

INDEPENDENT AUDITOR'S REPORT

To the Members of Isgec Covema Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Isgec Covema Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("IND AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Emphasis of Matter

We draw attention to Note 30 to the standalone financial statements and Note 2 b (i) of Significant policies which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the operations of the Company. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report 2020-21, but does not include the Standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal financial control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that



may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) The matter described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
 - (f) On the basis of the written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (g) With respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B' Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.




K.C. MALHOTRA & CO.

(h) In our opinion and to the best of our information and according to the explanations given to us, the provisions of section 197 read with Schedule V of the Act are not applicable to the company for the year ended 31st. March, 2021.

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

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

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


(Ramesh Malhotra)
Partner

Membership Number: 013624
UDIN: 21013624AAAABG4329
Place of signature: New Delhi
Date: 12th May, 2021



Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph '1' under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Isgec Covema Limited of even date)

- i) The Company does not have any property, plant and equipments as at March 31, 2021 and, accordingly, the requirements under paragraph 4(i) of the Order are not applicable to the Company
- ii) The Company's does not have any inventory as at 31st. March, 2021 and accordingly the requirements of paragraph 4(ii) of the Order is not applicable to the Company.
- ii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to, companies, Limited Liability Partnership, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, the company has not granted any loans, investments, guarantees, and security in terms of Section 185 and 186 of the Companies Act, 2013. Hence, reporting under clause 3(iv) of the order is not applicable to the company.
- v) The Company has not accepted any deposits during the year and therefore, the provisions of the clause 3(v) of the order are not applicable to the company.
- vi) The maintenance of cost records has not been prescribed to the company by the Central Government under Section 148(1) of the Companies Act, 2013. Thus reporting under clause 3(vi) of the order is not applicable to the company.
- vii) According to the information and explanations given to us, in respect of statutory dues:
 - a) The company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, goods and service tax, cess and other material statutory dues applicable to it. The provisions relating to provident fund, employees' state insurance, duty of custom, duty of excise, value added tax are not applicable to the company.
 - b) There were no undisputed amounts payable in respect of income- tax, goods and service tax, cess and other material statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable. The provisions relating to provident fund, employees' state insurance, duty of custom, duty of excise, value added tax are not applicable to the company.
 - c) There are no dues of income tax, goods and service tax, sales tax, excise duty and value added tax which have not been deposited on account of any dispute. The provisions relating to provident fund, employees' state insurance, duty of custom, duty of excise, value added tax are not applicable to the company.
- viii) According to the information and explanations given to us and records examined by us, The Company has not taken any loans from banks, financial institutions and government or has issued any debentures.
- ix) The Company has not raised any money by way of initial public offer / further public offer (including debt instruments) or term loans during the year and hence, reporting under clause (ix) of the order is not applicable to the Company,



- x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi) The provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company. Therefore, the requirements under paragraph 3(xi) of the Order are not applicable to the company.
- xii) In our opinion, the Company is not a nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us, the company is in compliance with Section 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone IND AS financial statements. The provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) in so far as it relates section 177 of the Act is not applicable to the Company.
- xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit and hence reporting under clause 3(xiv) of the Order is not applicable.
- xv) In our opinion, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected to its directors and hence provisions of section 192 of the Companies Act 2013 are not applicable.
- xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For K. C. Malhotra & Co.
Chartered Accountants
(Firm Regn.No.00005714)

(Ramesh Malhotra)
Partner
Membership No.013624
UDIN: 21013624AAAABG4329
Place of Signature: New Delhi
Date: 12th May, 2021



Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Isgec Covema Limited of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Isgec Covema limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2021.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external



purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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


(Ramesh Malhotra)

Partner

Membership No: 013624

UDIN: 21013624AAAABG4329

Place of signature: New Delhi

Date: 12th May, 2021



Isgec Covema Limited
CIN: U52109DL1986PLC025908
Balance Sheet as at 31st.March,2021

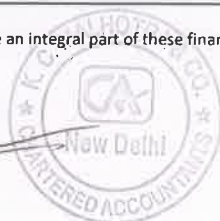
(IN INR)

