978**
IV	Expenses		
	Cost of materials consumed	18	**8,666,103**
	Changes in inventories of work - in - progress		**13,393,745**
	Employee benefits expense	19	**2,964,596**
	Finance costs	20	**192,798**
	Depreciation and amortization expense	21	**367,646**
	Other expenses	22	**1,429,140**
	Total expenses (IV)		**27,014,029**
V	**Profit / (loss) before exceptional items and tax (III - IV)**		**575,949**
VI	Exceptional items		**-**
V	Profit / (loss) before tax (III - IV)		**575,949**
VI	Tax expense	23	
	(1) Current tax		**30,489**
	(2) Deferred tax		**-**
	Total tax expenses		**30,489**
VII	**Profit / (loss) for the period (V - VI)**		**545,460**
VIII	**Other comprehensive income**		**-**
IX	**Total comprehensive income (VII + VIII)**		**545,460**
X	Earnings per equity share (nominal value of ` 10/- each)	24	
	Basic		**0.12**
	Diluted		**0.12**

The accompanying notes from 1 to 32 form an integral part of the consolidated financial statements

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May 24, 2019

EAGLE PRESS & EQUIPMENT CO. LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in Canadian Dollars, unless otherwise stated)

	Particulars	Year ended March 31, 2019
A	**Cash flow from operating activities**	
	Profit before tax	**575,949**
	Adjustments for :	
	Depreciation and amortisation of property, plant and equipment	367,646
	Finance costs	192,798
	Operating profit before working capital adjustments	**1,136,394**
	Working capital adjustments	
	(Increase) /Decrease in trade receivables	(2,703,414)
	(Increase) /Decrease in other current assets	(235,777)
	(Increase) /Decrease in inventories	13,245,341
	Increase /(Decrease) in trade and other payables	(1,589,354)
	Increase /(Decrease) in payables and provisions	(15,861,155)
	Cash generated from operations	**(6,007,964)**
	Income Tax paid (net of refund)	(30,489)
	Net cash from operating activities	**(6,038,453)**
B	**Investing activities**	
	Purchase of property, plant and equipment	(7,108)
	Net cash flow from / (used in) investing activities	**(7,108)**
C	**Financing activities**	
	Finance cost - long term / short term	(192,798)
	Net cash flow from / (used in) financing activities	**(192,798)**
	Net increase in cash and cash equivalents (A+B+C)	**(6,238,359)**
	Cash and cash equivalents at the begining of the year	7,301,836
	Cash and cash equivalents at the end of the year	**1,063,477**
	Components of cash and cash equivalents	
	Cash, Cheques & Drafts on hand	-
	Balance Banks	1,063,477
	Bank term deposits	-
	Cash and cash equivalents	**1,063,477**

The accompanying notes from 1 to 32 form an integral part of the consolidated financial statements

Notes:

1 The above cash flow statement has been prepared under the indirect method setout in Indian Accounting Standard (Ind AS) 7.

2 Figures in brackets indicate cash outgo.

EAGLE PRESS & EQUIPMENT CO. LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in Canadian Dollars, unless otherwise stated)

A. Equity Share Capital

As at September 17, 2018	Changes during the year	As at March 31, 2019
45,000,000	-	45,000,000

B. Other Equity

Particulars	Surplus					Items of other comprehensive income (remeasurement of post employment benefit obligation)	Total
	Capital reserve	Securities premium	Capital redemption reserve	General reserve	Retained earnings		
Balance as at September 17, 2018	-	-	-	-	(42,722)	-	(42,722)
Profit for the year	-	-	-	-	545,460	-	545,460
Other comprehensive income	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-
Interim dividend	-	-	-	-	-	-	-
Balance as at March 31, 2019	**-**	**-**	**-**	**-**	**502,738**	**-**	**502,738**

The accompanying notes from 1 to 32 form an integral part of the consolidated financial statements

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

The financial statements of Eagle Press & Equipment Co. Ltd. and its subsidiaries (the "Company") comply in all material aspects with Indian Accounting Standards (“Ind AS”) as prescribed under section 133 of the Companies Act, 2013 (“the Act”), as notified under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India. These consolidated financial statements are the first financial statements of the Group as per Ind AS.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on May 24, 2019

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 period September 18, 2018 to March 31, 2019. Also, opening balance sheet as at September 17, 2018 has been presented as a result of amalgamation.

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, 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:

•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.

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, the carrying amounts approximate fair value due to the short maturity of these instruments.

