

Independent Auditor's Report

To the Members of
Isgec Hitachi Zosen Limited

REPORT ON THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

Opinion

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

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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its profit including other 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 Ind AS 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 No. 48 to the Ind AS financial statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations, recoverability of receivables and other assets and management's evaluation of the future performance of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.



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Other Matters

We draw attention to the fact that figures for the corresponding year ended March 31, 2020 prepared in accordance with Ind AS and included in the Ind AS financial statements, are based on the previously issued audited Ind AS financial statements for the year ended March 31, 2020 that were audited by the predecessor auditor who had expressed an unmodified opinion thereon as per his report dated June 17, 2020.

Our opinion on the Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Information other than the Ind AS Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the Directors Report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 on the other information obtained prior to the date of this auditor's report, 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.

Management's Responsibility 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, changes in equity and cash flows 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 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 responsibility 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. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- 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 our auditor's report to the related disclosures in the Ind AS 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 Ind AS 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 Ind AS 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, which forms a part of this report, a statement on the matters specified in paragraph 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 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 appears from our examination of such books.
 - (c) The Balance Sheet, Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows 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 Indian Accounting Standards (IND AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2021 from being appointed as a Director in terms of Section 164(2) of the Companies Act, 2013.
 - (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".
 - (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 issued by the Central Government of India in terms of clause (j) of sub-section (3) of section 143 of the Act, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note No. 41 to the Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration for the year ended 31st March, 2021 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

For SCV & Co. LLP
Chartered Accountants
Firm Regn. No. 000235N/N500089



Abhinav Khosla

Abhinav Khosla
Partner

Membership No.: 087010
UDIN: 21087010AAAACF9726

Place: New Delhi

Dated: 19th May 2021

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of **Isgec Hitachi Zosen Limited** on the IND AS Financial Statements for the year ended 31st March 2021)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) According to the information and explanations given to us, fixed assets verification has been conducted by the management during the year. All the fixed assets of the Company have not been physically verified by the management during the year but there is a regular phased programme of physical verification over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. No material discrepancies were noticed on such verification.

(c) According to information and explanations given to us and on the basis of our examination of the records, the company does not have any immovable properties acquired in its own name. However, it has constructed the buildings with gross block amounting to Rs. 978.96 Lacs and net block amounting to Rs. 853.71 Lacs on land taken on sub-lease from the holding company.
- ii. Physical verification has been carried out by the Management in respect of inventory at reasonable intervals during the year. In our opinion the frequency of verification is reasonable. According to the information and explanations given to us, discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been dealt with in the books of account.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the paragraphs 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to us, there were no loans, investments, guarantees and security provided by the Company during the year which are covered under provisions of section 185 and section 186 of the Companies Act, 2013. Therefore, the provisions of paragraph (iv) of the above order are not applicable to the Company.
- v. According to the information and explanations provided by the management, we are of the opinion that the company has not accepted any deposits from public covered under section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under. Accordingly, the paragraph 3(v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the sub-section (1) of section 148 of the Companies Act, 2013, specified by the Central Government and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



- vii. (a) According to the information and explanations given to us and records of the Company examined by us, in our opinion, the company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Goods and Service Tax, Income-tax, Sales-tax, Service tax, Value Added Tax, Customs Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Goods and Service Tax, Income-tax, Sales-tax, Service tax, Value Added Tax, Customs Duty, Excise Duty, cess and other material statutory dues were outstanding, as on 31st March, 2021 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, goods and service tax or value added tax which have not been deposited on account of any dispute except as given under:

| Name of the Statute | Nature of Dues | Disputed Amount (Rs. In lacs) | Period to which it relates | Forum where Dispute is pending |
|---------------------|----------------|-------------------------------|----------------------------|--------------------------------|
| Finance Act, 1994 | Service Tax | 36.11 | FY 2015-16 | Joint Commissioner (Appeals) |

- viii. Based on our audit procedures and on the information and explanations given to us, the Company has not raised any funds from financial institution or Government. Further, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company has not issued any debentures during the year or in the preceding year.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Hence reporting under clause 3(ix) of the Order is not applicable to the Company.
- x. According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on our examination of records of Company, the Company has paid / provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. According to the information and explanation given to us, the Company is not a Nidhi Company. Therefore the provisions of paragraph 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013. Further the details of the transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.



- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of paragraph 3(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013. Accordingly, provisions of paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of paragraph 3 (xvi) of the Order are not applicable to the Company.

For SCV & Co. LLP
Chartered Accountants
Firm Regn. No. 000235N/N500089



Abhinav Khosla

Abhinav Khosla
Partner

Membership No.: 087010
UDIN: 21087010AAAACF9726

Place: New Delhi
Dated: 19th May 2021

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of **Isgec Hitachi Zosen Limited** on the IND AS Financial Statements for the year ended 31st March 2021)

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 Hitachi Zosen Limited** ("the Company") as of 31st March 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 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.

Auditors' 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed 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 ICAI. 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 Company's 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 issued by the ICAI.

For SCV & Co. LLP
Chartered Accountants
Firm Regn. No. 000235N/N500089



Abhinav Khosla

Abhinav Khosla

Partner

Membership No.: 087010

UDIN: 21087010AAAACF9726

Place: New Delhi

Dated: 19th May 2021

ISGEC HITACHI ZOSEN LIMITED
CIN: U28123HR2012PLC045430
BALANCE SHEET AS AT MARCH 31, 2021

(Rs in Lakhs)

| Particulars | Page No | Note No. | As at March 31, 2021 | As at March 31, 2020 |
|--|---------|----------|-------------------------|-------------------------|
| ASSETS | | | | |
| (1) Non Current Assets | | | | |
| (a) Property, Plant and Equipment | 17 | 5 | 6,895.09 | 7,162.85 |
| (b) Capital Work In Progress | 17 | 5 | 33.34 | 166.51 |
| (c) Right- of- Use Assets | 18 | 5A | 2,590.13 | 5,117.93 |
| (d) Intangible Assets | 19 | 6 | 110.65 | 152.57 |
| (e) Financial Assets | | | | |
| (i) Loans | 20 | 7 | 42.33 | 44.40 |
| (ii) Others | 20 | 8 | 114.63 | 171.01 |
| (f) Other Non-current Assets | 22 | 10 | 8.93 | 12.01 |
| Total non-current assets | | | 9,795.10 | 12,827.28 |
| (2) Current Assets | | | | |
| (a) Inventories | 23 | 11 | 25,819.49 | 21,095.87 |
| (b) Financial Assets | | | | |
| (i) Trade Receivables | 24 | 12 | 11,167.04 | 5,497.52 |
| (ii) Cash and Cash Equivalents | 24 | 13 | 132.98 | 2,352.20 |
| (iii) Bank Balances other than (ii) above | 24 | 14 | 748.10 | 996.33 |
| (iv) Loans | 25 | 15 | 20.16 | 17.34 |
| (v) Others | 25 | 16 | 154.16 | 214.46 |
| (c) Other Current Assets | 25 | 17 | 4,842.48 | 2,022.68 |
| (d) Current tax Assets (net) | 32 | 30 | - | 37.82 |
| Total current assets | | | 42,884.41 | 32,234.23 |
| Total assets | | | 52,679.51 | 45,061.51 |
| EQUITY AND LIABILITIES | | | | |
| (1) Equity | | | | |
| (a) Equity Share Capital | 26 | 18 | 10,000.00 | 10,000.00 |
| (b) Other Equity | 27 | 19 | 4,539.42 | 4,170.18 |
| Total equity | | | 14,539.42 | 14,170.18 |
| LIABILITIES : | | | | |
| (2) Non- Current Liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Others Financial liabilities excl. provisions | 28 | 20 | 67.57 | 34.11 |
| (ii) Borrowings | 28 | 21 | 1,250.00 | 1,750.00 |
| (b) Lease liabilities | 28 | 22 | 69.91 | 2,834.08 |
| (c) Provisions | 28 | 23 | 624.10 | 595.69 |
| (d) Deferred Tax Liabilities (Net) | 21 | 9 | 175.06 | 193.08 |
| Total non-current liabilities | | | 2,186.64 | 5,406.96 |
| (3) Current Liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | 29 | 24 | 14,359.55 | 2,400.00 |
| (ii) Trade Payables | | | | |
| - Total Outstanding dues of Micro and Small Enterprises | 30 | 25 | 153.37 | 67.45 |
| - Total Outstanding dues of Creditors other than Micro and Small Enterprises | 30 | 25 | 2,636.19 | 2,768.60 |
| (iii) Others Financial liabilities excl. provisions | 31 | 26 | 2,930.92 | 1,326.62 |
| (b) Lease Liabilities | 31 | 27 | 2,764.17 | 2,517.97 |
| (c) Other Current Liabilities | 31 | 28 | 12,587.97 | 15,606.53 |
| (d) Provisions | 32 | 29 | 506.73 | 797.20 |
| (e) Current Tax Liabilities (net) | 32 | 30 | 14.55 | - |
| Total current liabilities | | | 35,953.45 | 25,484.37 |
| Total equity | | | 52,679.51 | 45,061.51 |

The accompanying notes from 1 to 51 form an integral part of financial statements

As per our report of even date

For SCV & Co. LLP
Chartered Accountants
Firm Registration No.000235N/N500089

Abhinav Khosla
CA. Abhinav Khosla
Partner
Membership No. 087010

Place: *New Delhi*
Dated: **19 MAY 2021**



Shailish Kumar
Shailish Kumar
Chief Financial Officer

Aasha Rani
Aasha Rani
Company Secretary
M.No.A39007

Brajesh kr. Rai
Brajesh kr. Rai
Chief Operating Officer

Sanjay Gulati
Sanjay Gulati
Managing Director
DIN: 05201178

For and on behalf of the Board of Directors

Shalabh Singh
Shalabh Singh
Director
DIN: 07738604

ISGEC HITACHI ZOSEN LIMITED
CIN: U28123HR2012PLC045430
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH, 2021

(Rs in Lakhs)

| Sr. No. | Particulars | Page No | Note No. | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---------|--|-------------|----------|---------------------------|---------------------------|
| I | Revenue from operations | 33 | 31 | 33,848.64 | 28,804.89 |
| II | Other income | 34 | 32 | 55.09 | 87.32 |
| III | Total income (I+II) | | | 33,903.73 | 28,892.21 |
| IV | Expenses | | | | |
| | (a) Cost of materials consumed | 35 | 33 | 20,613.60 | 18,538.56 |
| | (b) Changes in inventories of finished goods and work - in - progress | 36 | 34 | (3,922.28) | (4,479.96) |
| | (c) Employee benefits expense | 37 & 38 | 35 | 3,492.02 | 3,569.70 |
| | (d) Finance costs | 39 | 36 | 1,063.37 | 1,039.25 |
| | (e) Depreciation and amortisation expense | 17, 18 & 19 | 5,5A & 6 | 3,821.38 | 3,460.94 |
| | (f) Other expense | 40 | 37 | 7,869.17 | 5,650.04 |
| | Total expenses (IV) | | | 32,937.26 | 27,778.53 |
| V | Profit/ (Loss) before Tax (III-IV) | | | 966.47 | 1,113.68 |
| VI | Tax Expense: | | | | |
| | (a) Current Tax | 41 | 38 | 277.79 | 410.00 |
| | (b) Deferred Tax | 41 | 38 | (29.29) | 5.74 |
| | (c) Tax adjustment for earlier years | | | (32.83) | - |
| | Total tax expenses (VI) | | | 215.67 | 415.74 |
| VII | Profit/ (Loss) for the year (V-VI) | | | 750.80 | 697.94 |
| VIII | Other Comprehensive Income | | | | |
| | A (i) Items that will not be reclassified to profit/(loss) | | | | |
| | -Remeasurement of post employment benefit obligations | 42 | 39 | 25.54 | (47.25) |
| | (ii) Income tax relating to items that will not be reclassified to profit/(loss) | 42 | 39 | (7.10) | 20.52 |
| IX | Total Income including other comprehensive Income (VII+VIII) | | | 769.24 | 671.21 |
| X | Earnings per equity share of Rs. 10 each | | | | |
| | Basic (₹) | 43 | 40 | 0.75 | 0.70 |
| | Dilluted (₹) | 43 | 40 | 0.75 | 0.70 |