	Note No.	31st.March ,2021	31st.March ,2020
ASSETS			
Non - current assets			
(a) Property, plant and equipment			
(b) Financial assets			
(i) Investments			
(ii) Trade receivables	3		35,85,926
(iii) Loans			
(iv) Others	4	33,050	58,050
(c) Deferred tax assets (net)	5		7,44,791
(d) Other non - current assets	6	34,70,143	34,70,143
Total non-current assets		35,03,193	78,58,910
Current assets			
(a) Inventories			
(b) Financial assets			
(i) Investments			
(ii) Trade receivables	7	20,32,29,449	1,39,68,739
(iii) Cash and cash equivalents	8	5,63,91,197	6,49,12,427
(iii) Others (to be specified)	9	3,13,218	3,02,613
(iv) Loans			
(c) Current tax assets (net)	10		3,31,459
(d) Other current assets	11	22,64,734	1,09,48,483
Total current assets		26,21,98,598	9,04,63,721
Total assets		26,57,01,791	9,83,22,631
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	12	2,00,00,000	2,00,00,000
(b) Other equity	13	3,04,87,388	26,35,123
Total equity		5,04,87,388	2,26,35,123
LIABILITIES			
Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings			
(ii) Trade payables			
ii)(a) Total outstanding dues to micro enterprises and small enterprises			
(ii)(b) Total outstanding dues of creditors other than to micro enterprises and small enterprises			
(iii) Other financial liabilities			
(b) Provisions	15	13,73,539	60,000
(c) Deferred tax liabilities (net)			
(d) Other non - current liabilities			
(e) Contract liability	16		2,55,323
Total non-current liabilities		13,73,539	3,15,323
(a) Financial liabilities			
(i) Borrowings			
(ii) Trade payables	14		
ii)(a) Total outstanding dues to micro enterprises and small enterprises		2,40,98,593	
(ii)(b) Total outstanding dues of creditors other than to micro enterprises and small enterprises		5,68,98,729	86,01,874
(b) Other financial liabilities			
Other current liabilities	17	11,49,92,601	45,90,311
(c) Provisions	15	30,46,201	
(d) Current tax liabilities (net)	10	19,98,720	
(e) Contract liability	16	1,28,06,020	6,21,80,000
Total current liabilities		21,38,40,864	7,53,72,185
Total equity and liabilities		26,57,01,791	9,83,22,631

The accompanying notes are an integral part of these financial statements

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

(Ramesh Malhotra)
Partner
M.No.013624
Place: New Delhi
Date: 12.05.2021



For and on behalf of the Board of Directors

(S.K. Khorana) (V.K.Luthra)
Director Director
DIN: 00085300 DIN: 02837289

Isgec Covema Limited
CIN: U52109DL1986PLC025908
Statement of Profit and Loss for the year ended 31st.March,2021

(IN INR)

		Note No.	31st.March ,2021	31st.March ,2020
Income				
Revenue from operations		18	28,52,55,411	1,09,66,000
Other Income		19	34,46,598	19,48,423
Total income			28,87,02,009	1,29,14,423
Expenses				
Purchase of traded goods for resale			17,03,19,223	46,25,022
Erection & Civil Cost			7,48,43,066	72,87,430
Other expenses		20	61,03,330	13,14,962
Total expenses			25,12,65,619	1,32,27,414
Profit / (loss) before tax			3,74,36,390	(3,12,991)
Tax expense				
Current tax		21	(88,39,334)	
Deferred tax			(7,44,791)	(16,06,454)
Profit / (loss) for the year			2,78,52,265	(19,19,445)
Other comprehensive income				
Total comprehensive income/(Loss) for the year			2,78,52,265	(19,19,445)
Earnings per equity share	Basic & Diluted	22	13.93	(0.96)

The accompanying notes are an integral part of these financial statements

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

(Ramesh Malhotra)

Partner

M.No.013624

Place: New Delhi

Date: 12.05.2021



For and on behalf of the Board of Directors

(Signature)

(S.K. Khorana)

Director

DIN: 00085300

(Signature)

(V.K. Luthra)

Director

DIN: 02837289

Isgec Covema Limited
CIN: U52109DL1986PLC025908
Cash Flow Statement as at 31st.March,2021

(IN INR)

	31st.March ,2021	31st.March,2020
Cash flow from operating activities :		
Profit before tax	3,74,36,390	(3,12,991)
Adjustment for :		
Interest Income	(34,46,598)	(19,48,423)
Change in Operating assets and liabilities		
Decrease /(increase) in operating assets:		
Non-current financial assets -Trade receivables	35,85,926	30,40,224
Other non-current assets	-	5,66,446
Non-current financial assets-Others	25,000	(28,050)
Current financial assets-Trade receivables	(18,92,60,710)	(1,39,68,739)
Current financial assets-Others	(10,605)	(1,62,592)
Current tax assets (net)	3,31,459	(2,08,166)
Other current assets	86,83,749	(1,09,13,561)
Increase / (decrease) in Operating Liabilities :		
Non-current-Trade payables	-	(14,400)
Non-current -Provisions	43,59,740	60,000
Non-current-Contract liability	(2,55,323)	(1,86,781)
Current financial liabilities -Trade payable	7,23,95,448	85,73,180
Other Current Liabilities	11,04,02,290	45,90,311
Current tax liabilities (net)	19,98,720	-
Current liabilities -Contract liability	(4,93,73,980)	6,21,80,000
Cash generated from operations	(31,28,494)	5,12,66,458
Taxes paid	(88,39,334)	-
Net cash inflow/(outflow) from operating activities (A)	(1,19,67,828)	5,12,66,458
Cash flows from Investing activities :		
Interest Received	34,46,598	19,48,423
Net Cash Inflow (outflow) from Investing Activities (B)	34,46,598	19,48,423
Cash flows from financing activities :		
Net cash inflow (outflow) from financial Activities (C)	-	-
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(85,21,230)	5,32,14,881
Cash and Cash Equivalents as at the beginning of the year	6,49,12,427	1,16,97,546
Cash and Cash Equivalents as at the end of the year	5,63,91,197	6,49,12,427
Components of cash and cash equivalents		
Balance with banks	7,92,726	10,26,919
Cash in Hand	4,750	-
Bank fixed deposit	5,55,93,721	6,38,85,508
Cash and cash equivalents	5,63,91,197	6,49,12,427

