

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ISGEC EXPORTS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Isgec Exports Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income) for the year ended March 31, 2018, the Statement of cash flows and the Statement of changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder.

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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS of the financial position of the company as at March 31, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date



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 Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss, the statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act read with relevant rule issued thereunder.
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the 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" and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company 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
(Regn.No.000057N)


(Ramesh Malhotra)
Membership No.013624
Place: New Delhi
Date: 18th May 2018



Annexure 'A' to Auditors' Report

The annexure referred to in Independent Auditor's Report of even date to the members of Isgec Exports Limited on the standalone financial Statements as of and for the year ended 31st.March,2018

- I The Company does not have any tangible assets as at March 31, 2018 and, accordingly, the requirements under paragraph 4(i) of the Order are not applicable to the Company and hence not been commented upon.
- ii The Company's business does not involve inventories and accordingly the requirements paragraph 4(ii) of the Order are not applicable to the Company and hence not been commented upon.
- iii According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (ii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- v The Company has not accepted any deposits from the public.
- vi Maintenance of cost records has not been prescribed to the company by the Central Government under Section 148(1) of the Companies Act, 2013
- vii a)The company is regular in depositing with appropriate authorities undisputed statutory dues including, income-tax, and other material statutory dues applicable to it.The provisions relating to provident fund, employees' state insurance, wealth tax, duty of custom, cess and duty of excise are not applicable to the company.
b)According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, service 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, wealth tax, duty of custom, cess, employee state insurance, duty of excise and value added tax are not applicable to the company.
c)According to the information and explanations given to us, there are no dues of income tax, sales tax ,service tax, goods and service tax,cess which have not been deposited on account of any dispute. The provisions relating to provident fund, wealth tax, duty of custom, cess, employee state insurance, duty of excise and value added tax are not applicable to the company.
- viii The Company did not have any outstanding dues from banks, financial institutions, debenture holders or government.
- ix Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer) and term loans hence, reporting under clause (ix) of the order is not applicable to the Company and hence not commented upon.
- x Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the Company by the officers and employees of the company 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 and hence not commented upon.
- xii In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii According to the information and explanations given by the management, there are no transactions with the related parties during the year under audit and accordingly reporting under clause 3(xiii) in so far as relates to section 188 of the Act is not applicable to the company and hence not commented upon. The provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) in so far as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- xiv According to the information and explanations given to us and on an overall examination of the balance sheet, 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 provisions of clause 3(xiv) are not applicable and not commented upon.
- xv Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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


(Ramesh Malhotra)
Partner
Membership No:013624
Place:New Delhi
Date: 18th May 2018



Annexure B to the Auditor's Report

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 Exports Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2017.

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 judgement, 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, 2017, 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
Place :New Delhi
Date: 18th May 2018



Isgec Exports Limited
CIN:U51909DL1996PLC076750
Balance Sheet as at 31.3. 2018

(IN INR)

	Note	31.3.2018	31.3.2017
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment			
(b) Capital Work-In Progress			
(c) Investment Property			
(d) Goodwill			
(e) Other Intangible assets			
(f) Financial Assets			
(i) Investments			
(ii) Trade Receivables			
(iii) Loans			
(iv) Others			
(v) Deferred tax assets (Net)			
(vi) Other Non-current assets			
Current assets			
(a) Inventories			
(b) Financial Assets			
(i) Investments			
(ii) Trade receivables			
(iii) Cash and cash equivalents	3	10,427,991	10,462,324
(iv) Bank balances other than (iii) above			
(v) Loans			
(vi) Others	4	1,201,731	490,120
(c) Current tax assets (net)	5	-	130,161
(d) Other Current assets			
Sub-total (a)		11,629,722	11,082,605
Total assets (a)		11,629,722	11,082,605
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	6 (a)	1,000,000	1,000,000
(b) Other Equity			
Reserves and surplus	6 (b)	10,513,413	10,053,855
Sub-total (a)		11,513,413	11,053,855
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings			
(ii) Trade payables			
(iii) Other financial liabilities			
(b) Deferred Revenue/income			
(c) Provisions			
(d) Employee benefit obligations			
(e) Deferred tax liabilities (net)			
(f) Other Non-current liabilities			
Sub-total (b)		11,513,413	11,053,855
Current liabilities			
(a) Financial liabilities			
(i) Borrowings			
(ii) Trade payables	7	29,500	28,750
(iii) Other financial liabilities	8	75,442	-
(b) Other current liabilities			
(c) Provisions			
(d) Employee benefit obligations			
(d) Current Tax liabilities (Net)	5	11367	-
		116,309	28,750
Total Equity And Liabilities (a) + (b)		11,629,722	11,082,605