The accompanying notes from 1 to 51 form an integral part of financial statements

As per our report of even date

For SCV & Co. LLP
Chartered Accountants
Firm Registration No.000235N/N500089

Abhinav Khosla
CA. Abhinav Khosla
Partner
Membership No. 087010

Place: New Delhi
Dated: 19 MAY 2021



Shailish Kumar
Shailish Kumar
Chief Financial Officer

Aasha Rani
Aasha Rani
Company Secretary
M.No.A39007

Sanjay Gulati
Sanjay Gulati
Managing Director
DIN: 05201178

For and on behalf of the Board of Directors

Shalabh Singh
Shalabh Singh
Director
DIN: 07738604

ISGEC HITACHI ZOSEN LIMITED
CIN: U28123HR2012PLC045430
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(Rs In Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|------------------------------|---------------------------------|
| A. Cash flow from Operating activities: | | |
| Profit before tax | 966.47 | 1,113.67 |
| Adjustments for: | | |
| Depreciation and amortisation Expense | 3,821.38 | 3,460.94 |
| Finance costs | 1,063.37 | 1,047.01 |
| Interest and other Income | (53.29) | (87.32) |
| Gain / (loss) on disposal of property, plant and equipment | (1.56) | - |
| Operating profit before working capital adjustments | 5,796.37 | 5,534.30 |
| Working capital adjustments | | |
| - (Increase)/Decrease in Trade Receivables | (5,669.52) | (2,101.23) |
| - (Increase)/Decrease in Other Receivables | (2,517.03) | 578.32 |
| - (Increase)/Decrease in Inventories | (4,723.63) | (2,331.19) |
| - Increase/(Decrease) in Trade and Other payable | (1,656.07) | 6,279.37 |
| Cash generated from operations | (8,769.88) | 7,959.56 |
| - Income Tax paid (net of refund) | (156.81) | (197.13) |
| Net cash flow from / (used in) operating activities | (8,926.69) | 7,762.43 |
| B. Cash flow from investing activities | | |
| Purchase of Plant, Property & Equipment | (853.63) | (3,390.46) |
| Proceeds from sale of Plant, Property & Equipment | 4.49 | - |
| Interest Received | 70.63 | 76.04 |
| Net cash flow from / (used in) investing activities | (778.51) | (3,314.43) |
| C. Cash flow from financing activities | | |
| Proceeds/(Repayment) from Secured loans | 11,459.54 | 1,118.75 |
| Cash payments for the interest portion of the lease liability | (317.03) | (541.32) |
| Cash payments for the principal portion of the lease liability | (2,517.97) | (2,293.68) |
| Interest and other Borrowing cost Paid | (738.56) | (500.13) |
| Dividend paid on equity shares (including DDT) | (400.00) | (180.83) |
| Net cash flow from / (used in) financing activities | 7,485.98 | (2,397.21) |
| Net Increase/(Decrease) in Cash & Cash Equivalents | (2,219.22) | 2,050.80 |
| Cash and cash equivalents at beginning of the year | 2,352.20 | 301.40 |
| Cash and cash equivalents at end of the year | 132.98 | 2,352.20 |
| Components of cash and cash equivalents | | |
| Cash and Cheques in hand | 0.62 | 0.59 |
| Balance with Scheduled Banks | 132.36 | 2,351.61 |
| Cash and cash equivalents | 132.98 | 2,352.20 |

Note:

(i) The cash flow statement has been prepared in accordance with 'Indirect method' as set out in the Ind AS-7 on "Cash Flow Statements" as specified in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014.

(ii) Reconciliation of liabilities arising from financing activities:

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---------------------------------------|------------------------------|------------------------------|
| Balance at the beginning of the year | 4,400.00 | 3,031.25 |
| Cash flows: | | |
| Proceeds from Non current borrowings | - | 2,000.00 |
| Proceeds from current borrowings | 11,959.55 | 2,400.00 |
| Repayment of borrowings | (250.00) | - |
| Balance at the end of the year | 16,109.55 | 4,400.00 |

(iii) Figures in brackets indicate cash outgo.

As per our report of even date

For SCV & Co. LLP
Chartered Accountant
Firm Registration No.000235N/N500089

Abhinav Khosla

CA. Abhinav Khosla
Partner
Membership No. 087010

Place: *New Delhi*
Dated: **19 MAY 2021**

Shalabh Kumar
Shalabh Kumar
Chief Financial Officer

Brajesh kr. Rai
Brajesh kr. Rai
Chief Operating Officer

Aasha Rani
Aasha Rani
Company Secretary
M.No.A39007

For and on behalf of the Board of Directors

Sanjay Gulati
Sanjay Gulati
Managing Director
DIN: 05201178

Shalabh Singh
Shalabh Singh
Director
DIN: 07738604



ISGEC HITACHI ZOSEN LIMITED
CIN: U28123HR2012PLC045430
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. EQUITY SHARE CAPITAL (Rs in Lakhs)

| As at 1st April, 2020 | Changes during the year | As at March 31, 2021 |
|--------------------------|-------------------------|-------------------------|
| 10,000 | - | 10,000 |

| As at 1st April, 2019 | Changes during the year | As at March 31, 2020 |
|--------------------------|-------------------------|-------------------------|
| 10,000 | - | 10,000 |

B. OTHER EQUITY (Rs in Lakhs)


| Particulars | Reserves and Surplus | Total |
|--|----------------------|-----------------|
| | Retained earnings | |
| Balance as at April 1, 2020 | 4,170.18 | 4,170.18 |
| Profit for the year | 750.80 | 750.80 |
| Other Comprehensive income | 18.44 | 18.44 |
| Final dividend paid for the year ended March 31, 2020 | (400.00) | (400.00) |
| Balance as at March 31, 2021 | 4,539.42 | 4,539.42 |

| Particulars | Reserves and Surplus | Total |
|--|----------------------|-----------------|
| | Retained earnings | |
| Balance as at April 1, 2019 | 3,679.81 | 3,679.81 |
| Profit for the year | 697.93 | 697.93 |
| Other Comprehensive income | (26.73) | (26.73) |
| Final dividend paid for the year ended March 31, 2019 (Including DDT) | (180.83) | (180.83) |
| Balance as at March 31, 2020 | 4,170.18 | 4,170.18 |

As per our report of even date

For SCV & Co. LLP
Chartered Accountants
Firm Registration No.000235N/N500089


Shailesh Kumar
Chief Financial Officer


Brajesh Kr. Rai
Chief Operating Officer

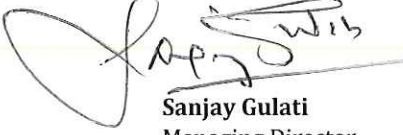

Aasha Rani
Company Secretary
M.No.A39007



CA. Abhinav Khosla
Partner
Membership No. 087010

For and on behalf of the Board of Directors

Place: New Delhi
Dated: **19 MAY 2021**


Sanjay Gulati
Managing Director
DIN: 05201178


Shalabh Singh
Director
DIN: 07738604



ISGEC HITACHI ZOSEN LIMITED

1. CORPORATE INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the e Companies (Indian Accounting Standards) Amendment Rules, 2018.

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.

The financial statements are presented in Indian rupees (INR) and all values are rounded to the nearest lakhs and two decimals thereof, except otherwise stated.

These financial statements have been prepared under the historical cost convention on the accrual basis, except for certain financial instruments & Provisions which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2 USE OF ESTIMATES

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgements, 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 the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period.

2.2 REVENUE RECOGNITION

SALE OF PRODUCTS AND RENDERING OF SERVICE

The Company recognises revenue when the company satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer. An asset is transferred when the customer obtains control of that asset and it is probable that the company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenue is measured at the transaction price. The transaction price is the amount of consideration, taking into account contractually defined terms of payment and its customary business practice, to which Company expects to be entitled in exchange for transferring promised goods or services to a



ISGEC HITACHI ZOSEN LIMITED

customer, excluding amounts collected on behalf of third parties i.e. excluding taxes or duties collected on behalf of the government.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

OTHER INCOME

- (i) Interest income is accounted on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (ii) Insurance Claims, export incentives, escalation, etc. are accounted for as and when the estimated amounts recoverable can be reasonably determined as being acceptable to the concerned authorities/parties.
- (iii) Other income like sale of scrap, profit on sale/write off of assets etc. are recognized as and when right to receive income arises, and there is no uncertainty in realization of the same.

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers'. The application of Ind AS 115 did not have any material impact on the financial results of the Company.

2.3 INVENTORIES

Raw materials & Stores & Spares: are valued at lower of weighted average cost or net realizable value. However items held for use in the production are not valued below cost if the finished goods in which these will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Finished goods and work in progress: are valued at lower of cost or net realizable value. Cost includes cost of direct materials and applicable direct manufacturing overheads.

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

2.4 PROPERTY, PLANT & EQUIPMENT

RECOGNITION

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost includes its purchase price (net of input tax credit / duty credits wherever applicable), after deducting trade discounts and rebates. It includes other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the borrowing costs for qualifying assets and the initial estimate of restoration cost if the recognition criteria is met.

Capital spares directly attributable to the fixed assets are capitalised with the related assets.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the costs of the item can be measured reliably.



ISGEC HITACHI ZOSEN LIMITED

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Repairs and maintenance costs are charged to the statement of profit and loss when incurred.

DERECOGNITION

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is disposed.

The assets residual values, useful life and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

2.5 INTANGIBLE ASSETS

An Intangible asset is recognized when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Costs incurred on acquisition of specialized software & technical know-how are capitalized.

The cost of intangible asset comprises of its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

2.6 DEPRECIATION AND AMORTIZATION

Depreciation is provided on Property, plant & Equipment in the manner and useful life prescribed in Schedule II to the Companies Act, 2013 as per the written down value method except in respect of certain Plant & Machinery which are depreciated as per straight line method. Capital spares directly attributable to the specific fixed assets are depreciated with the cost of the assets.

Assets costing not more than Rs.5000 are fully depreciated in the year of their acquisition.

Intangible assets are amortized over a period not exceeding ten years on a straight line method.

2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does



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not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2.8 EMPLOYEE BENEFITS

(i) PROVIDENT FUND

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

(ii) GRATUITY

The Company operates a Gratuity fund Trust which in turn has taken Group Gratuity cum Life Assurance policy with the Life Insurance Corporation of India for all the new employees. Gratuity is a post-employment benefit and is in the nature of a defined benefit plan.

The liability recognized in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income.

(iii) LEAVE ENCASHMENT

The expected cost of accumulated leaves is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the amount expected to be paid/ availed as a result of the unused entitlement that has accumulated at the balance sheet date. The Company treats the accumulated leave as short term employee benefits and accordingly, any gains and losses on actuarial valuation are recognized as expense in the statement of profit and loss.

(iv) PENSION

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

(v) OTHER SHORT TERM BENEFITS

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.



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2.9 LEASES

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

WHERE THE COMPANY IS THE LESSEE

The Company's lease asset classes primarily consist of leases for manufacturing assets. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (I) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are premeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Lease payments included in the measurement of lease liability comprise the fixed payments (including in substance fixed), variable payments based on an index of rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

Effective April1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.



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On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of approximately by ₹ 7,645.73 Lakhs, and a lease liability of ₹ 7,645.73 Lakhs. Consequently, Interest on lease liability of ₹ 317.03 Lakhs and Depreciation on Right-of-Use of assets ₹ 2,527.80 Lakhs has been debited to Profit & Loss Account. Actual Payment towards lease rent is of ₹ 2,835.00 Lakhs, resulting in net effect of notional expense of ₹ 9.83 Lakh, which will be set-off by the end of the lease period. The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9.55%. Ind AS 116 will result in an increase in cash in flows from operating activities and an increase in cash out flows from financing activities on account of lease payments.