1 The above cash flow statement has been prepared under the indirect method set out in Indian Accounting Standard (ind as)7

2. Reconciliation of liabilities arising from financing activities

Particulars	Short term borrowings
Opening balance as on 1st April.2020	-
Non - cash changed due to:	
Interest expense	-
- Others	-
Cash flows during the year	-
Closing balance as on 31st March,2021	-

3 Previous year's figures have been grouped and recast wherever necessary to conform to the current year classification/disclosure



For K.C.Malhotra & Co.
Chartered Accountants
(Firm regn.No.000057N)
(Ramesh Malhotra)
Partner
M.No.013624
Place: New Delhi
Date: 12.05.2021

For and on behalf of the Board of Directors

(S.K. Khorana) (V.K. Luthra)
Director Director
DIN: 00085300 DIN: 02837289

Statement of changes in equity

A : Equity share capital

(IN INR)

As at 1st.April,2019	2,00,00,000
Changes in equity share capital	-
As at 31st.March,2020	2,00,00,000
Changes in equity share capital	-
As at 31st.March,2021	2,00,00,000

B : Other equity

(IN INR)

Particulars	Retained Earnings
As at 1st.April,2019	45,54,568
Profit/(loss) for the year	(19,19,445)
Total comprehensive income	26,35,123
As at 31st.March,2020	26,35,123
Balance as at 01st.April,2020	26,35,123
Profit/(Loss) for the year	2,78,52,265
Total comprehensive income/(loss)	3,04,87,388
As at 31st.March,2021	3,04,87,388

The accompanying notes are an integral part of these financial statements

For K.C.Malhotra & Co.

Chartered Accountants

(Firm regn.No.000057N)

(Ramesh Malhotra)

Partner

M.No.013624

Place: New Delhi

Date: 12.05.2021



For and on behalf of the Board of Directors

(S.K. Khorana)
Director
DIN: 00085300

(V.K Luthra)
Director
DIN: 02837289

Isgec Covema Limited

Notes on financial statements for the year ended 31st.March,2021

Note 3 : Non Current Financial Assets -Trade Receivables

(IN INR)

Particulars	31st.March.2021	31st.March.2020
Secured considered good	-	-
Unsecured considered good	-	35,85,926
Trade receivables which have significant increase in credit risk	-	-
Trade receivables -Credit impaired	-	6,76,463
Less: Provision for expected credit loss	-	(6,76,463)
Total Trade receivables	-	35,85,926

No trade or other receivables are due from directors or other officers of the company either severally or jointly with other person..Nor are any trade or other receivables due from firms or private companies respectively in which any director is a partner or a director.

Note 4 :Non Current Financial Assets -Others

(IN INR)

Particulars	31st.March.2021	31st.March.2020
Security deposits (Unsecured)	33,050	58,050
Total non-current financial assets-others	33,050	58,050

Note 5: Deferred tax assets / liabilities (net)

The balance comprises temporary differences attributable to :

(IN INR)

Particulars	31st.March.2021	31st.March.2020
Deferred tax assets/(Liabilities)		
Tax losses		5,74,539
Other items		
Derivatives :		
-Allowance for doubtful debts-Trade receivables		1,70,252
Net deferred tax assets / (liabilities)	-	7,44,791

Movements in deferred tax assets/ (Liabilities)

(IN INR)

	Tax losses	Other items	Total
At 1st.April,2020	5,74,539	1,70,252	7,44,791
(charged) / credited			
-to profit and loss	-5,74,539	-1,70,252	-7,44,791
As at 31.3.2021	-	-	-

Note 6 :Other non current assets

(IN INR)

Particulars	31st.March.2021	31st.March.2020
Balance with Govt authorities		
-WCT receivables	17,23,316	17,23,316
-Service tax on input services	15,46,827	15,46,827
Other advance	2,00,000	2,00,000
Total other non-current assets	34,70,143	34,70,143



Isgec Covema Limited
Notes on financial statements for the year ended 31st.March,2021

Note 7: Trade Receivables

(IN INR)

Particulars	31st.March.2021	31st.March.2020
Secured considered good	-	-
Unsecured considered good	20,32,29,449	1,39,68,739
Total Trade receivables	20,32,29,449	1,39,68,739

Note 8: Current Financial Assets- Cash and cash equivalents

(IN INR)