The accompanying notes are an integral part of these financial statements

In terms of our report of even date
For K.C.Malhotra & Co.
Chartered Accountants
(Firm Regn.No.000057N)

For and on behalf of Board of directors



(Ramesh Malhotra)
Partner
Membership No.013624
Place: New Delhi
Date: 18.05.2018

(Aditya Puri)
Director
DIN:00052534

(Kishore Chatnani)
Director
DIN:07805465

Isgec Exports Limited
CIN:U51909DL1996PLC076750
Statement of Profit and Loss for the year ended 31.3. 2018

		(IN INR)	
Income	Note	31.3.2018	31.3.2017
Revenue from Operations		-	-
Other Income	9	790,550	662,869
Total Income		790,550	662,869
Expenses			
Other expenses	10	37,415	54,155
Total Expenses		37,415	54,155
Profit / (loss) before tax		753,135	608,714
Income tax expense	11	293,577	181,820
Profit/(Loss) for the year		459,558	426,894
Other Comprehensive income		-	-
Total Comprehensive income for the year		459,558	426,894
Earnings per equity share			
Basic & Diluted	13	4.60	4.27

The accompanying notes are an integral part of these financial statements

In terms of our report of even date
For K.C.Malhotra & Co.
Chartered Accountants
(Firm Regn.No.000057N)

(Ramesh Malhotra)
Partner
Membership No.013624
Place: New Delhi
Date: 18.05.2018



For and on behalf of Board of directors


(Aditya Puri)
Director
DIN:00052534


(Kishore Chatnani)
Director
DIN:07805465

Isgec Exports Limited
Notes to financial statements for the year ended 31.3.2018

Statement of changes in equity

A. Equity share capital (IN INR)

As at 1.4.2016	1,000,000
Changes in equity share capital	
As at 31.3.2017	1,000,000
Changes in equity share capital	
As at 31.3.2018	1,000,000

B : Other Equity

(IN INR)

Particulars	Reserves and Surplus		
	General reserve	Retained Earnings	Total
As at 01.04.2016	5,864,688	3,762,273	9,626,961
Profit/(loss) for the year			
Total comprehensive income	5,864,688	3,762,273	9,626,961
		426,894	
As at 31.3.2017	5,864,688	4,189,167	10,053,855
Balance as at 31.3.2017	5,864,688	4,189,167	10,053,855
Profit/(Loss) for the year		459,558	459,558
Total comprehensive income	5,864,688	4,648,725	10,513,413
As at 31.3.2018	5,864,688	4,648,725	10,513,413

The accompanying notes are an integral part of these financial statements

In terms of our report of even date

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



(Ramesh Malhotra)
Partner
Membership No.013624
Place: New Delhi
Date: 18.05.2018

For and on behalf of Board of directors

(Aditya Puri)
Director
DIN:00052534

(Kishore Chatnani)
Director
DIN:07805465

Isgec Exports Limited
CIN:U51909DL1996PLC076750
Cash Flow Statement for the year ended 31.3.2018

(IN INR)

	Note	31.3.2018	31.3.2017
Cash flow from operating activities			
Profit before tax		753,135	608,714
Adjustments for :			
Interest income	9	(790,550)	(662,869)
Change in operating assets and liabilities			
(Decrease) /increase in other financial assets	4	(711,611)	(490,120)
(Decrease) /increase in current tax assets / (Liabilities) (net)	5	141,528	(46,516)
Increase /(decrease) in trade payables	7	750	250
Increase /(decrease) in other financial liabilities	8	75,442	-
Cash generated from operations		(531,306)	(1,199,255)
Income tax paid		(293,577)	(181,820)
Net cash inflow / (outflow) from operating activities		(824,883)	(772,361)
Cash flow from investing activities			
Interest received	9	790,550	662,869
Net cash inflow / (outflow) from investing activities		790,550	662,869
Cash flows from financing activities			
Net cash flow / (outflow) from financing activities			-
Net increase/(decrease) in cash and cash equivalents		(34,333)	(109,492)
Cash and cash equivalents at the beginning of the financial year	3	10,462,324	10,571,816
Cash and cash equivalents at the end of the financial year	3	10,427,991	10,462,324

The accompanying notes are an integral part of these financial statements

In terms of our report of even date
For K.C.Malhotra & Co.
Chartered Accountants
(Firm Regn.No.000057N)

(Ramesh Malhotra)
Partner
Membership No.013624
Place: New Delhi
Date: 18.05.2018



For and on behalf of Board of directors


(Aditya Puri)
Director
DIN: 00052534


(Kishore Chatnani)
Director
DIN:07805465

Isgec Exports Limited

Note 1 : Overview

The company is a limited company domiciled in India with its registered office at D-860 New Friends Colony, New Delhi-110065 and is incorporated on 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.