2.10 TAXES

CURRENT INCOME TAX

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid/payable to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income. Current income tax is charged at the end of reporting period to profit & loss.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or 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 tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose at reporting date.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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 utilized.

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

Current and deferred tax is recognized in statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

MAT

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent the company pays normal income tax. However, the MAT has been exhausted and there is a convincing evidence that company will pay normal income tax for the period under report.



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IND AS 12 APPENDIX C, UNCERTAINTY OVER INCOME TAX TREATMENTS

Effective April 1, 2019, Ministry of Corporate Affairs has notified Ind AS-12 Appendix C, Uncertainty over Income Tax Treatments which is applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Company has adopted the standard on April 1, 2019 and has adjusted the cumulative effect in equity on the date of initial application i.e. April 1, 2019.

The effect on adoption of Ind AS 12 Appendix C has been insignificant in the financial statements.

2.11 BORROWING COST

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

2.12 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized 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 or a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

A contingent liability is disclosed when

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) Present obligation that arises from past events but is not recognized because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is disclosed, when possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities and assets are not recognized but are disclosed in notes.



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2.13 EARNINGS PER SHARE

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The Weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, buy back of shares, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

2.14 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.

INITIAL RECOGNITION

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

SUBSEQUENT MEASUREMENT

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

A. NON-DERIVATIVE FINANCIAL INSTRUMENTS

(i) Debt instrument carried at amortized cost

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

(ii) Financial assets at fair value through other comprehensive income

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

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.



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(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

B. DERIVATIVE FINANCIAL INSTRUMENTS

(i) Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss.

For the purpose of hedge accounting, hedges are classified as Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the Effective Interest Rate. Effective interest rate amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

DERECOGNITION

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized when:

- (i) The contractual right to receive cash flows from the assets have expired, or
- (ii) The company has transferred its right to receive cash flow from the financial assets and substantially all the risks and rewards of ownership of the asset to another party.

RECLASSIFICATION OF FINANCIAL ASSETS

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities.

2.15 CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.



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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.

2.16 IMPAIRMENT OF FINANCIAL ASSETS

The company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL.

For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

2.17 GOVERNMENT GRANTS

Government grants are recognized where there is reasonable assurance that the grant will be received and all-attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Grant related to expenses are deducted in reporting the related expense.

2.18 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Indian Rupees (INR), which is also the company's functional currency. All amounts have been rounded-off to the nearest lakhs and two decimals thereof, unless otherwise indicated.

2.19 FOREIGN CURRENCIES

(i) Initial recognition

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

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date.

(iii) Exchange differences

The company accounts for exchange differences arising on translation \settlement of foreign currency monetary items by recognizing the exchange differences as income or as expenses in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



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2.20 FAIR VALUE MEASUREMENT

The Company measures financial instruments such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets & liabilities on the basis of the nature, characteristics and the risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(i) INCOME TAXES:

Management judgement is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in financial statement.

(ii) DEFINED BENEFIT PLANS:

The cost of defined benefit plans and the present value of obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, defined benefit obligations are sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



ISGEC HITACHI ZOSEN LIMITED

(iii) CONTINGENCIES

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claims/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

4. RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 5: PROPERTY, PLANT AND EQUIPMENTS & CAPITAL WORK-IN-PROGRESS

(Rs in Lakhs)

| Particulars | Others Building | Others - Temporary Structure | Factory Building | Plant and machinery | | Furniture and Fittings | | Office equipments | | Vehicles | Electrical Installation and Equipment | | | | Computer and Data processing unit | General Laboratory Equipments | Total Assets | Capital work in progress |
|----------------------------------|-----------------|------------------------------|------------------|---------------------|--------------------|------------------------|---------|----------------------|-------------------------|----------|--|-------|--------|--------|-----------------------------------|-------------------------------|--------------|--------------------------|
| | | | | P & M | Tools & implements | Office equipment | Library | Electronic equipment | Electrical installation | | Refrigeration And Air Conditioning Machine | | | | | | | |
| Gross Carrying Value | | | | | | | | | | | | | | | | | | |
| As at April 01, 2020 | 30.29 | | 939.43 | 8,046.39 | 404.26 | 89.93 | 71.24 | 1.97 | 105.59 | 14.28 | 401.25 | 41.22 | 213.08 | 110.10 | 10,459.03 | 166.51 | | |
| Additions | 7.78 | 82.40 | - | 731.25 | 27.45 | 15.46 | 12.12 | - | 55.91 | 0.50 | 15.39 | 1.79 | 8.26 | 1.42 | 959.73 | 826.56 | | |
| Disposals / Transfer | - | - | - | - | 1.03 | - | 4.73 | - | 14.96 | - | - | - | - | - | 20.71 | 959.73 | | |
| As at March 31, 2021 | 38.07 | 82.40 | 939.43 | 8,777.64 | 430.68 | 105.39 | 78.63 | 1.97 | 146.54 | 14.78 | 416.64 | 43.01 | 221.34 | 111.52 | 11,408.05 | 33.34 | | |
| Accumulated depreciation | | | | | | | | | | | | | | | | | | |
| As at April 01, 2020 | 6.61 | | 29.53 | 2,455.25 | 234.84 | 55.16 | 45.85 | 1.77 | 54.55 | 9.92 | 174.32 | 23.09 | 173.61 | 41.67 | 3,306.17 | - | | |
| Depreciation charge for the year | 1.18 | 13.12 | 86.47 | 906.69 | 64.56 | 10.89 | 12.81 | - | 23.60 | 1.66 | 60.07 | 4.72 | 20.78 | 18.03 | 1,274.58 | | | |
| Disposals/transfers | - | - | - | 0.34 | 0.34 | - | 4.49 | - | 12.96 | - | - | - | - | - | 17.79 | | | |
| As at March 31, 2021 | 7.79 | 13.12 | 116.00 | 3,361.94 | 299.06 | 66.05 | 54.17 | 1.77 | 65.20 | 11.58 | 234.39 | 27.81 | 194.39 | 59.70 | 4,512.96 | | | |
| Net Carrying Value | | | | | | | | | | | | | | | | | | |
| As at March 31, 2020 | 23.68 | | 909.90 | 5,591.14 | 169.42 | 34.77 | 25.39 | 0.20 | 51.04 | 4.35 | 226.93 | 18.12 | 39.47 | 68.44 | 7,162.86 | | | |
| As at March 31, 2021 | 30.28 | 69.28 | 823.43 | 5,415.70 | 131.62 | 39.34 | 24.46 | 0.20 | 81.34 | 3.20 | 182.25 | 15.20 | 26.95 | 51.82 | 6,895.09 | | | |

Notes :

- (i) Property, Plant and Equipment Hypothecated as security (Refer Note 21)
- (ii) Opening balances of Gross block and accumulated depreciation have been regrouped/ reclassified/rearranged wherever considered necessary.
- (iii) Borrowing cost capitalised during the year is NIL.



NOTE 5A: RIGHT-OF-USE ASSETS

(Rs. in Lakhs)

| Particulars | Category of ROU | Total |
|--------------------------------------|----------------------|----------|
| | Manufacturing Assets | |
| Balance as at 1 April, 2020 | 7,645.73 | 7,645.73 |
| Additions | | - |
| Deletions | - | - |
| Balance as at 31st March 2021 | 7,645.73 | 7,645.73 |

Accumulated depreciation

| Particulars | Category of ROU | Total |
|--|----------------------|----------|
| | Manufacturing Assets | |
| Balance as at 1 April, 2020 | 2,527.80 | 2,527.80 |
| Transfer from Plant property & equipment | - | - |
| Charge for the year | 2,527.80 | 2,527.80 |
| Deletions | - | - |
| Balance as at 31st March 2021 | 5,055.60 | 5,055.60 |

| | | |
|---|----------|----------|
| Net Carrying Value as at 31st March 2021 | 2,590.13 | 2,590.13 |
|---|----------|----------|

| | |
|--|--------|
| Interest charge for the year on lease liabilities | 317.03 |
|--|--------|

| Total cash outflow (payment) for leases | |
|--|----------|
| Leases for which Right to use assets is recognised | 2,835.00 |
| Leases considered as short term | - |

Movement in Lease liabilities for the year ended 31st March 2021:-

| Particular | Total |
|--|----------|
| Balance as at 1 April, 2020 | 5,352.05 |
| Addition | |
| Finance cost accrued during the period | 317.03 |
| Deletion | - |
| Payment of lease liability | 2,835.00 |
| Balance as at 31st March 2021 | 2,834.08 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 6 : INTANGIBLE ASSETS

(Rs in Lakhs)

| Particulars | Computer Software |
|--|-------------------|
| Gross carrying value | |
| As at April 1,2020 | 379.87 |
| Additions | 27.07 |
| Disposal /Transfer | - |
| As at March 31, 2021 | 406.94 |
| <u>Accumulated depreciation :</u> | |
| As at April 1,2020 | 227.30 |
| Depreciation charge for the year | 68.99 |
| Disposals/transfers | - |
| As at March 31, 2021 | 296.29 |
| <u>Net carrying value</u> | |
| As at March 31,2020 | 152.57 |
| As at March 31, 2021 | 110.65 |

Notes:

- 1) Cost of Software includes Purchase Price, Duties & Taxes(other than refundable from tax authorities).
- 2) Useful life of software is 5 years.

Note 6 : Intangible Assets

(Rs in Lakhs)

| Particulars | Computer Software |
|--|-------------------|
| Gross carrying value | |
| As at April 1,2019 | 338.36 |
| Additions | 41.51 |
| Disposal /Transfer | - |
| As at March 31,2020 | 379.87 |
| <u>Accumulated depreciation :</u> | |
| As at April 1,2019 | 161.44 |
| Depreciation charge for the year | 65.86 |
| Disposals/transfers | - |
| As at March 31,2020 | 227.30 |
| <u>Net carrying value</u> | |
| As at March 31,2019 | 176.92 |
| As at March 31,2020 | 152.57 |

Notes:

- 1) Cost of Software includes Purchase Price, Duties & Taxes(other than refundable from tax authorities).
- 2) Useful life of software is 5 years.



ISGEC HITACHI ZOSEN LIMITED
 NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 7: NON CURRENT FINANCIAL ASSETS- LOANS

(Rs in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| <u>Loans Receivable considered good - Secured</u> | | |
| - Loan to Employees (Loan to Employees are secured by way of hypothecation of Vehicles) | 25.36 | 25.94 |
| <u>Loans receivable considered good - Unsecured</u> | | |
| - Loan to Employees | 14.95 | 16.15 |
| - Security Deposits | 2.02 | 2.30 |
| Total | 42.33 | 44.40 |

NOTE 8: NON CURRENT FINANCIAL ASSETS - OTHERS

(Rs in lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| <u>Unsecured, considered good</u> | | |
| Fixed Deposit with Bank with more than 12 months maturity Period (under lien)(Refer Note no 14.1) | 114.63 | 171.01 |
| Total | 114.63 | 171.01 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 9: DEFERRED TAX

9.1 The balance comprises temporary differences attributable to: (Rs. in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| (a) Deferred Tax Assets/(Liabilities) | | |
| - Property, Plant and Equipments | (302.26) | (376.31) |
| - Timing Difference as per section 43B of Income Tax Act | 59.24 | 96.70 |
| - Right of Use Assets & Lease Liability | 67.87 | 81.81 |
| - Provision for Expected Credit Loss | 0.09 | 0.55 |
| Net deferred tax Assets/(Liabilities) | (175.06) | (197.25) |
| (b) MAT credit Entitlement | - | 4.17 |
| Net Deferred tax assets/(Liabilities) | (175.06) | (193.08) |

9.2 Movement in Deferred tax Liabilities/Deferred Tax Assets: (Rs. in Lakhs)

| Particulars | Defined Benefit Obligation | PPE | ROU | Other Items | Total |
|-----------------------------------|-------------------------------|-----------------|--------------|-------------|-----------------|
| At 31st March 2020 | 96.70 | (376.31) | 81.81 | 0.55 | (197.25) |
| (Charged)/credited:- | | | | | |
| -to profit & loss | (30.36) | 74.05 | (13.94) | (0.46) | 29.29 |
| -to other Comprehensive Income | (7.10) | - | - | - | (7.10) |
| -Deferred tax on basis Adjustment | - | - | - | - | - |
| As at March 31, 2021 | 59.24 | (302.26) | 67.87 | 0.09 | (175.06) |