Particulars	31st.March.2021	31st.March.2020
Balances with banks		
- In current accounts	7,92,726	10,26,919
Bank fixed deposit with maturity within twelve months	5,55,93,721	6,38,85,508
Cash in Hand	4,750	-
Total Cash and cash equivalents	5,63,91,197	6,49,12,427

Note 9 :Other financial assets

(IN INR)

Particulars	31st.March.2021	31st.March.2020
Interest accrued but not due on deposits	3,13,218	3,02,613
Total other financial assets	3,13,218	3,02,613

Note 10 :Current tax assets/(liabilities) (net)

(IN INR)

Particulars	31st.March.2021	31st.March.2020
Advance tax	68,40,614	3,31,459
Less: Provision for tax	-88,39,334	-
	-19,98,720	
MAT credit entitlement	28,582	28582
Less: Provision for MAT	-28,582	-28582
Total current assets/(liabilities) (net)	-19,98,720	3,31,459

Note 11 : Other Current Assets

(IN INR)

Particulars	31st.March.2021	31st.March.2020
Balance with Govt authorities-		
-Service tax on input services	15,833	15,833
GST receivables	2,27,032	20,04,248
Unbilled revenue	-	1,47,000
Site Advance	1,73,059	
Advance to suppliers	18,48,322	87,81,023
Imprest with staff	488	379
Total other current assets	22,64,734	1,09,48,483



Note 12 : Equity share capital

(IN INR)

Particulars	31st.March,2021		31st.March,2020	
	Number of shares	Amount	Number of shares	Amount
Authorised share capital				
Equity shares of 10/- each with voting rights	20,00,000	2,00,00,000	20,00,000	2,00,00,000
Issued,subscribed and paid up				
Equity shares of Rs. 10/-each fully paid up with voting rights	20,00,000	2,00,00,000	20,00,000	2,00,00,000
Total Equity share capital	20,00,000	2,00,00,000	20,00,000	2,00,00,000

(i) Terms and rights attached to equity shares

The company has only one class of equity shares having a par value of Rs 10 per share. Each shareholder is eligible to vote per share held. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of the preferential amounts in proportion to their shareholding.

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

Particulars	31st.March,2021		31st.March,2020	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
At the commencement of the year	20,00,000	2,00,00,000	20,00,000	2,00,00,000
Add: issued during the year	-	-	-	-
At the end of the year	20,00,000	2,00,00,000	20,00,000	2,00,00,000

(iii) Equity shares of the company held by holding company

Particulars	31st.March,2021	31st.March,2020
Isgec Heavy Engineering Limited *	20,00,000	20,00,000

(iv) Detail of equity shares held by shareholders holding more than 5% shares of total number of equity shares

Particulars	31st.March,2021		31st.March,2020	
	Number of shares	% of holding	Number of shares	% of holding
Equity shares with voting rights				
Isgec Heavy Engineering Limited *	20,00,000	100	20,00,000	100

* Out of 2,000,000 shares held by Isgec Heavy Engineering Limited 100 shares are held by six nominees of Isgec Heavy Engineering



Note 13 : Other equity

	(IN INR)	
	31st.March,2021	31st.March,2020
Retained earnings (i)	3,04,87,388	26,35,123
Total reserves and surplus	3,04,87,388	26,35,123

(i) Retained earnings

	31st.March,2021	31st.March,2020
Opening balance	26,35,123	45,54,568
Profit/(Loss) for the year	2,78,52,265	(19,19,445)
Closing balance	3,04,87,388	26,35,123

Retained earnings

This represents appropriation of profit after taxes by the company

Note 14 : Trade payables

	31st.March,2021		31st.March,2020	
	Non-current	Current	Non-current	Current
Dues to micro, small and medium enterprises #	-	2,40,98,593	-	-
Payables Other than MSME *	-	5,68,98,729	-	86,01,874
Total trade payables	-	8,09,97,322	-	86,01,874
Due to a related party (refer note 23.2)		2,65,20,000		

Disclosures as per Micro,Small and Medium Enterprises Development Act,2006 (MSMED)

Particulars	31st.March,2021	31st.March,2020
a) The principal amount and the interest due thereon to remaining unpaid to suppliers :		
i) Principal	2,40,98,593	-
ii) Interest due thereon	-	-
b) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
c) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
d) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
e) Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
f) Further interest remaining due and payable for earlier years	-	-

Note: The above information regarding, Micro Small and Medium Enterprises, has been determined to the extent such parties have been identified on the basis of information available with the company.



Isgec Covema Limited

Notes on financial statements for the year ended 31st.March,2021

Note 15 : Provisions

(IN INR)

	31st.March,2021		31st.March,2020	
	Non-current	Current	Non-current	Current
Provision for warranty*	13,73,539	30,46,201	60000	-
Total	13,73,539	30,46,201	60,000	-

*Provision is made for the estimated warranty claims and after sales services in respect of products sold.