Note 2 : Significant accounting policies

(a)Basis of preparation

(i)Compliance with IND AS

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).

(b) 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 classified as current when it is :

* expected to be realised in normal operating cycle,

* Held primarily for the purpose of the trading,

*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.



Isgec Exports Limited

Significant accounting policies contd.

The Company classifies all other liabilities as non-current.

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

(c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes 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.

(d) 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, unless the possibility of an outflow of resources embodying economic benefits has become probable.

Contingent liabilities are not recognised but are disclosed in Notes.

A contingent asset is not recognized but disclosed when an inflow of economic benefits is probable.

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.

(e) 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.

Deferred tax has not been recognized since there are no temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date.



Isgec Exports Limited

Significant accounting policies contd.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the future economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

*Interest income is recognized using the bank deposit rates which is considered to be effective rate of interest.

The effective rate of interest is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. While calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (For example prepayments, extension, call and similar options) but does not consider the expected credit losses.

(g) Earning per share (EPS)

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

(h) Financial Instruments

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.

(i) Measurement

At initial recognition, financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transactions costs that are attributable to the acquisition of the financial asset.

Subsequent measurement of such financial asset depends on the Company's business mode for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets.

***Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest are measured at amortised cost.

***Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets,



Isgec Exports Limited

Significant accounting policies contd.

where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI).

***Fair value through profit and loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss (FVTPL). A gain or loss on a financial asset that is subsequently measured at fair value through profit and loss and is not part of a hedging relationship is recognised 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 and credit risk exposures.

Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, deposits, trade receivables and bank balance. The company follows simplified approach for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its recognition.

The company does not have any purchased or originated credit - impaired (POCI) financial asset, i.e. financial asset which are credit impaired on purchase/origination.

(iii) Derecognition of 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 the cash flows of the financial asset, but assumes a 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 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



Isgec Exports Limited

Significant accounting policies contd.

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.

(i) 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.

(j) 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 amortised cost, and the carrying amounts are reasonable approximation of fair value.

(K) Standards issued but not yet effective upto the date of issuance of the company's financial

The new standards, interpretations and amendments to standards that are issued, but not yet effective, upto 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 115 Revenue from contracts with customers

In February, 2015 IND AS 115 - Revenue from contracts with customers was issued. The standard establishes a new five - step model that will apply to revenue arising from contracts with customers. Under IND AS 115 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard is applicable to all entities and will supersede all current recognition requirements under IND AS. The effective date is from accounting period beginning on or after 1st April, 2018. The company is currently evaluating the requirements of IND AS 115, and has not yet determined the impact on the financial statements.



Isgec Exports Limited

Notes to financial statements for the year ended 31.3.2018

Note 3 : Cash and cash equivalents

(IN INR)

	31.3.2018		31.3.2017	
	Non-current	Current	Non-current	Current
Balance with banks				
-In current accounts		47,991		82,324
-Bank deposits with maturity within twelve months		10,380,000		10,380,000
Total cash and cash equivalents		10,427,991	-	10,462,324

Cash at bank earns interest at bank fixed deposit rates

Note 4: Other financial assets

(IN INR)

	31.3.2018		31.3.2017	
	Non-current	Current	Non-current	Current
Interest accrued but not due		1,201,731		490,120
Total other financial assets		1,201,731		490,120

Note 5 : Current tax assets /(liabilities) (net)

(IN INR)

	31.3.2018		31.3.2017
Prepaid taxes	182,563		311,981
Less:Provision for Income tax	193,930		181,820
Total current tax assets / (Liabilities) (net)	-11,367		130,161



Isgec Exports Limited
Notes to financial statements for the year ended 31.3.2018

Note 6 (a) : Equity share capital

Authorised equity share capital

	Number of shares	(IN INR) Amount
As at 1st.April, 2017	100,000	1,000,000
Increase during the year	-	-
As at 31st.March,2018	100,000	1,000,000
Issued equity capital		
Equity shares of Rs 10 each issued, subscribed and fully paid		
As at 1st.April, 2017	100,000	1,000,000
Changes during the year	-	-
As at 31st.March,2018	100,000	1,000,000

Rights, preferences and restrictions attached to equity shares:

The company has only one class of equity shares having a par value of Rs 100 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholdings.