9.3 Movement in MAT credit entitlement: (Rs. in Lakhs)

| Particulars | Amount | Amount |
|----------------------------------|----------|-------------|
| At April 1, 2020 | 4.17 | 190.50 |
| Add: | | |
| MAT credit Entitlement | - | - |
| Less: | | |
| MAT credit Utilised and Adjusted | (4.17) | (186.33) |
| As at March 31, 2021 | - | 4.17 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 10 : OTHER NON-CURRENT ASSETS

(Rs. in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---------------------------------------|-------------------------|-------------------------|
| Advances Unsecured, considered good | | |
| - Capital advances | - | 11.81 |
| Advances other than capital advances: | | |
| - Prepaid expenses | 8.73 | - |
| - Security Deposits | 0.20 | 0.20 |
| Total | 8.93 | 12.01 |



ISGEC HITACHI ZOSEN LIMITED**NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021****NOTE 11: INVENTORIES****(Rs in Lakhs)**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---------------------------------|---------------------------------|
| (a) Raw Materials and Components | 3,601.53 | 3,465.81 |
| (b) Material under Inspection/ in Transit | | |
| - Raw materials and Components | 924.08 | 275.30 |
| (c) Stores and Spares | 162.67 | 139.71 |
| (d) Firm Commitment on Purchases | - | 6.11 |
| (e) Work-in-Progress : | | |
| - Engineering Goods | 17,684.39 | 17,208.93 |
| (f) Finished Goods | 3,446.82 | - |
| Total | 25,819.49 | 21,095.87 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021
NORE 12: CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES
(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Trade receivable considered good - unsecured* | 11,167.04 | 5,497.52 |
| Trade receivable which have significant increase in credit risk | - | - |
| Trade receivable - Credit Impaired | 0.34 | 1.58 |
| Less: Provision for Expected credit loss | (0.34) | (1.58) |
| Total | 11,167.04 | 5,497.52 |

*It includes balances with related parties (Refer Note No. 46.1)

NOTE 13 : CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS
(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| i) (a) Cash on hand | 0.62 | 0.59 |
| ii) Balance with Banks: -On Current and Cash Credit Accounts | 132.36 | 1,148.55 |
| iii) -In Fixed Deposits Accounts within 3 months from the date of deposit (Refer Note-14.1)(free from lien) | - | 1,203.06 |
| Total | 132.98 | 2,352.20 |

NOTE 14: CURRENT FINANCIAL ASSETS - OTHER BANK BALANCES
(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Balance with banks: -In Fixed Deposits Accounts within 3 months from the date of deposit (Refer Note-14.1)(under lien) | 314.24 | 610.84 |
| -In Fixed Deposits Accounts maturing after 3 months but within one year from the date of deposit (Refer Note- 14.1) (under lien) | 433.86 | 385.49 |
| Total | 748.10 | 996.33 |

NOTE 14.1: FIXED DEPOSITS WITH BANKS
(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| a) Free From Lien | | |
| i) Maturing within 3 months from date of deposit | - | 1,203.06 |
| b) Under Lien | | |
| i) Maturing within 3 months from date of deposit | 314.24 | 610.84 |
| ii) Maturing after 3 months from date of deposit but within one year of Balance Sheet date | 433.86 | 385.49 |
| iii) Maturing after one year of Balance Sheet date (classified as non current financial asset(others)) | 114.63 | 171.01 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 15: CURRENT FINANCIAL ASSETS - LOANS

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Loans receivable considered good - Secured | | |
| -Loan to Employees (Car) (Loan to Employees are secured by way of hypothecation of Vehicles) | 7.01 | 5.57 |
| Loans receivable considered good - Unsecured | | |
| - Loan to Employees (Furnitures & Vehicles) | 12.80 | 11.41 |
| - Loan to Employees (Others) | 0.35 | 0.36 |
| Total | 20.16 | 17.34 |

NOTE 16: CURRENT FINANCIAL ASSETS - OTHERS

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Hedge Reserve | - | 157.11 |
| Forward Contract Assets | 116.04 | - |
| Interest accrued but not due on Fixed Deposits | 38.12 | 57.35 |
| Total | 154.16 | 214.46 |

NOTE 17: OTHER CURRENT ASSETS

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Advances other than capital advances | | |
| - Advance to suppliers | 190.35 | 501.45 |
| Others | | |
| - Balances with Government Departments and others | 4,571.60 | 1,423.43 |
| - Prepaid expense | 58.81 | 40.38 |
| - Export incentive receivables | 11.93 | 28.89 |
| - Imprest to Employees | 9.79 | 22.03 |
| - Other Assets (Related Party) | - | 6.50 |
| Total | 4,842.48 | 2,022.68 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 18: EQUITY SHARE CAPITAL

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|-------------------------|---------------|-------------------------|---------------|
| | Number of shares | (Rs in Lakhs) | Number of shares | (Rs in Lakhs) |
| Authorised share capital Equity shares of Rs.10 each with voting rights | 110,000,000 | 11,000 | 110,000,000 | 11,000 |
| Issued share capital Equity shares of Rs.10 each with voting rights | 100,000,000 | 10,000 | 100,000,000 | 10,000 |
| Subscribed and Fully Paid-up share capital Equity shares of Rs.10 each with voting rights | 100,000,000 | 10,000 | 100,000,000 | 10,000 |
| | 100,000,000 | 10,000 | 100,000,000 | 10,000 |

Notes:

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

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each share holder is entitled to one vote per share. 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 the liquidation of the company, the holders of the equity shares will be entitled to receive the remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to number of equity shares held by each of the equity share holders. There are restrictions and conditions attached to transfer of shares in accordance with joint venture agreement dated 13th February 2012.

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

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|----------------------|---------------|----------------------|---------------|
| | Number of shares | (Rs in Lakhs) | Number of shares | (Rs in Lakhs) |
| Equity shares outstanding at the beginning of the year | 100,000,000 | 10,000 | 100,000,000 | 10,000 |
| Add: Issued during the year | - | - | - | - |
| Less: Shares bought back | - | - | - | - |
| Equity shares outstanding at the end of the year | 100,000,000 | 10,000 | 100,000,000 | 10,000 |

c) Detail of Shares held by Holding Company:

| Name of the Holding Company | As at March 31, 2021 | | As at March 31, 2020 | |
|---------------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| | Number of shares held | % Holding in that class of | Number of shares held | % Holding in that class of |
| Isgec Heavy Engineering Limited | 51,000,000 | 51% | 51,000,000 | 51% |

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

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|----------------------|--------------|----------------------|--------------|
| | Number of shares | % Holding in | Number of shares | % Holding in |
| Equity shares with voting rights | | | | |
| (i) Isgec Heavy Engineering Limited, India and its nominees | 51,000,000 | 51% | 51,000,000 | 51% |
| (ii) Hitachi Zosen Corporation, Japan and its nominees | 49,000,000 | 49% | 49,000,000 | 49% |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 19: OTHER EQUITY

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| A. Reserve and Surplus | | |
| - Retained Earnings | | |
| Balance outstanding at the beginning of the year | 4,170.18 | 3,679.80 |
| Net Profit /(-)Loss for the year | 750.80 | 697.94 |
| Dividend Paid (Including DDT) | (400.00) | (180.83) |
| -Remeasurements of Post employment benefit obligation(net of tax) (see note 39) | 18.44 | (26.73) |
| Balance outstanding at the end of the year | 4,539.42 | 4,170.18 |



NOTE 20: NON-CURRENT FINANCIAL LIABILITIES - OTHERS

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Deposits from Employees (under Company Car Scheme) | 26.92 | 13.99 |
| Security Deposits received. | 40.65 | 20.12 |
| Total | 67.57 | 34.11 |

NOTE 21: NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|----------------------|-------------------------|-------------------------|
| Term loan from Banks | 1,250.00 | 1,750.00 |
| Total | 1,250.00 | 1,750.00 |

NOTE 21.1: DETAIL OF TERM LOANS FROM BANKS:

(Rs in Lakhs)

| Initial Loan Amount | Loan Outstanding As at March 31, 2021 | Current maturity | Rate of Interest | Term of Repayment |
|---------------------|---------------------------------------|------------------|----------------------|--|
| 2,000.00 | 1,750.00 | 500.00 | MCLR 1Y + 0.80% p.a. | 5 Year (Initial one year being moratorium Period). Payable in 16 equal quarterly installments in subsequent 4 years. |

Security Details

⇒ First Charge on Plant and Machinery exclusively/ specifically procured by utilizing above said loan amount.

NOTE 22: NON-CURRENT FINANCIAL LIABILITIES - LEASE LIABILITY

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-----------------|-------------------------|-------------------------|
| Lease Liability | 69.91 | 2,834.08 |
| Total | 69.91 | 2,834.08 |

NOTE 23: NON CURRENT PROVISIONS

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| (I) Provision for Employee Benefits: | | |
| - Provision for Pension (unfunded) | 19.21 | 22.53 |
| - Provision for Leave Encashment (unfunded) | 193.56 | 190.29 |
| (II) Others | | |
| Provision for Warranty (Refer note 23.1) | 411.33 | 382.86 |
| Total | 624.10 | 595.69 |

NOTE 23.1: MOVEMENT OF PROVISION FOR WARRANTY

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Movement of provision for performance warranty | | |
| Carrying amount at the beginning of the year | 1,073.40 | 958.17 |
| Additional Provision made during the year | 325.67 | 269.47 |
| Amount used during the year | (473.20) | (2.34) |
| Amount reversed during the year | (81.88) | (151.90) |
| Carrying amount at the end of the year | 843.99 | 1,073.40 |
| Break up of carrying amount at the end of the year | | |
| Long term provisions | 411.33 | 382.86 |
| Short term provisions | 432.66 | 690.54 |



ISGEC HITACHI ZOSEN LIMITED**NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021****NOTE 24: CURRENT FINANCIAL LIABILITIES - SHORT TERM BORROWINGS****(Rs in Lakhs)**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|---------------------------------|---------------------------------|
| i) Secured | | |
| (a) Loans repayable on demand | | |
| -Cash Credit from Banks(Refer note 24.1 & 24.4) | 2,459.55 | - |
| -Working Capital Demand loan(Refer note 24.2 & 24.4) | 4,500.00 | - |
| - Packing Credit Loan (Refer note 24.3 & 24.4) | 7,400.00 | 2,400.00 |
| Total | 14,359.55 | 2,400.00 |

NOTE 24.1:

Details of Securities offered for Cash credit :-

- 1.) Rate of interest is ranging from 7.10% to 8.30%

NOTE 24.2:

Details of Securities offered for Working Capital Demand Loan :-

- 1.) Rate of interest is ranging from 5.00 % to 5.50 %

NOTE 24.3:

Details of Securities offered for Packing Credit loan :-

- 1.) Corporate Guarantee of Isgec Heavy Engineering Limited.
- 2.) Rate of interest is ranging from 6.20 % to 8.20 %

NOTE 24.4:

- 1.) Secured against first pari-passu charge on current assets including stocks & moveable fixed assets (excluding assets if any charged to term lenders)



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 25: CURRENT FINANCIAL LIABILITIES-TRADE PAYABLES

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| (a) Total Outstanding dues of Micro and Small Enterprises (Refer Note 25.1) | 153.37 | 67.45 |
| (b) Total Outstanding dues of Creditors other than Micro and Small Enterprises | | |
| (i) To related Parties | | |
| - Isgec Heavy Engineering Ltd (Refer note 46.1) | 324.02 | 184.60 |
| - Hitachi Zosen Corporation, Japan (Refer note 46.1) | 431.49 | 1,740.40 |
| (ii) To others | 1,880.68 | 843.61 |
| Total | 2,789.56 | 2,836.06 |

Note 25.1: Trade Payables to MSME

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 ("the Act") has been determined to the extent such parties have been identified by the company, on the basis of information and records available with the Company. Disclosure in respect of amount remaining unpaid and interest due on delayed payment has been determined only in respect of payments made after the receipt of information, with regards to filing of memorandum, from the respective suppliers. Disclosure as required under section 22 of the Act, is as under:

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| a) Amount remaining unpaid to any supplier | | |
| Principal Amount | 219.23 | 78.50 |
| Interest due thereon | - | - |
| b) Interest paid under Micro and Small Enterprises (Development) Act, 2006 | - | - |
| c) Interest due (Other than (b) above) | - | - |
| d) Interest accrued and unpaid | 0.31 | 0.30 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 26: CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| (a) Forward derivatives | - | 157.11 |
| (b) Forward Contract Payable | 116.04 | - |
| (c) Interest accrued but not due on borrowings | 17.88 | 10.09 |
| (d) Current maturities of long term debt* | 500.00 | 250.00 |
| (e) Payables to Employees | 212.27 | 68.74 |
| (f) Retention money | 2.73 | 32.83 |
| (g) Supplier of Capital goods | 51.33 | 171.50 |
| (h) Other Liabilities : | | |
| - Stale Cheque | 1.43 | 1.20 |
| -Expenses payable# | 2,029.24 | 635.15 |
| Total | 2,930.92 | 1,326.62 |

*For detail of security of current maturities of long term debt, please refer Note 21.1.