Note 15.1 : Movement of provision for warranty

(IN INR)

Nature of provisions	31st.March,2021	31st.March,2020
(a)Movement of provision for performance warranties/after sales services		
Carrying amount at the beginning of the year	60,000	
Additional provision made during the year	43,59,740	60,000
Amount used during the year		
Amount reversed during the year		
Adjustment due to discounting		
Carrying amount at the end of the year	44,19,740	60,000
Break up of carrying amount at the end of the year	31st.March,2021	31st.March,2020
Short Term provisions	30,46,201	-
Long Term provisions	13,73,539	60,000

Note 16 : Contract liability

(IN INR)

	31st.March,2021		31st.March,2020	
	Non-current	Current	Non-current	Current
Advance from customers	-	1,28,06,020	2,55,323	6,21,80,000
	-	1,28,06,020	2,55,323	6,21,80,000

Note 17 : Other current liabilities

(IN INR)

	31st.March,2021		31st.March,2020	
	Non-current	Current	Non-current	Current
Statutory Dues Payable	-	51,39,320	-	1,52,437
Other Payables (Site Advance)	-	6,23,281	-	1,13,053
Due to a related party (refer note 23.2)	-	-	-	16,43,821
Revenue received in advance	-	10,92,30,000	-	26,81,000
	-	11,49,92,601	-	45,90,311



Isgec Covema Limited

Note 18: Revenue from contracts with customers

(IN INR)

	31st.March,2021	31st.March,2020
Resale of machinery	233,508,400	3,466,000
Erection services	51,747,011	7,500,000
Total Revenue from contracts with customers	285,255,411	10,966,000

Note 19: Other Income

(IN INR)

	31st.March,2021	31st.March,2020
Interest on Fixed Deposit	3,426,493	1,749,225
Interest on income tax refund	20,105	9,278
Unclaimed Balance Written Back	-	189,920
Total other income	3,446,598	1,948,423

Note 20: Other expenses

(IN INR)

	31st.March,2021	31st.March,2020
Insurance Expenses	39,241	21,904
Power & Fuel	8,098	28,291
Repair & Maintenance	38,998	28,923
Employee Welfare Exp.	1,663	
Employee Food & Beverage	43,295	29,477
Rent (inclusive of site rent Rs 369000)	436,742	178,322
Telephone Expense	7,648	7,467
Printing & Stationary	7,771	8,772
Brokerage Expenses	-	14,000
Travelling Expenses	1,107,823	426,925
Freight Expenses	4,911,514	
Legal and professional charges	15,900	574,346
Miscellaneous Expenses	61,100	29,661
Auditors remuneration		
-Statutory audit fee	50,000	25,000
-Tax audit fee *	50,000	
-Other Services		1,650
Expected Credit Loss	(676,463)	(59,776)
Total other expenses	6,103,330	1,314,962

* Include fee for F.Y. 2019-20

25,000



Note 21 Tax expense

Particulars	31st.March,2021	31st.March,2020
a) Current tax	88,39,334	-
Total current tax expense	88,39,334	-
b) Deferred tax	7,44,791	(16,06,454)
Closing balance as on 31st March,2021	7,44,791	(16,06,454)
Total Income tax expense	95,84,125	(16,06,454)

Reconciliation of tax expense and accounting profit multiplied by tax rate

Profit /(loss) before tax	3,74,36,390	(3,12,991)
Tax @27.82 % (25.168 % 2019-20)	1,04,14,804	(78,774)
Tax effect amounts which are deductible in calculating taxable income/(loss)	(15,75,470)	15,044
Adjustment for prior years	7,44,791	(15,42,724)
Income tax expense	95,84,125	(16,06,454)



Isgec Covema Limited

Notes on financial statements for the year ended 31st.March,2021

Note 22 : Earnings per share (EPS)

in accordance with IND - AS 33 on "Earning per share" ,the following table reconciles the numerator and denominator used to calculate Basic and Diluted earning per share:

	(IN INR)	
Particulars	31st.March,2021	31st.March,2020
Profit /(loss) attributable to equity shareholders	2,78,52,265	-19,19,445
Weighted average number of equity shares	20,00,000	20,00,000
Nominal value of equity shares	10	10
Basic and Diluted earnings per share	13.93	-0.96

Note 23: Related party disclosures

a) Enterprises exercising control	
i) Holding company	Isgec Heavy Engineering Limited
b) Enterprises where control of(a) (i) exists	
i) Subsidiaries (Extent of holding)	Saraswati Sugar Mills (100%) Freelook Softwares Private Limited (100%) Isgec covema Limited (1C Isgec Engineering and Projects Limited(100%) Isgec Exports Limited (100%) Eagle Press & Equipment Co. Limited,Canada (100%) Isgec Investments Pte Limited, Singapore (100%)
ii) Joint ventures	Isgec Hitachi Zosen Limited (51 % control) Isgec Foster Wheeler Boilers Private Limited (51% control) Isgec Titan Metal Fabricators Private Limited (51% control) Isgec Redicam Enviro Solutions Private Limited (51% control)
c) Key Management Personnel	
i) Non-executive directors	Mr Aditya Puri Mr V.K.Luthra Mr S.K.Khorana