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 New standards not yet adopted or future accounting standards

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Ind AS 16 Leases:
Ind AS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard i.e. lessors will continue to classify leases as finance or operating leases.

The standard is effective for annual periods beginning on or after January 1, 2019, with an option of early adoption.

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	447,243	4,553,757	1,816,000	60,421	136,891	30,399	7,044,711
Additions	-	-	-	-	29,646	-	29,646
Disposals/adjustments	-	-	(22,537)	-	-	-	(22,537)
As at March 31, 2019	**447,243**	**4,553,757**	**1,793,463**	**60,421**	**166,537**	**30,399**	**7,051,820**
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**
Net carrying value							
As at September 17, 2018	**447,243**	**4,553,757**	**1,816,000**	**60,421**	**136,891**	**30,399**	**7,044,711**
As at March 31, 2019	**447,243**	**4,432,275**	**1,584,739**	**50,737**	**143,409**	**25,769**	**6,684,172**

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

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**
Accumulated amortisation				
As at September 17, 2018	-	-	-	-
Charge for the year	-	-	-	-
Disposals	-	-	-	-
As at March 31, 2019	**-**	**-**	**-**	**-**
As at September 17, 2018	1,770,000	1,220,000	2,694,000	5,684,000
As at March 31, 2019	**1,770,000**	**1,220,000**	**2,694,000**	**5,684,000**

*As at March 31, 2019, 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.

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

Particulars	As at March 31, 2019	As at September 17, 2018
Raw Material		
Raw materials	403,153	254,749
Work - in - progress	6,114,901	19,508,646
Total	**6,518,054**	**19,763,396**

Note 6 : Current financial assets - Trade receivables

Particulars	As at March 31, 2019	As at September 17, 2018
Trade receivable considered good - unsecured *	6,235,051	3,531,637
Less: Allowance for expected credit losses	-	-
Total	**6,235,051**	**3,531,637**

* 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, 2019	As at September 17, 2018
Balances with banks		
- In current accounts	1,063,477	7,301,836
Total	**1,063,477**	**7,301,836**

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

Note 8 : Other current assets

Particulars	As at March 31, 2019	As at September 17, 2018
Others		
Prepaid expenses	131,952	102,785
Balance with government authorities	196,556	66,165
SR&ED tax credit receivable	187,219	111,000
Total	**515,727**	**279,950**

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

Note 9 : Equity share capital

Particulars	**As at March 31, 2019**	**As at September 17, 2018**	
	Number of shares	**Number of shares**	**Amount**
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	4,500,000
Total	**4,500,000**	**4,500,000**	**4,500,000**

Notes:

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

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

(b) 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, 2019**
	Number of shares held
Equity shares with voting rights	
(i) ISGEC Heavy Engineering Limited, India	4,500,000

EAGLE PRESS & EQUIPMENT CO. LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10 : Other equity

Particulars	As at March 31, 2019	As at September 17, 2018
(c) Retained earnings		
Balance outstanding at the beginning of the year	(42,722)	-
Add: Net profit for the year	545,460	-
Balance outstanding at the end of the year	502,738	(42,722)
Total	**502,738**	**(42,722)**

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

Note 11 : Non current financial liabilities - Borrowings

Particulars	As at March 31, 2019	As at September 17, 2018
Secured		
From banks	10,800,000	10,800,000
Total	**10,800,000**	**10,800,000**

The loan payable 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.

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

Note 12: Current financial liabilities - Trade payables

Particulars	As at March 31, 2019	As at September 17, 2018
Toal outstanding dues of creditors	4,443,260	6,158,770
Total	**4,443,260**	6,158,770

Note 13 : Current financial liabilities - Other financial liabilities

Particulars	As at March 31, 2019	As at September 17, 2018
Payable to employees	306,930	-
Other payables (consideration payable)	-	180,773
Total	**306,930**	**180,773**

Note 14: Other current liabilities

Particulars	As at March 31, 2019	As at September 17, 2018
Advance received from customers	5,919,584	21,623,233
Total	**5,919,584**	**21,623,233**

Note 15: Current tax liabilities (net)

Particulars	As at March 31, 2019	As at September 17, 2018
Provisions for income- Tax, net of prepaid taxes	227,970	385,476
		-
Total	**227,970**	**385,476**

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

Note 16: Revenue from operations

Particulars	Year ended March 31, 2019
a. Disaggregated revenue information	
Sale of products - (Finished goods)	26,809,552
Sale of services	671,802
Total	**27,481,354**

b. Timing of revenue recognition	
Goods transferred at a time	26,809,552
Goods transferred over a period of time	671,802
Total	**27,481,354**

c. Contract balances

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

Trade receivables	6,235,051
Contract assets	-
Contract liabilities	(5,919,584)
Total	**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, 2019.