NOTE 26.1: MOVEMENT OF PROVISION FOR CSR

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| (i) Opening balance | 53.30 | 44.95 |
| (ii) Provided for during the year | 31.63 | 37.09 |
| (iii) Incurred during the year | 84.93 | 28.74 |
| Closing balance (#Included in expenses payable) | - | 53.30 |

NOTE 27: CURRENT FINANCIAL LIABILITIES - LEASE LIABILITY

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--------------------|-------------------------|-------------------------|
| a) Lease liability | 2,764.17 | 2,517.97 |
| Total | 2,764.17 | 2,517.97 |

NOTE 28: OTHER CURRENT LIABILITIES

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| (a) Advance from Customers (unrelated party) | 9,420.59 | 6,419.11 |
| (b) Advance from Customers (related party) | | |
| -Hitachi Zosen Corporation, Japan | 2,060.50 | 9,102.23 |
| -Isgec Heavy Engineering Ltd. | 942.28 | - |
| (c) Statutory dues payable | 139.61 | 76.75 |
| (d) EPCG deferred liability (Customs duty) | 24.99 | 8.45 |
| Total | 12,587.97 | 15,606.53 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 29: CURRENT LIABILITIES - PROVISIONS

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| (I) Provision for employee benefits: | | |
| (a) Provision for Leave Encashment (unfunded) | 22.94 | 16.64 |
| (b) Provision for Pension (unfunded) | 2.76 | 2.76 |
| (c) Provision for Gratuity (funded) | 48.37 | 87.27 |
| (II) Others | | |
| (a) Provision for warranty (Refer Note 23.1) | 432.66 | 690.54 |
| Total | 506.73 | 797.20 |

NOTE 30: CURRENT TAX LIABILITIES/(ASSETS) (NET)

(Rs in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--------------------------|-------------------------|-------------------------|
| Provision for Income Tax | 567.20 | 2,040.24 |
| Less: Income Tax paid | (552.65) | (2,078.06) |
| Total | 14.55 | (37.82) |



ISGEC HITACHI ZOSEN LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 31: REVENUE FROM OPERATIONS

(Rs in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| (a) Sale of Goods | | |
| Sale of Products -(Domestic) | 9,142.13 | 18,977.35 |
| Sale of Products -(Export) | 22,078.35 | 6,088.20 |
| Store sale | 57.90 | 125.07 |
| | 31,278.38 | 25,190.61 |
| (b) Sale of services | | |
| Job work /Site work services | 595.11 | 1,775.58 |
| Receipt from other Services-Export | 68.74 | 14.78 |
| | 663.85 | 1,790.35 |
| (c) Other operating revenues (Refer Note 31.1) | 1,906.41 | 1,823.92 |
| Grand Total | 33,848.64 | 28,804.89 |

NOTE 31.1: OTHER OPERATING REVENUE

(Rs in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Foreign Exchange fluctuation | 196.93 | 142.18 |
| Fair value gain on derivatives | 116.04 | 197.93 |
| Sale of scrap and waste | 717.01 | 285.15 |
| Export Incentive | 271.93 | 42.71 |
| Excess provision and liabilities written back | 604.50 | 1,155.80 |
| Unclaimed balances written back | - | 0.14 |
| Total | 1,906.41 | 1,823.92 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 32: OTHER INCOME

(Rs in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Interest Income | | |
| - Other Interest Income | 0.20 | - |
| - On Bank Deposits | 53.09 | 87.32 |
| Other non-operating income | | |
| - Profit on sale of property, plant and equipment | 1.80 | - |
| Total | 55.09 | 87.32 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 33: COST OF MATERIALS, COMPONENTS, STORES AND SPARES CONSUMED

(Rs in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Raw Materials & Components (Refer Note 33.1) | 20,347.16 | 18,265.71 |
| Stores and Spares | 266.44 | 272.85 |
| Total | 20,613.60 | 18,538.56 |

NOTE 33.1: DETAILS OF RAW MATERIALS AND COMPONENTS CONSUMED

(Rs in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|-------------------------------|------------------------------|------------------------------|
| Raw Materials- Iron and Steel | 10,401.08 | 8,026.84 |
| Others items and components | 9,946.08 | 10,238.87 |
| Total | 20,347.16 | 18,265.71 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 34: CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

| Particulars | (Rs in Lakhs) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Opening stock | | |
| Work - in - progress | 17,208.93 | 12,275.46 |
| Finished goods | - | 453.51 |
| Total | 17,208.93 | 12,728.97 |
| Closing stock | | |
| Work - in - progress | 17,684.39 | 17,208.93 |
| Finished goods | 3,446.82 | - |
| Total | 21,131.21 | 17,208.93 |
| Net (Increase)/Decrease in Inventory (-)/(+) | (3,922.28) | (4,479.96) |



NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021
NOTE 35: EMPLOYEE BENEFITS EXPENSE

(Rs in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Salaries, Wages and Bonus | 3,244.90 | 3,314.78 |
| Contribution to Provident and other Funds | 192.42 | 194.23 |
| Staff Welfare expenses | 54.70 | 60.69 |
| Total | 3,492.02 | 3,569.70 |

NOTE 35.1: ADDITIONAL INFORMATION AS PER IND AS 19, EMPLOYEE BENEFITS

The disclosure of employee benefits as defined in IND AS-19 is given below:-

a) Defined Contribution Plan:

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

| Particulars | 2020-21 | 2019-20 |
|--------------------------|---------------|---------------|
| Provident Fund and other | 192.42 | 194.23 |
| Total | 192.42 | 194.23 |

b) Defined Benefits Plan :

The liability for employee gratuity is determined on actuarial valuation using projected unit credit method.

The obligations are as under:

(Rs in Lakhs)

| Description | Gratuity (Funded) | Leave Encashment (Non-funded) | Gratuity (Funded) | Leave Encashment (Non- funded) |
|---|-------------------|----------------------------------|-------------------|--------------------------------------|
| | 2020-21 | 2020-21 | 2019-20 | 2019-20 |
| i. Change in Present value of Obligation | | | | |
| a. Present Value of Obligation at the beginning of the year | 402.19 | 206.94 | 299.73 | 165.80 |
| b. Interest cost | 27.19 | 13.99 | 22.96 | 12.70 |
| c. Current service cost | 50.69 | 29.92 | 50.33 | 32.87 |
| d. Benefits paid | (16.64) | (21.48) | (20.67) | (45.99) |
| e. Actuarial (gain) / loss | (24.92) | (12.87) | 49.84 | 41.56 |
| f. Present Value of Obligation at the end of the Year | 438.50 | 216.50 | 402.19 | 206.94 |
| ii. Change in the Fair Value of Plan Assets | | | | |
| a. Fair Value of Plan Assets at the beginning of the year | 314.92 | N.A | 239.64 | N.A |
| Acquisition adjustment | - | - | - | - |
| b. Fund opening difference | - | - | 1.29 | - |
| c. Actual return on plan assets | 26.73 | - | 23.91 | - |
| d. Fund charges | (4.83) | - | (4.27) | - |
| e. Contributions | 69.95 | - | 75.00 | - |
| f. Benefits paid | (16.64) | - | (20.67) | - |
| g. Actuarial Gain / (Loss) on Plan Assets | - | - | - | - |
| h. Fair Value of Plan Assets at the end of the Year | 390.12 | - | 314.92 | - |



NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021
NOTE 35: EMPLOYEE BENEFITS EXPENSE

| Description | Gratuity (Funded) | Leave Encashment (Non-funded) | Gratuity (Funded) | Leave Encashment (Non-funded) |
|--|-------------------|-------------------------------|-------------------|-------------------------------|
| | 2020-21 | 2020-21 | 2019-20 | 2019-20 |
| iii. Reconciliation of Fair Value of Assets and Obligations in Balance Sheet. | | | | |
| a. Present Value of Obligation at the end of the Year | 438.50 | 216.50 | 402.19 | 206.94 |
| b. Fair value of Planned assets at the end of the Year | 390.12 | - | 314.92 | - |
| c. Amount recognised in the Balance Sheet | (48.37) | (216.50) | (87.27) | (206.94) |
| iv. Expenses reconciled in the statement of Profit & Loss | | | | |
| a. Current Service Cost | 50.69 | 29.92 | 50.33 | 32.87 |
| b. Net Interest Cost | 5.90 | 13.99 | 5.39 | 12.70 |
| c. Expected Return on Plan Assets | | | | |
| d. Net actuarial (gain)/loss recognised in profit/loss | | (12.87) | | 41.56 |
| e. Expenses recognised in the statement of Profit & Loss | | 31.04 | | 87.13 |
| v. Recognised in other comprehensive income for the year | | | | |
| a. Net cumulative unrecognized actuarial gain/(loss) opening | | | | |
| b. Actuarial gain / (loss) for the year on PBO | 24.92 | | (49.84) | |
| c. Actuarial gain / (loss) for the year on Asset | 0.61 | | 2.58 | |
| d. Unrecognized actuarial gain/(loss) at the end of the year | 25.54 | | (47.25) | |
| vi Maturity Profile of Defined Benefit Obligation | | | | |
| 1 Within the next 12 months (next annual reporting period) | 20.41 | 22.94 | 14.14 | 16.64 |
| 2 Between 2 and 5 years | | | 51.68 | 29.16 |
| 3 Between 6 and 10 years | | | 336.37 | 161.13 |
| vii Quantitative sensitivity analysis for significant assumptions is as below | | | | |
| (i). Impact of the change in discount rate | | | | |
| Present Value of Obligation at the end of the year | 20.41 | 216.50 | 402.19 | 206.94 |
| a. Impact due to increase of 0.50 % | (29.99) | (14.88) | (28.37) | (14.69) |
| b. Impact due to decrease of 0.50 % | 33.18 | 16.43 | 31.45 | 16.28 |
| (ii) Impact of the change in salary increase | | | | |
| Present Value of Obligation at the end of the year | 438.50 | 216.50 | 402.19 | 206.94 |
| a. Impact due to increase of 0.50 % | 33.10 | 16.35 | 31.38 | 16.22 |
| b. Impact due to decrease of 0.50 % | (30.20) | (14.87) | (28.56) | (14.73) |

Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

(ii) Sensitivity Analysis Method

Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.