Note 23.1: Transactions with related parties:

The following transactions occurred with related parties:

		(IN INR)	
Name of related party	Accounts affected	31st.March,2021	31st.March,2020
Isgec Heavy Engineering Limited Viz.Holding Company	Purchase of goods for resale*	3,00,900	-
Isgec Heavy Engineering Limited Viz.Holding Company	Purchase of services **	2,83,20,000	-
Isgec Heavy Engineering Limited Viz.Holding Company	Rent paid ***	78,316	-

* Inclusive of GST Rs 45,900

**Inclusive of GST Rs 4,320,000

***Inclusive of GST Rs 10,574

Note 23.2 :Year end balances of related parties

		(IN INR)	
Name of related party	Accounts affected	31st.March,2021	31st.March,2020
Isgec Heavy Engineering Limited Viz.Holding Company			
(refer note 17)	Other current liabilities	-	16,43,821
(refer note 14)	Trade payables	2,65,20,000	

Note 23.3: Terms and conditions of transactions with related parties:

The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.



Note 24 : Fair value measurements

Set below, is a comparison by class of the carrying amounts and fair value of the Company's financial statements, other than those with carrying amounts that are reasonable approximation of fair values :

(IN INR)

Financial Instruments by category		Carrying value		Fair value	
		31st.March,2021	31st.March,2020	31st.March,2021	31st.March,2020
Financial assets at amortised cost					
Trade receivables	3 & 7	20,32,29,449	1,75,54,665	20,32,29,449	1,75,54,665
Security deposits	4	33,050	58,050	33,050	58,050
Cash and cash equivalents	8	5,63,91,197	6,49,12,427	5,63,91,197	6,49,12,427
Interest accrued and due	9	3,13,218	3,02,613	3,13,218	3,02,613
Total financial assets		25,99,66,914	8,28,27,755	25,99,66,914	8,28,27,755
Financial liabilities at amortised cost					
Trade payables	14	8,09,97,322	86,01,874	8,09,97,322	86,01,874
Total financial liabilities		8,09,97,322	86,01,874	8,09,97,322	86,01,874

The carrying amounts of trade receivables, trade payables, cash and bank balances, and other financial assets are considered to be the same as their fair values.

Note 25: Segment Information

The company is engaged in one segment of erection and commissioning of industrial boilers and sugar plants and related accessories identified in accordance with principles enunciated in Indian Accounting Standard (IND AS-108), Segment Reporting. Hence, separate business segment information is not applicable. The Board of directors of the company has been identified as The Chief Operating Decision Maker (CODM). The chief Operating Decision Maker also monitors the operating results as one single segment for the purpose of making decisions about resource allocation and performance assessment and hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

Note 26 - Leases

Company as a Lessee

The company has lease contract for one demised premises for office use for a term of two years and a half month which is of low-value lease. There is no lease that have not commenced yet. The company recognises the lease payment associated with this lease as an expense on a straight-line basis over the term of lease. The lease rent charged Rs 67742 exclusive of GST RS 10574 (refer note 23.1) in the statement of profit and loss in relation to long-term lease which is of low value.

Practical expedients applied:

In applying Ind AS 116 for the first time, the Company has used the following practical expedients:

- i) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1st April, 2020.
- ii) Accounting for operating lease with a remaining lease term of two years as at April 2020 being long-term lease of low-value lease
- iii) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and restrictions from assigning and sub-letting the leased asset.

There is no impact on the company due to change in the accounting policy on applying of IND AS 116.



Isgec Covema Limited

Notes on financial statements for the year ended 31st.March,2021

Note 27 : Revenue from contracts with customers (Disclosure pursuant to IND AS 115)

(IN INR)

Particulars	31st.March,2021	31st.March,2020
Revenue from customers (refer note 18)	28,52,55,411	1,09,66,000
Contract balances		
- Unbilled revenue (refer note 11)	-	1,47,000
- Contract liability (refer note 16)	1,28,06,020	6,24,35,323
Amount of revenue recognised for :		
Amount included in the contractual liability of the beginning of the year	6,11,25,624	1,86,781
Reconciliation of revenue recognised in profit and loss and contracted price: There is no reconciliation between the amount of revenue recognised Rs NIL and with the contracted price		
Right to return asset and refund liability: There is no right to return asset and refund liability with the company		
Timing of recognition and method, and Information about performance obligation: -The timing for revenue recognition is services performed overtime -The company uses input method for recognising services overtime progressively by measuring the progress towards complete satisfaction of that performance obligation, because the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs. -There is no remaining performance obligation, as on 31st.March,2021 (31st.March,2020 NIL) to be performed next year in relation to the resale of machinery/erection services in the current year		



Note 28 : Financial risk management

The company's financial liabilities comprises of trade and other payables.The main purpose these financial liabilities is to manage finances for the company's operations.. and financial assets include trade and other receivables, cash and cash equivalents and other financial assets that are derived from its operations. The company is exposed to Market risk,credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.Market prices comprises three types of risk: currency rate risk,interest rate risk and other price risks,such as equity price and commodity price risk. Financial instruments affected by market risks include loans and borrowings ,deposits and derivative financial instruments.

