ANNUAL REPORT
2019-20

ISGEC
Isgec Heavy Engineering Ltd.

# SECURE FUTURE
# STRONG FUNDAMENTALS

# Contents



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**Forward-looking statement**

The Annual Report may contain, without limitation, certain statements that include words such as "believes", "expects", "anticipates" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that may cause actual performance or results to be materially different from those anticipated in these forward-looking statements. The Company is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or otherwise.

# About Isgec Heavy Engineering

Isgec Heavy Engineering Ltd. is a diversified heavy engineering company engaged in manufacturing and project businesses with an extensive global presence. In operation for the past 87 years, we provide state-of-the-art, sustainable engineering solutions to customers around the world. We manufacture Process Plant Equipment, Presses, Iron & Steel Castings, and Boiler Pressure Parts. We also undertake turnkey projects for setting up Boilers, Power Plants, Sugar Plants, Distilleries, Factories, Industrial Water Treatment Facilities, and Bulk Material Handling Facilities. We have also developed strengths in Construction.

Underpinning our operations are our core business strengths which include robust manufacturing capabilities, highly experienced management, strong talent pool, and our strategic technology partnerships with leading global firms. We address the requirements of a wide spectrum of industries namely power, fertilizer, sugar, oil & gas, petrochemicals, automobile components, steel, cement, chemicals, railways, space, and ports.

Our presence across multiple industries and geographies helps us spread any sectoral or geographical risks. We rank 279 in the ET 500 listing, 259 in the Fortune India 500 listing, and 397 in the Business Today 500 listing.

**91** countries across **6** continents
Global presence

**4,273**
Employees across India, Canada, USA, and the Philippines

**900**
Qualified engineers

**AA (Stable) and A1+**
Credit rating by ICRA

**KEY HIGHLIGHTS FOR FY 2019-20**

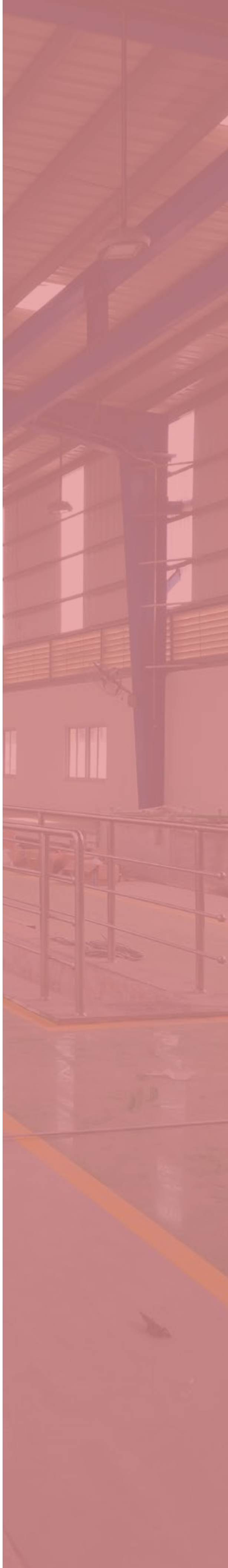
**₹ 5,85,215 Lakh**
Revenue

**₹ 35,676 Lakh**
EBITDA

**₹ 15,073 Lakh**
PAT

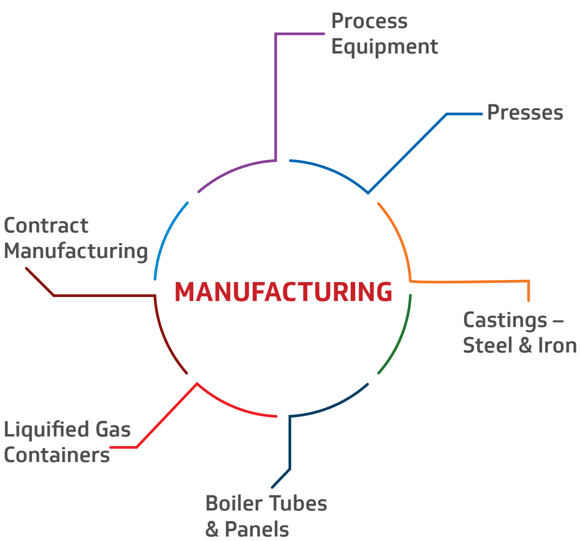
**₹ 1,93,531 Lakh**
Net Worth as on FY 2020