| | | | | |
|---|------------------------|---------------------|------------------------|---------------------|
| vii Major categories of plan assets (as percentage of total plan assets) | | | 100% | |
| Insurer Managed Funds | | | | |
| ix Actuarial assumptions | | | | |
| a. Economic Assumptions | | | | |
| i. Discounting Rate | 6.76% | 6.76% | 6.76% | 6.76% |
| ii. Salary escalation | 6.50% | 6.50% | 6.50% | 6.50% |
| b. Demographic Assumption | | | | |
| i. Retirement Age (Years) | 60 | 60 | 60 | 60 |
| ii. Mortality rates inclusive of provision for disability | 100% of IALM (2012-14) | | 100% of IALM (2012-14) | |
| iii. Attrition at Ages | Withdrawal Rate (%) | Withdrawal Rate (%) | Withdrawal Rate (%) | Withdrawal Rate (%) |
| Up to 30 Years | 3 | 3 | 3 | 3 |
| From 31 to 44 years | 2 | 2 | 2 | 2 |
| Above 44 years | 1 | 1 | 1 | 1 |
| Mortality Rates for specimen ages | | | | |
| | Age | Mortality Rate | Age | Mortality Rate |
| | 15 | 0.000698 | 45 | 0.002579 |
| | 20 | 0.000924 | 50 | 0.004436 |
| | 25 | 0.000931 | 55 | 0.007513 |
| | 30 | 0.000977 | 60 | 0.011162 |
| | 35 | 0.001202 | 65 | 0.015932 |
| | 40 | 0.00168 | 70 | 0.024058 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 36: FINANCE COSTS

(Rs in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Interest on term loan | 171.24 | 0.62 |
| Interest expense | 509.58 | 444.99 |
| Other borrowing cost | 65.52 | 52.33 |
| Interest on lease liability | 317.03 | 541.32 |
| Total | 1,063.37 | 1,039.25 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 37: OTHER EXPENSE

(Rs in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|------------------------------|------------------------------|
| Power & Fuel | 1,050.89 | 943.18 |
| Other Manufacturing Expenses | 3,377.50 | 2,512.17 |
| Repairs and maintenance: | | |
| -Plant & machinery | 122.07 | 152.92 |
| -Building and Road | 65.97 | 44.37 |
| -Others | 3.58 | 0.69 |
| Insurance | 30.74 | 15.27 |
| Rates and Taxes | 16.87 | 18.13 |
| Brokerage and Commission | 223.95 | 224.73 |
| Bank Charges | 104.98 | 168.66 |
| Corporate Bank Guarantee charges | 29.86 | 21.08 |
| Electricity and Water Charges | 55.01 | 57.60 |
| Advertisement and Business Promotion Expenses | 0.11 | 5.10 |
| Office & Miscellaneous Expenses | 475.37 | 496.83 |
| Payment to Auditors | | |
| -Statutory Audit Fees | 2.50 | 2.50 |
| Packing, forwarding and transportation expenses | 1,537.17 | 190.61 |
| Provision for performance warranty | 325.66 | 269.47 |
| Corporate social responsibility (CSR) expenses (refer note 26.1) | 31.71 | 37.09 |
| Travelling and Conveyance Exp. | 286.34 | 282.38 |
| Loss on property, plant and equipment sold/written off | 0.24 | - |
| Fair value loss on derivatives | 116.02 | 197.93 |
| Interest on amount due to micro, small and medium enterprises | 0.01 | 0.30 |
| Other Taxes and Interest Exps | 12.27 | 7.43 |
| Interest on Income tax & Others | 0.01 | 0.03 |
| Adjustment of expected credit loss | 0.34 | 1.58 |
| Total | 7,869.17 | 5,650.05 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 38: TAX EXPENSE

A. Income Tax expense

| Particulars | (Rs in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| (a) Current tax | | |
| Current tax on profit for the year | 277.79 | 410.00 |
| Adjustments for current tax of prior periods | - | - |
| Total Current tax expense | 277.79 | 410.00 |
| (b) Deferred tax | | |
| Decrease/(increase) in deferred tax assets | (29.29) | 5.74 |
| Total Deferred Tax Expenses | (29.29) | 5.74 |
| Total Income Tax Expense | 248.50 | 415.74 |

(B) Reconciliation of tax expense and accounting profit multiplied by India's tax rate:

| Particulars | (Rs in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Profit before tax | 966.47 | 1,086.95 |
| Tax | 281.44 | 379.83 |
| Add: Expenses disallowed for Tax Purposes | | |
| - CSR Expenses | 8.82 | 12.96 |
| - Interest & Depreciation on Lease Liability & ROU (net of actual lease rent paid) | 2.74 | - |
| - Other comprehensive Income | - | 20.52 |
| - Other Disallowances | 3.61 | - |
| Less: Deductions for Tax Purposes | | |
| - Profit/(Loss) on sale of Property, Plant and Equipment (net) | 0.43 | - |
| - Excess of Depreciation as per IT Act over Depreciation as per Books | 4.89 | - |
| - DTA/DTL during the year | 29.29 | - |
| Less: Expenses Allowed for pervious year's disallowance | 0.92 | - |
| Change in Rate of Tax | 12.56 | 2.43 |
| Income Tax expenses Charged to Profit & Loss A/c | 248.50 | 415.74 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 39: OTHER COMPREHENSIVE INCOME/EXPENSE

| Particulars | (Rs in Lakhs) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| (A) (i) Items that will not be reclassified to profit or loss - Actuarial (Gain)/ Loss On Defined Benefit Plans | 25.54 | (47.25) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | (7.10) | 20.52 |
| Total | 18.44 | (26.73) |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 40: EARNINGS PER SHARE

In accordance with Indian Accounting Standard (IND AS-33) on 'Earnings Per Share' the following table reconciles the numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| a) Net Profit available to Equity Shareholders (Rs. in Lakhs) | 750.80 | 697.94 |
| b) Number of Equity Shares outstanding during the year for the purpose of calculation of earnings Per Share | 100,000,000 | 100,000,000 |
| c) Nominal value of Equity Shares (in Rs.) | 10.00 | 10.00 |
| d) Basic Earning per Share (In Rs.) | 0.75 | 0.70 |
| e) Diluted Earning per Share (In Rs.) | 0.75 | 0.70 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 41: CONTINGENT LIABILITIES

(to the extent not provided for)

| | | (Rs. in lakhs) | |
|-------------|---|-------------------------|-------------------------|
| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
| I | Bonds executed in favour of President of India against EPCG license | 928.45 | 824.16 |
| II | Bonds executed in favour of President of India against advance authorization. | 20,599.77 | 20,870.26 |
| III | Bonds executed in favour of Commissioner of Customs against Project Import at Concessional Rate | - | 3,005.00 |
| VI | BGs executed in favour of Commissioner of Customs against PAC | 75.97 | 132.30 |
| V | <u>Other Contingent Liability</u> | | |
| | Disputed Case with Central Excise & service Tax dept. | 36.11 | 36.11 |
| | Others - Income Tax Appeal (A.Y. 2016-17) | - | 0.52 |
| VI | Letters of Credit outstanding at year end including SBLC | 3,330.45 | 6,978.68 |

NOTE 42: COMMITMENTS

| | | (Rs. in lakhs) | |
|--|--|-------------------------|-------------------------|
| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
| Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) | | 37.06 | 151.28 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 43: LEASES

A. Company as a lessee

The Company has taken Factory Building, Land and plant and machinery under Long term leases. In accordance with Indian Accounting Standard (Ind AS-116) on 'Leases' the lease rent charged to statement of Profit & Loss for the year are:

| Particulars | (Rs. in lakhs) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Factory Building, land and plant and machinery | 2,844.83 | 3,069.11 |
| Total | 2,844.83 | 3,069.11 |

The balance sheet shows the following amounts relating to leases:

| Particulars | (Rs. in lakhs) |
|--|------------------------------|
| | Year ended March 31, 2021 |
| Right-of-use assets | |
| Factory Building, land and plant and machinery | 2,590.13 |
| Total | 2,590.13 |

The break-up of current and non-current lease liabilities as at March 31, 2021 is as follows

| Particulars | (Rs. in lakhs) |
|--------------------------|------------------------------|
| | Year ended March 31, 2021 |
| Lease Liabilities | |
| Current | 2,764.17 |
| Non-current | 69.90 |
| Total | 2,834.07 |

The following is the movement in lease liabilities during the year ended March 31, 2021:

| Particulars | (Rs. in lakhs) |
|--|------------------------------|
| | Year ended March 31, 2021 |
| Balance at the beginning of the year | 5,352.04 |
| Additions | - |
| Finance cost accrued during the period | 317.03 |
| Expense relating to variable lease payments not included in the measurement of lease liabilities | - |
| Payment for leases | 2,835.00 |
| Translation Difference | - |
| Balance at the end of the year | 2,834.07 |

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis:

| Particulars | (Rs. in lakhs) |
|----------------------------|------------------------------|
| | Year ended March 31, 2021 |
| (i) Less than one year | 2,835.00 |
| (ii) One to five years | 69.90 |
| (iii) More than five years | - |
| Total | 2,904.90 |

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 44: SEGMENT INFORMATION

The Company operates in only one segment of engineering business which comprises of production and sales of Engineering Equipment's, identified in accordance with principle enunciated in Indian Accounting Standard AS-108, Segment Reporting. Hence, separate business segment information is not applicable.

The Managing Director 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.

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

| Description | Year ended March 31, 2021 | | | Year ended March 31, 2020 | | |
|------------------------|---------------------------|---------------|-----------|---------------------------|---------------|-----------|
| | India | Outside India | Total | India | Outside India | Total |
| Revenue from Customers | 11,701.55 | 22,147.09 | 33,848.64 | 21,889.67 | 6,915.21 | 28,804.89 |

b) These assets are allocated based on the operation and physical location of the Property, Plant and Equipment

| Description | Year ended March 31, 2021 | | | Year ended March 31, 2020 | | |
|--|---------------------------|---------------|----------|---------------------------|---------------|-----------|
| | India | Outside India | Total | India | Outside India | Total |
| Carrying amount of property, Plant and Equipment | 9,638.14 | - | 9,638.14 | 12,611.87 | - | 12,611.87 |
| Addition to Property, Plant and Equipment | 986.80 | - | 986.80 | 3,508.41 | - | 3,508.41 |

c) No. of Customers individually accounted for more than 10% of the revenue in the year ended March 31, 2021 - 06

| Particulars | % in Total Sales |
|--|------------------|
| Sales to Customers individually accounted for more than 10% of the revenue | 87% |
| Sales to Customers - other than above | 13% |



NOTE 45: DISCLOSURE UNDER IND AS 115 " REVENUE FROM CONTRACTS WITH CUSTOMERS"

a) Disaggregated revenue information

| Particulars | (Rs. in lakhs) | |
|---|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Type of Services or goods | | |
| Revenue from Manufacturing of Machinery & Equipment | 31,278.38 | 25,190.61 |
| Revenue from Engineering, Site Work and Job Work Services | 663.85 | 1,790.35 |
| Others | 1,906.41 | 1,823.92 |
| Total revenue from sale of services and goods | 33,848.64 | 28,804.89 |
| Revenue from Contracts with Customers | | |
| Revenue from Customers based in India | 11,232.70 | 22,517.02 |
| Revenue from Customers based outside India | 22,615.94 | 6,287.86 |
| Total Revenue from Contracts with Customers | 33,848.64 | 28,804.89 |
| Timing of Revenue Recognition | | |
| Goods and services transferred at a point in time | 33,848.64 | 28,804.89 |
| | 33,848.64 | 28,804.89 |

b) Trade receivables and Contract Customers

| Particulars | (Rs. in lakhs) | |
|-------------------|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Trade receivables | 11,167.04 | 5,497.52 |

Trade receivables are non-interest bearing and are generally on terms of 0 - 75 days. Rs. 0.34 lakhs was recognised as provision for expected credit losses on trade receivables.

Trade receivables are presented net of impairment in the Balance sheet.

The Company classifies the right to consideration in exchange for deliverables as receivable.