Shares of the company held by holding company

	31st.March,2018	31st.March,2017
Isgec Heavy Engineering Limited *	100,000	100,000

Detail of share holders holding more than 5% shares in the company

	31st.March,2018		31st.March,2017	
	Number of shares	% of holding	Number of shares	% of holding
Isgec Heavy Engineering Limited *	100,000	100	100,000	100

* Out of 100,000 shares held by Isgec Heavy Engineering limited 9 shares are held by nine individuals holding 1 share each as nominee



Isgec Exports limited
Notes to financial statements for the year ended 31.3.2018

Other equity

6 (b) Reserves and surplus **(IN INR)**

	31.3.2018	31.3.2017
General reserve (i)	5,864,688	5,864,688
Retained earnings (ii)	4,648,725	4,189,167
Total reserves and surplus	10,513,413	10,053,855

(i) General reserve

	31.3.2018	31.3.2017
Opening balance	5,864,688	5,864,688
Additions during the year	-	-
Less: utilised during the year	-	-
Closing balance	5,864,688	5,864,688

(ii) Retained earnings

Opening balance	4,189,167	3,762,273
Profit for the year	459,558	426,894
Closing balance	4,648,725	4,189,167

Note 6 (b) (i) :

General reserve

This represents appropriation of profit by the company

note 6 (b) (ii) :

Retained earnings

This comprise company's undistributed profit after taxes



Isgec Exports Limited

Notes to financial statements for the year ended 31.3.2018

Note 7 : Trade payables

(IN INR)

	31.3.2018		31.3.2017	
	Non-current	Current	Non-current	Current
Trade payables		29,500		28,750
Total trade payables		29,500		28,750

Note 8: Other financial liabilities

	31.3.2018		31.3.2017	
	Non-current	Current	Non-current	Current
Due to a bank (cheques issued but not presented for payment)		75,442		-
		75,442		-

Note 9: Other income

(IN INR)

	31.3.2018	31.3.2017
Interest income		
-On fixed deposits	789,174	662,869
On refund of tax	1376	-
Total other income	790,550	662,869

Note 10 : Other expenses

(IN INR)

	31.3.2018	31.3.2017
Bank charges	1481	
Legal and professional charges	6,434	25,155
Audit fee (a)	29,500	28,750
Rates and taxes	-	250
Total other expenses	37,415	54,155

(a) Include GST/service tax 4,500 3,750

Note 11 : Income Tax expense

(IN INR)

	31.3.2018	31.3.2017
a) Current tax		
Current tax on profit for the year	193,930	181,820
Adjustment of tax relating to earlier years	99,647	
Total current tax expense	293,577	181,820
(b) Deferred tax	-	-
Total deferred tax expense		
	-	
Total income tax expense	293,577	181,820

Reconciliation of tax expense and accounting profit multiplied by tax rate

	31.3.2018	31.3.2017
Profit before income tax expense	753,135	608,714
Tax @ 25.75 % (29.87 % 2016-17)	193,930	181,820
Adjustment of tax relating to earlier years	99,647	
Income tax expense	293,577	181,820



Isgec Exports Limited
Notes to financial statements for the year ended 31.3.2018

Note 12 : Related party transactions

(IN INR)

	31.3.2018	31.3.2017
a) Transactions with related parties	-	-
b) Key Management Personnel	-	-

Note 13 : 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)

Particular	31.3.2018	31.3.2017
Profit/(loss) attributable to equity shareholders	459,558	426,894
Weighted average number of equity shares	100,000	100,000
Nominal value of equity shares	10	10
Basic & diluted earnings per share	4.60	4.27

Note 14 : Fair value measurements

Financial Instruments by category	Note	Carrying Value		Fair value	
		31.3.2018	31.3.2017	31.3.2018	31.3.2017
Financial assets at amortised cost					
Cash and cash equivalents	4	10,427,991	10,462,324	10,427,991	10,462,324
Other financial assets	5	1,201,731	490,120	1,201,731	490,120
Total financial assets		11,629,722	10,952,444	11,629,722	10,952,444
Financial liabilities at amortised cost					
Trade payables	8	29,500	28,750	29,500	28,750
Other financial liabilities	9	75,442	-	75,442	-
Total financial liabilities		104,942	28,750	104,942	28,750

Fair values of financial assets and liabilities are measured at amortised cost as the carrying amounts are considered equal to their fair values



Note 15 : Financial risk and 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. 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.

(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 on contractual payments

	31.3.2018		31.3.2017	
Contractual maturities of financial liabilities	on demand		on demand	
Non-derivatives				
Trade payables	29500		28750	
Total Non-derivatives	29,500		28,750	

Note 16 : Figures relating to March, 2017 have been regrouped/reclassified wherever necessary to make them comparable with the current year's figures

In terms of our report of even date

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

(Ramesh Malhotra)
Partner
Membership No. 013624
Place: New Delhi
Date: 18.05.2018



For and on behalf of Board of directors

(Aditya Puri)
Director
DIN: 00052534

(Kishore Chatnani)
Director
DIN: 07805465