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, 2019
Foreign exchange fluctuations	5,646
Interest income	26,759
Investment tax credits for scientific research and development	76,219
Total	**108,624**

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

Note 18: Cost of materials consumed

Particulars	Year ended March 31, 2019
Raw material consumed	8,681,419
Total	**8,681,419**

Note 19: Employee benefits expense

Particulars	Year ended March 31, 2019
Salaries & wages	2,964,596
Total	**2,964,596**

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

Note 20 : Finance costs

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

Note 21 : Depreciation and amortization expense

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

Note 22: Other expense

Particulars	Year ended March 31, 2019
Advertising & Promotion	24,692
Bank charges	79,938
Insurance	96,390
Legal and Professional fees	283,039
Miscellaneous expenses	1,340
Office and miscellaneous expenses	220,277
Repairs and Maintenance	106,929
Research & Development costs	275,874
Sales commission	71,667
Taxes and licenses	61,768
Telephone and postage	27,823
Travel	67,661
Utilities	111,741
Total	**1,429,140**

Note 23: Tax expense

A. Income Tax Expenses

Particulars	**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	-
(Decrease)/Increase in Deferred Tax Liabilities	-
Total Deferred Tax Expenses	**-**

Total Income Tax Expenses	**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	575,949
Income tax rate at the statutory rate	26.50%
Income tax Expense at the Statutory rate	152,626
Tax effect of amortization claimed in excess of capital cost allowance	63,455
Tax effect of timing differences between accounting percentage of completion income and taxable income	(108,313)
Tax effect on non-deductible expenses and timing differences	1,527
Effect of prior year scientific research and experimental development claim	2,030
Effect of current year scientific research and experimental development claim	6,016
Tax recovery not recognized	(86,852)
	30,489

EAGLE PRESS & EQUIPMENT CO. LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 24 : Earnings per share

Particulars		Year ended March 31, 2019
a)	Net profit / (loss) available to equity shareholders (` in lakhs)	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
c)	Nominal value of equity share (CAD)	1.00
d)	Basic earning per share	0.12
e)	Diluted earning per share	0.12

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, 2019		
	Domestic	Overseas	Total
Revenue by geographical market	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, 2019		
	Domestic	Overseas	Total
Carrying amount of assets	6,667,312	16,860	**6,684,172**

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

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, 2019
(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	2018-19	2017-18
(i)	**Key management personnel compensation**		
1	Tadeusz Polewski	103,846	
2	Mark Polewski	103,846	
	Total	**207,692**	-

C. Amount due to / from related parties

There are no transactions and balances during the period with any other related parties

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, 2019		
	Amortised Cost	FVTPL *	FVTOCI #
Financial Asset			
Trade receivables - current	6,235,051.06	-	-
Cash and cash equivalents	1,063,476.72	-	-
Total Financial Assets	**7,298,527.78**	**-**	**-**
Financial Liabilities			
Borrowings	10,800,000.00	-	-
Trade payables	4,443,259.79	-	-
Other Financial Liabilities	306,929.63	-	-
Total Financial Liabilities	**15,550,189.42**	-	-

*** 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.

<u>Credit Risk:</u>

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, 2019, cash of $ 955,994, accounts receivable of $1,909,487 and accounts payable of $935,329 are denominated in U.S. dollars and are converted into Canadian dollars.

<u>Interest Risk:</u>

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 $ 2,005,852. The entity provides credit to its clients in the normal course of its operations. Accounts receivable from three customers represents 85% of total accounts receivable at March 31, 2019. There was no significant change in exposure from the prior year.

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 $ 4,673,971. 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 $(28,737).

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, 2019**
Debt	10,800,000
Less: Cash & cash equivalent	1,063,477
Net Debt	9,736,523
Total Equity	5,002,738
Total Equity and Net Debt	14,739,262
Net debt to equity plus debt ratio (Gearing Ratio)	**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.

(All amounts in Canadian Dollars, unless otherwise stated)

30 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**

31 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.

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.

32 Subsequent events

The Company evaluated all events and transactions that occurred after March 31, 2019 through May 24, 2019. Further based on the evaluation the Company is not aware of any events or transactions that to require recognition or disclosure in financial statements.