A receivables is right to consideration that is unconditional upon passage of time.

c) Performance obligation and remaining performance obligation

| Particulars | (Rs. in lakhs) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2021 | Year ended March 31, 2020 |
| Disclosure of the entity's remaining performance obligations: | | |
| (a) the aggregate amount of the transaction price allocated to the performance obligations | 41,934.53 | 50,184.94 |
| (b) When the entity expects to recognise as revenue | | |
| Within one year | 98.71% | 64.07% |
| Within two years | 1.29% | 35.93% |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 46: DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 24 RELATED PARTY DISCLOSURES

In accordance with the Indian Accounting Standard on "Related Party Disclosures" (IND AS-24), the disclosures in respect of Related Parties and Transactions with them, as identified and certified by the Management, are as follows:

(a) Joint Venture Partners

| Name | Type | Ownership Interest | |
|----------------------------------|------------------------|-------------------------|-------------------------|
| | | As at March 31, 2021 | As at March 31, 2020 |
| Isgec Heavy Engineering Limited | Holding Company | 51% | 51% |
| Hitachi Zosen Corporation, Japan | Joint Venture Partners | 49% | 49% |

(b) Key Management Personnel

Mr. Sanjay Gulati (Managing Director)
Mr. Shailesh Kumar (CFO)
Ms. Aasha Rani (Company Secretary)

(c) Entities over which Directors and their relatives can exercise significant influence

Hitachi Zosen India Pvt. Limited
Isgec Titan Metal Fabricators Pvt. Ltd.

(d) Other related party

Isgec Hitachi Zosen Limited Group
Gratuity cum Life Insurance
Scheme Trust
(Post-employment benefit plan of ISGEC Hitachi Zosen Limited)



NOTE 46.1: FOLLOWING TRANSACTIONS WERE CARRIED OUT WITH RELATED PARTIES IN THE ORDINARY COURSE OF BUSINESS DURING THE YEAR AND BALANCES AS ON DATE 31.03.2021

(Rs in Lakhs)

| Nature of Transactions | Name of Related Party | 2020-21 | | | | 2019-20 | | | |
|--------------------------------|---|-----------------|---|-----------------------------|------------------|-----------------|---|-----------------------------|-----------------|
| | | Holding Company | Investing /Fellow Subsidiary Comapny | Key Management Personnel | Total | Holding Company | Investing /Fellow Subsidiary Comapny | Key Management Personnel | Total |
| A) Purchase of Goods | | | | | | | | | |
| | Isgec Heavy Engineering Ltd | 16.54 | | | 16.54 | 14.37 | | | 14.37 |
| | Isgec Titan Metal Fabricators Pvt. Ltd. | 0.22 | | | 0.22 | | | | |
| | Hitachi Zosen Corporation | | 1,416.18 | | 1,416.18 | | 2,104.76 | | 2,104.76 |
| Purchase of Goods Total | | 16.76 | 1,416.18 | - | 1,432.94 | 14.37 | 2,104.76 | - | 2,119.13 |
| B) Service Received | | | | | | | | | |
| | Isgec Heavy Engineering Ltd | 833.44 | | | 833.44 | 329.06 | | | 329.06 |
| | Isgec Heavy Engineering Ltd -HO | 29.86 | | | 29.86 | 21.08 | | | 21.08 |
| | Hitachi Zosen Corporation | | 330.60 | | 330.60 | | 4.49 | | 4.49 |
| Services Received Total | | 863.30 | 330.60 | - | 1,193.90 | 350.14 | 4.49 | - | 354.63 |
| C) Sale of Goods | | | | | | | | | |
| Sale of Goods | Isgec Heavy Engineering Ltd | 63.15 | | | 63.15 | 564.44 | | | 564.44 |
| | Isgec Titan Metal Fabricators Pvt. Ltd. | 11.27 | | | 11.27 | 7.86 | | | 7.86 |
| | Hitachi Zosen Corporation | | 20,025.69 | | 20,025.69 | | 3,646.76 | | 3,646.76 |
| Capital Goods | Isgec Heavy Engineering Ltd | 0.85 | | | 0.85 | | | | - |
| Sale of Goods Total | | 75.27 | 20,025.69 | - | 20,100.96 | 572.30 | 3,646.76 | - | 4,219.06 |



ISGEC HITACHI ZOSEN LIMITED
Notes to Financial Statements as at March 31, 2020

| Nature of Transactions | Name of Related Party | 2020-21 | | | | 2019-20 | | | Total |
|---|---|-----------------|------------------|----------|------------------|-----------------|---|-----------------------------|-----------------|
| | | | | | | Holding Company | Investing /Fellow Subsidiary Comapny | Key Management Personnel | |
| D) Service Rendered | Isgec Heavy Engineering Ltd. | 237.59 | | | 237.59 | 629.43 | | | 629.43 |
| | Isgec Titan Metal Fabricators Pvt. Ltd. | | | | - | | | | - |
| | Hitachi Zosen Corporation | | 68.74 | | 68.74 | | 827.01 | | 827.01 |
| Services Rendered Total | | 237.59 | 68.74 | - | 306.33 | 629.43 | 827.01 | - | 1,456.45 |
| Sale of Goods & Services Total | | 312.86 | 20,094.43 | - | 20,407.29 | 1,201.73 | 4,473.77 | - | 5,675.50 |
| E) Rent Paid | | | | | | | | | |
| Lease Rent Paid | Isgec Heavy Engineering Ltd | 2,835.00 | | | 2,835.00 | 2,835.00 | | | 2,835.00 |
| Rent Paid Total | | 2,835.00 | - | - | 2,835.00 | 2,835.00 | - | - | 2,835.00 |
| F) Dividend Paid | | | | | | | | | |
| Dividend Paid | Isgec Heavy Engineering Ltd | 204.00 | | | 204.00 | 76.50 | | | 76.50 |
| | Hitachi Zosen Corporation | | 196.00 | | 196.00 | | 73.50 | | 73.50 |
| Dividend Paid Total | | 204.00 | 196.00 | - | 400.00 | 76.50 | 73.50 | - | 150.00 |
| G) Amount Receivable | | | | | | | | | |
| Trade Receivables | Isgec Heavy Engineering Ltd | 22.97 | | | 22.97 | 17.52 | | | 17.52 |
| | Isgec Titan Metal Fabricators Pvt. Ltd. | | | | - | 3.68 | | | 3.68 |
| | Hitachi Zosen Corporation | | 6,342.62 | | 6,342.62 | | 96.44 | | 96.44 |
| Other receivable | Isgec Heavy Engineering Ltd | | | | - | 6.50 | | | 6.50 |
| Amount Receivable Total | | 22.97 | 6,342.62 | - | 6,365.59 | 27.71 | 96.44 | - | 124.15 |



ISGEC HITACHI ZOSEN LIMITED
Notes to Financial Statements as at March 31, 2020

| | | | | | | | | | |
|--|--|---------------|-----------------|----------|-----------------|---------------|-----------------|----------|-----------------|
| H) Amount Payable | | | | | | | | | |
| Payables | Isgec Heavy Engineering Ltd - YNR | 154.81 | | | 154.81 | 161.79 | | | 161.79 |
| | Isgec Heavy Engineering Ltd - SEZ -jetty dahej | 169.21 | | | 169.21 | | | | |
| | Isgec Heavy Engineering Ltd -NOIDA | | | | - | 22.81 | | | 22.81 |
| Payables | Hitachi Zosen Corporation | | 431.49 | | 431.49 | | 1,740.40 | | 1,740.40 |
| Amount Payable Total | | 324.02 | 431.49 | - | 755.51 | 184.60 | 1,740.40 | - | 1,925.00 |
| I) Advance received from customers. | | | | | | | | | |
| Other Current Liabilities | Isgec Heavy Engineering Ltd | 942.28 | | | 942.28 | - | - | - | - |
| Other Current Liabilities | Hitachi Zosen Corporation | | 2,060.50 | | 2,060.50 | | 9,102.23 | | 9,102.23 |
| Total Advance received from customers. | | 942.28 | 2,060.50 | - | 3,002.79 | - | 9,102.23 | - | 9,102.23 |
| J) Managerial Remuneration | | | | | | | | | |
| | Managing Director | | | | 73.13 | | | 98.95 | 98.95 |
| K) Remuneration to Key Manegerial Personnel | | | | | | | | | |
| | Chief Financial Officer | | | | 19.27 | | | 19.66 | 19.66 |
| | Company Secretary | | | | 8.22 | | | 8.84 | 8.84 |

Remuneration to KMP includes:

| Particulars | (Rs in Lakhs) | |
|----------------------------|---------------|---------|
| | 2020-21 | 2019-20 |
| Post Employment Benefit | | |
| -Defined Contribution Plan | 2.51 | 2.42 |

Terms and Conditions

The transactions with the related parties are made on term equivalent to those that prevail in arm's length transactions. The assessment is under taken each financial year through examining the financial position of the related party and in the market in which the related party operates. Outstanding balances at the year end are un-secured and settlement occurs in cash.

Isgec Heavy Engineering Limited has given Corporate Guarantee to Banks for Non-Fund Limits financed by them to IHZL and for PCRE financed by the Bank.



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 47: FAIR VALUE MEASUREMENT

Financial instruments by category

(Rs.in Lakhs)

| Particulars | As at March 31, 2021 | | | As at March 31, 2020 | | |
|------------------------------------|----------------------|---------------|----------|----------------------|---------------|----------|
| | Amortised Cost | FVTPL* | FVTOCI# | Amortised Cost | FVTPL* | FVTOCI# |
| Financial Asset | | | | | | |
| Trade receivables | 11,167.04 | - | - | 5,497.52 | - | - |
| Forward derivatives | - | 116.04 | - | - | - | - |
| Loans | 62.49 | - | - | 61.74 | - | - |
| Cash and Cash Equivalents | 132.98 | - | - | 2,352.20 | - | - |
| Others | 1,016.89 | - | - | 1,381.80 | - | - |
| Total Financial Assets | 12,379.00 | 116.04 | - | 9,293.26 | - | - |
| Financial Liabilities | | | | | | |
| Forward derivatives | - | - | - | - | 157.11 | - |
| Borrowings | 16,109.55 | - | - | 4,400.00 | - | - |
| Trade payables | 2,789.56 | - | - | 2,836.06 | - | - |
| Other Financial Liabilities | 2,998.49 | - | - | 1,360.73 | - | - |
| Total Financial Liabilities | 21,897.60 | - | - | 8,596.79 | 157.11 | - |

*FVTPL - Fair value through profit or loss

#FVTOCI - Fair value through other comprehensive Income

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (A) recognised and measured at fair value and (B) measured at amortised cost and for which fair values are disclosed in financial statements. To provide an indication about the reliability of inputs used in determining fair values, the company has classified its financial instruments into three levels prescribed under the accounting standards.

The following table provides the fair value measurement hierarchy of Company's asset and liabilities, grouped into Level 1 to Level 3 as described below :-

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.



ISGEC HITACHI ZOSEN LIMITED
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(Rs.in Lakhs)

| Particulars | Carrying Value March 31, 2020 | Fair Value Measurement using | | |
|--|----------------------------------|---|--|--|
| | | Quoted price in Active Market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| (A) Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed at March 31, 2020 | | | | |
| (i) Financial Assets | | | | |
| Loans & Advances | | | | |
| Loans to Employees | 42.09 | - | - | 42.09 |
| Security Deposit | 2.30 | - | - | 2.30 |
| | 44.40 | - | - | 44.40 |
| (ii) Financial Liabilities | | | | |
| Borrowings | 4,400.00 | - | - | 4,400.00 |
| | 4,400.00 | - | - | 4,400.00 |
| (B) Financial Assets and Liabilities measured at Fair value- recurring fair value measurements at March 31, 2020 | | | | |
| Forward derivatives | 157.11 | - | 157.11 | - |
| Total | 157.11 | - | 157.11 | - |

| Particulars | Carrying Value March 31, 2021 | Fair Value Measurement using | | |
|--|----------------------------------|---|--|--|
| | | Quoted price in Active Market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| (A) Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed at March 31, 2021 | | | | |
| (i) Financial Assets | | | | |
| Loans & Advances | | | | |
| Loans to Employees | 40.31 | - | - | 40.31 |
| Security Deposit | 2.02 | - | - | 2.02 |
| | 42.32 | - | - | 42.32 |
| (ii) Financial Liabilities | | | | |
| Borrowings | 16,109.55 | - | - | 16,109.55 |
| | 16,109.55 | - | - | 16,109.55 |
| (B) Financial Assets and Liabilities measured at Fair value- recurring fair value measurements at March 31, 2021 | | | | |
| Forward derivatives | 116.04 | - | 116.04 | - |
| Total | 116.04 | - | 116.04 | - |

(ii) Valuation techniques used to determine Fair value

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Specific valuation technique used to value financial instrument includes:

- > the use of quoted market prices or dealer quotes for similar financial instruments.
- > the fair value of financial assets and liabilities at amortised cost is determined using discounted cash flow analysis

The following method and assumptions are used to estimate fair values:

The Carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, short term deposits etc. are considered to be their fair value, due to their short term nature.

Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. For borrowing fair value is determined by using the discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowings rate. Risk of non-performance for the company is considered to be insignificant in valuation.

Financial assets and liabilities measured at fair value and the carrying amount is the the fair value.



ISGEC HITACHI ZOSEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31.03.2021

NOTE 48: IMPACT OF COVID-19 (GLOBAL PANDEMIC)

Pursuant to outbreak of Coronavirus Disease (Covid 19) worldwide and its declaration as global pandemic, the Government of India declared lockdown on March 24, 2020 which led the temporary suspension of operations of the Company and has impacted the overall business activities of the Company. On account of this, management has prepared future cash flow projections and also assessed the recoverability of its assets using various internal and external information up-to the date of approval of these financial statements. Further on the basis of this evaluation and current indicators of future economic conditions, the Company expects to recover the remaining carrying amounts of these assets and does not anticipate any reduction of its financial and non-financial assets. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future spread of the COVID-19 and its impact on the Company's business operations. The Company will continue to closely monitor any material changes to future economic conditions viz a viz its business operations.

NOTE 49: FINANCIAL RISK MANAGEMENT

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

The Company's activities expose it to **market risk, credit risk and liquidity risk**. In order to minimise adverse effects on the financial performance of the Company, derivative financial instruments such as forward contracts and interest rates swaps are entered into to hedge foreign currency risk exposure. Derivatives are used exclusively for hedging purposes and not for trading and speculative instruments.

Market risk

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

The sensitivity analyses in the following sections relate to the position as at 31st March 2019 and 31st March 2020.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. The Company uses derivative financial instruments such as foreign exchange forward contracts of varying maturity depending upon the underlying contract and risk management strategy to manage its exposures to foreign exchange fluctuations.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of the fixed rate and floating rate financial instruments in its total portfolio.

(i) The exposure of group borrowings to interest rate changes at the end of reporting period are as follows:

| Particulars | 31-03-21 | 31-03-20 |
|--------------------------|------------------|-----------------|
| Variable rate borrowings | 16,109.55 | 4,400.00 |
| Fixed rate borrowings | - | - |
| Total borrowings | 16,109.55 | 4,400.00 |

(ii) As at the end of reporting period, the company had the following variable rate borrowings and interest rate swap contracts outstanding:

| Particulars | 31-Mar-21 | | | 31-Mar-20 | | |
|--|------------------------------------|------------------|------------------|------------------------------------|-----------------|------------------|
| | Weighted average interest rate (%) | Balance | % of total loans | Weighted average interest rate (%) | Balance | % of total loans |
| Loans repayable on Demand (Cash Credit)/PCRE | 5.27% | 14,359.55 | 89% | 4.95% | 2,400.00 | 55% |
| Term Loan | 8.20% | 1,750.00 | 11% | 9.35% | 2,000.00 | 45% |
| Net exposure to cash | | 16,109.55 | | | 4,400.00 | |

(iii) Sensitivity

Profit/loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

| Particulars | Increase/ Decrease in Basis | | Impact on Profit before Tax | |
|-------------|-----------------------------|-----------|-----------------------------|-----------|
| | 31-Mar-21 | 31-Mar-20 | 31-Mar-21 | 31-Mar-20 |
| INR | +60 | +60 | 86.16 | 14.40 |
| | -60 | -60 | -86.16 | -14.40 |



(b) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company operates internationally and the Company has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. The Company hedges its exposure to fluctuations by using foreign currency forwards contracts on the basis of risk perception of the management.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period as follows:

| (Rs.in Lakhs) | | | | | |
|--|----------|--------|--------|--------|----------|
| Foreign currency exposure as at 31st March, 2021 | USD | Euro | JPY | GBP | Total |
| Trade Receivables | 7,410.96 | | | | 7,410.96 |
| Trade payables | | 199.55 | 425.46 | 29.99 | 655.00 |
| Hedged Portion | 7,410.96 | 160.47 | 387.00 | 29.99 | 7,988.42 |
| Net Exposure to foreign currency risk (assets) | | 39.08 | 38.46 | | 77.54 |
| Foreign currency exposure as at 31st March, 2020 | USD | Euro | JPY | Others | Total |
| Trade Receivables | 106.24 | 412.70 | - | - | 518.94 |
| Trade payables | 1,802.98 | 15.43 | 48.39 | - | 1,866.80 |
| Hedged Portion | 1,790.69 | 428.13 | 48.39 | - | 2,267.21 |
| Net Exposure to foreign currency risk (assets) | 118.54 | - | - | - | 118.54 |

Foreign currency sensitivity

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax and other comprehensive income:

| Particulars | 2020-21 | | 2019-20 | |
|-------------|-------------|-------------|-------------|-------------|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| USD | - | - | 1.19 | 1.19 |
| Euro | 0.39 | 0.39 | - | - |
| JPY | 0.38 | 0.38 | - | - |
| Others | - | - | - | - |

The assumed movement in exchange rate sensitivity analysis is based on the currently observable market environment.

(c) **Price Risk**

The company does not hold any investments in equity as well as in debt instrument. Therefore, the company is not exposed to any price risk.

Credit risk

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the company. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and ageing of accounts receivable.

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is significant increase in credit risk, it considers reasonable and supportive forward looking information such as:

- (i) Actual or expected significant adverse changes in business.
- (ii) Actual or expected significant changes in the operating results of the counterparty.
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation
- (iv) Significant increase in credit risk and other financial instruments of the same counterparty
- (v) Significant changes in the value of collateral supporting the obligation or in the quality of third party guarantees or credit enhancements



a) The ageing analysis of the trade receivables has been considered from the date the invoice falls due:

(Rs.in Lakhs)

| Ageing | Not Due | Less than 6 months | 6-12 months | More than 12 Months | Total |
|--|------------------|--------------------|---------------|---------------------|------------------|
| As at 31-03-2021 | | | | | |
| Carrying Amount | 10,934.93 | 165.17 | 67.27 | | 11,167.38 |
| Expected loss Rate (in percentage) | | | 0.34 | | 0.34 |
| Expected Credit Loss (in `) | | | | | 0.34 |
| Carrying Amount (net of impairment) | 10,934.93 | 165.17 | 66.93 | | 11,167.04 |
| As at 31-03-2020 | | | | | |
| Carrying Amount | 1,984.19 | 2,990.10 | 413.47 | 111.35 | 5,499.10 |
| Expected loss Rate (in percentage) | - | - | 0.01 | - | - |
| Expected Credit Loss (in `) | - | - | 1.58 | - | 1.58 |
| Carrying Amount (net of impairment) | 1,984.19 | 2,990.10 | 411.89 | 111.35 | 5,497.52 |

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed data over the expected life of the trade receivable and is adjusted for forward- looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward- looking estimates are analysed. In case of probability of non collection, default rate is 100%

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

| Particulars | ECL for Trade Receivables |
|--------------------------|---------------------------|
| As at 01-04-2020 | 1.58 |
| Provided during the year | 0.34 |
| Reversed During the Year | 1.58 |
| As at 31-03-2021 | 0.34 |

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 collateral requirements. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the company's net liquidity position through rolling, forecast on the basis of expected cash flows.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

(Rs.in Lakhs)

| As at 31-03-2021 | Carrying Amount | On Demand | Less than 12 months | 12 months to 5 years | Total |
|-------------------------|------------------|------------------|---------------------|----------------------|------------------|
| Borrowings | 16,109.55 | 14,359.55 | 500.00 | 1,250.00 | 16,109.55 |
| Trade payables | 2,789.56 | - | 2,753.16 | 36.40 | 2,789.56 |
| Other Liabilities | 2,998.49 | - | 2,930.92 | 67.57 | 2,998.49 |
| Total | 21,897.60 | 14,359.55 | 6,184.08 | 1,353.97 | 21,897.60 |
| As at 31-03-2020 | | | | | |
| Borrowings | 4,400.00 | 2,400.00 | 250.00 | 1,750.00 | 4,400.00 |
| Trade payables | 2,836.06 | - | 2,799.66 | 36.40 | 2,836.06 |
| Other Liabilities | 1,360.73 | - | 1,360.73 | - | 1,360.73 |
| Total | 8,596.79 | 2,400.00 | 4,410.39 | 1,786.40 | 8,596.79 |

Financing Arrangements

The Company had access to the following undrawn borrowing facilities at the end of reporting period:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| Fund based limit (incl. interchangeable facility) | 3,540.45 | 11,600.00 |



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 50: CAPITAL MANAGEMENT

(a) Risk Management

The primary objective of the Company's Capital Management is to maximize the shareholder value and also maintain an optimal capital structure to reduce cost of capital. In order to manage the capital structure, the Company may adjust the amount of dividend paid to shareholders, return on capital to shareholders, issue new shares or sell assets to reduce debts.

The Company monitors capital on the basis of following gearing ratio, which is net debt divided by total capital plus debt.

| Particulars | (Rs in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Debt | 16,109.55 | 4,400.00 |
| Less: Cash & cash equivalent | 132.98 | 2,352.20 |
| Net Debt | 15,976.57 | 2,047.80 |
| Total Equity | 14,539.42 | 14,170.18 |
| Total Equity and Net Debt | 30,515.99 | 16,217.98 |
| Net debt to debt and equity ratio (Gearing Ratio) | 0.52 | 0.13 |

Notes-

(i) Debt is defined as long-term and short-term borrowings including current maturities (excluding derivatives) as described in notes 21, 24 & 26.

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

(b) Loan Covenants

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to call loans and borrowings or charge some penal interest. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the current years and previous years.

(C) Dividends

| Particulars | (Rs in Lakhs) | |
|---|--------------------------------------|----------------|
| | For the Year ended March 31, 2021 | March 31, 2020 |
| (i) Proposed Dividend* | | |
| For the year ended 31st March 2021, the Directors have recommended the payment of a Final Dividend of Rs. 0.20 per equity share | 200.00 | 400.00 |
| (ii) Dividend Paid During the Year (Proposed Dividend of Previous Year) | 400.00 | 150.00 |

*The proposed dividend is subject to the approval of shareholders in the ensuing general meeting



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2021

NOTE 51: INFORMATION ON COST AUDIT :


As per General Circular no.15/2011 dated April 11, 2011 issued by Ministry of Corporate Affairs, Government of India, the required information are as under :-

| Sl. No. | Particulars | Description | |
|---------|---|--|--------------------------------------|
| (a) | Product covered for Cost Audit | Other Machinery | |
| (b) | Full Particulars of Cost Auditor | GOPINATHAN MOHANDAS & CO. HIG-,G-11A, Sector -23 Raj Nagar,Ghaziabad 201002 (UP) | |
| (c) | Filing of Cost Audit Report | Year ended March 31, 2021 | Year ended March 31, 2020 |
| | i) Date of filing of Cost Audit Report | | 06.08.2020 |
| | ii) Due date of filing of Cost Audit Report | 30.09.2021 | 30.09.2020 |

As per our report of even date

For SCV & Co. LLP
 Chartered Accountants
 Firm Registration No.000235N/N500089


Sharesh Kumar
 Chief Financial Officer


Brajesh Kr. Rai
 Chief Operating Officer


Aasha Rani
 Company Secretary
 M.No.A39007


CA. Abhinav Khosla
 Partner
 Membership No. 087010

For and on behalf of the Board of Directors


Sanjay Gulati
 Managing Director
 DIN: 05201178


Shalabh Singh
 Director
 DIN: 07738604

Place: New Delhi
 Dated: **19 MAY 2021**