(a) Credit risk

Credit risk is the risk that a counterparty will not meet the obligation under a financial instrument or customer contract, leading to a financial loss.The company is exposed from its operating activities (primarily trade receivables) which are unsecured and derived from external customers. Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks.Investments primarily include certificates of deposits which are funds deposited at a bank for a specified time period. The board of directors reviews and agrees policies for managing each of these risks. The limits are set to minimise the concentration of risks, and therefore mitigate loss through counterparty's potential failure to make payments.

Trade receivables

Customer credit risk is managed by the company's established policy,procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and an impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 3.The company does not hold collateral as security. The company evaluates the concentration of risk with respect to trade receivables as low,as its customers are located in several jurisdictions and industries and operate in largely independent markets.Trade receivables are written off when there is no reasonable expectations of recovery or failing to engage in a repayment plan with the company.

Expected credit loss for trade receivables under simplified approach

(IN INR)

Ageing	Not due	Less than 6 months	6 to 12 months	More than 12 months	Total
As at 31st.March,2020		13,968,739		4,262,389	18,231,128
Carrying amount of trade receivables (net of impairment)		13,968,739		3,585,926	17,554,665
As at 31st.March.,2021					
Gross carrying amount	72,230,006	128,892,704	2,106,739		203,229,449
Expected credit loss					-
Carrying amount of trade receivables (net of impairment)	72,230,006	128,892,704	2,106,739		203,229,449

The following table summarises the change in the loss allowances measured using expected credit loss model (ECL):

(IN INR)

Particulars	ECL for Trade Receivables
As at 31st.March,2020	676,463
Provided during the year	
Reversal of provisions	-676,463
As at 31st.March.,2021	

(b) Liquidity risk

Liquidity risk is defined as the risk that company will not be able to settle or meet its obligation on time or at a reasonable price.The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and its liquidity requirements.The company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate source of financing through the use of short term bank deposits.In addition processes and policies related to such risk are overseen by senior management. Management monitors the Company's liquidity position through rolling,forecast on the basis of expected cash flows.

Maturities of financial liabilities

The following table summarises the maturity profile of the company's financial liabilities at the reporting date based on contractual undiscounted payments

(IN INR)

Contractual maturities of financial liabilities	31st.March,2021					31st.March,2020				
	on demand	Less than 3 months	3 to 12 months	1 to 5 years	Total	on demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Non-derivatives										
Trade payables	56,898,729				56,898,729	8,601,874				8,601,874
Total Non-derivatives	56,898,729				56,898,729	8,601,874			0	8,601,874

Note 29: The company is not having any contingent liabilities, commitments and litigations as on 31st.March,2021 NIL (31st.March,2020 NIL)

Note 30 : The Company has considered the possible effects that may result from the pandemic related to COVID-19 on carrying amounts of receivables and unbilled revenues. In developing to the assumptions relating to the future possible uncertainties in the global economic conditions because of this pandemic, the Company as at the date of approval of these financial statements has used internal and external sources of information on the expected future performance of the Company.The Company expects the carrying amount of assets will be recovered.

Note 31: Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification/disclosure.

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

(Ramesh Malhotra)
Partner
M.No.013624
Place: New Delhi
Date: 12.05.2021



For and on behalf of the Board of Directors

(Signature)

(S.K. Khorana)
Director
DIN: 00085300

(Signature)

(V.K. Luthra)
Director
DIN: 02837289

Isgec Covema Limited

Note 1 :Corporate information

The company is a limited company domiciled in India with its registered office at 860, New Friends colony, New Delhi-110065 and is incorporated under the provisions of the Companies Act,2013 as applicable in India. The company is the wholly owned subsidiary company of Isgec Heavy Engineering Limited holding the entire share capital alongwith its nominees.

The company is engaged in erection and commissioning of industrial boilers, sugar plants and related accessories

Note 2 : Summary of Significant Accounting Policies

(a) Basis of preparation and Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

These financial statements have been prepared under the historical cost convention on the accrual basis, except for certain financial instruments and provisions which are measured at fair values at the end of each reporting period, as explained in the accounting policies below (as applicable).The financial statements were authorised for issue by the company's Board of Directors on 12th May,2021.

(b) Accounting estimates , assumptions and judgments

The preparation of financial statements requires management to **make judgments, estimates and assumptions** that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of **contingent liabilities** at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, Uncertainty about these assumptions and estimates could result in outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future period. The area involving critical estimate or judgment is recognition of deferred tax assets for carried forward losses, impairment of trade receivables and estimation of tax expense,estimation of uncertainty relating to the Global health pandemic on covid,19 in note 30, financial risk management objectives and policies in note 27 and other contingencies and commitments.

b(i) Impact of uncertainties related to COVID-19 (Global pandemic)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and unbilled revenues. In developing the assumptions relating to COVID-19 on the carrying amounts of receivables and unbilled revenue to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated

(c) Current versus Non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non- current classification. An asset is treated as current when it is:

*Expected to be realised in normal operating cycle,

*Held primarily for the purpose of the trading,



Isgec Covema Limited
Significant accounting policies contd.

*Expected to be realised within twelve months after the reporting period, or

*Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

*It is expected to be settled in normal operating cycle,

*It is held primarily for the purpose of the trading,

*It is due to be settled within twelve months after the reporting period, or

*There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(d) Cash and cash equivalents

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

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) -7 "Statement of Cash flows" using the indirect method for operating activities.

(e) Provisions, Contingent Liability and Contingent Assets

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is disclosed when a possible obligation from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or uncertain events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of obligation be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain events not wholly within the control of the entity. Contingent liabilities and contingent asset are not recognised but are disclosed in notes.

(f) Taxes

Current income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current income tax is charged at the end of reporting year to statement of profit and loss.



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Current income tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred income tax is provided using the balance sheet approach, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses only if it is probable that future taxable profit will be available to utilize those temporary differences and the carry forward of unused tax credits and unused tax losses.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Such deferred tax assets and liabilities are not recognised if the temporary differences arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax current tax assets against current tax liabilities and the deferred taxes relates to the same taxable entity and the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(g) Revenue recognition

Revenue from contracts with customers

The Ministry of Corporate Affairs ("MCA") has notified the IND AS 115, Revenue from Contract with Customers on 28th.March,2018,and the effective date is from accounting periods beginning on or after 1st.April,2018.

Revenue is recognised upon transfer of control of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

Revenue is measured at the transaction price.

Revenue from construction 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.



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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.

Revenue in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned income)

Unbilled revenues of Rs NIL as on 31st.March,2021 (Rs 147000/- as on 31st.march,2020) has been considered as a financial asset.

Interest income

Interest income is accounted on a time proportion basis taking into account outstanding and the effective interest rate(EIR).Effective rate of interest is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(h) Earning per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the company by the Weighted average number of Equity shares outstanding during the year.

(i) Borrowing costs

Borrowing costs consists of interest and other costs, and are expensed in the period in which they are incurred.

(j) Financial instruments

(i)Measurement

An initial recognition, the company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

***Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit and loss when the asset is derecognized or impaired these. Interest income from these financial assets is included in finance income using the effective interest rate method.

***Fair value through other comprehensive income(FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).Movements in the carrying amount are taken through OCI ,except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit and loss and recognized in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate.



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*Fair value through profit or loss : Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit and loss within other gain/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

(ii) Impairment of financial assets

In accordance with IND-AS 109, the company applies expected credit loss (ECL) mode for measurement and recognition of impairment loss on financial assets and credit risk exposures.

Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, deposits, trade receivables and bank balance. Financial assets that are debt instruments and are measured as at FVTOCI

The company follows simplified approach for recognition of impairment loss allowance on trade receivables and unbilled revenue. 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 recognition. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

(iii) Derecognition

Financial assets

A financial asset is derecognised only when the company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive cash flows of the financial asset, but assumes contractual obligation to pay the cash flows to one or more recipients when the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(k) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(l) Trade payables

The amount represents liabilities for services provided to the company prior to the end of the period which are unpaid. The amounts are unsecured non-interest bearings and are usually paid within 60 days of recognition. They are recognized at amortized cost, and the carrying amounts are reasonable approximation of fair value.



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Significant accounting policies contd.

(m) Leases

The application of accounting standard Ind AS 116 effective from financial years beginning or after April 1st, 2019 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value.

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 corresponding lease liability for all lease arrangements under it was a lessee at the lease commencement date except for short-term leases and of low-value leases.

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.

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.

Short-term leases and leases of low-value leases

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term upto 12 months and leases of low-value. 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 Comparative year)

In the comparative period, determination of whether an arrangement is (or contains) a lease is based on substance of arrangement at inception of lease. The arrangement is, or contains, a lease if fulfillment of arrangement is dependent on use of a specific asset or assets and arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee– Operating leases

Assets acquired on leases where a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental are charged to Statement of Profit and Loss on straight-line basis except where scheduled increase in rent compensate the lessor for expected inflationary costs.



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Significant accounting policies contd.

n) New and amended standards and interpretations

Ind AS 116 Leases

Amendments to Ind AS 116: Covid-19-Related Rent Concessions.

The amendments to Ind AS 116 provides a practical expedient to lessees in accounting for rent concessions that are a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election accounts for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).
- iii) There is no substantive change to other terms and conditions of the lease.

The new and amended accounting standard is not applicable to the company and therefore no disclosures are to be provided on account of new accounting standard

The MCA has not carried out any amendment to other accounting standards, which have significant impact on the Ind AS financial statements.