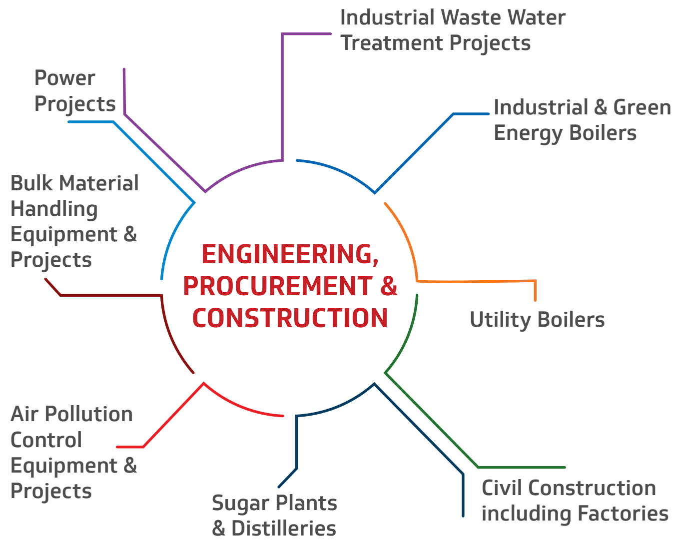
**₹ 6,91,600 Lakh**
Order Book



# Our Business Segments

We are a diversified player with business areas in both Manufacturing and Engineering, Procurement, and Construction (EPC) Project segments.



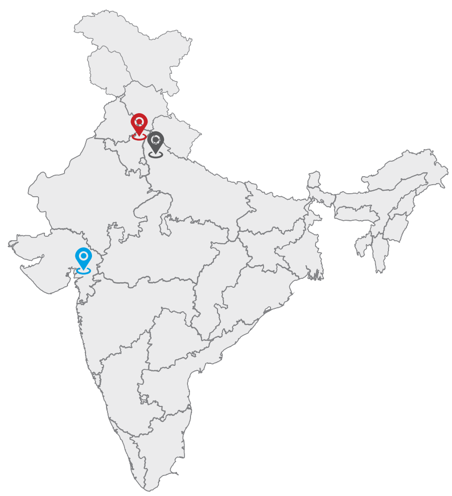




## MANUFACTURING LOCATIONS

**Yamunanagar, Haryana**
Pressure Vessels & Heat Exchangers, Presses, Boilers, Containers, Castings, Sugar and other Industrial Machinery

**Rattangarh, Haryana**
Boiler Components

**Bawal, Haryana**
Mechanical Presses and other Industrial Machinery



**Muzaffarnagar, UP**
Castings

**Dahej, Gujarat**
Reactors, Pressure Vessels, Columns, Heat Exchangers

**Overseas facility**
Windsor, Canada
Presses

*Map not to scale. For illustrative purposes only.*

## OUR MARQUEE CLIENTELE

# Our Journey

**1933**
Establishment of Company
(erstwhile name - Saraswati Sugar Syndicate Ltd.)

**1946**
Establishment of Indian Sugar & General Engineering Corporation (Isgec Heavy Engineering Limited) to address the need for the Indian capital goods industry

**1963**
Amalgamation of Saraswati Sugar with Isgec

**1965**
Formation of Isgec John Thompson Ltd. (IJT) for designing, supplying, erecting, and providing after sales service of boilers

**1967**
Formation of Presses division

**1973**
Amalgamation of Isgec John Thompson Ltd. (IJT) with Isgec

**1981**
Acquisition of Castings unit by the Company

**2007**
Company's turnover crossed ₹ 1,000 Crore

**2008**
Listing on Group B of the Bombay Stock Exchange
- Setting up of new plant at Dahej, Gujarat to manufacture heavier and bigger Process Plant equipment for the overseas market

**2009**
Setting up of a new factory for Standard Presses at Bawal, near Gurugram (Haryana) India
- Company's turnover crossed ₹ 2,000 Crore

**2012**
Entered into a JV with Hitachi Zosen Corporation, Japan for manufacturing specialised and critical Process Equipment (51% share with Isgec)
- Company's turnover crossed ₹ 3,000 Crore

**2015**
Formed JVs with Sumitomo SHI FW Energia, Oy, Finland; Titan Metal Fabricators, USA; and Redecam, Italy

**2018**
Acquisition of 100% stake in Eagle Press & Equipment Co. Ltd., a Press manufacturing company in Canada

**2020**
Company's turnover crosses ₹ 5,800 Crore

# Subsidiaries and Joint Ventures

ISGEC
Isgec Heavy Engineering Ltd.

100%

**Saraswati Sugar Mills Ltd.**
A wholly-owned subsidiary company based in Yamunanagar (Haryana) India

**Eagle Press & Equipment Co. Ltd.**
A wholly-owned subsidiary company with manufacturing facility in Windsor, Canada

51%

**Isgec Hitachi Zosen Ltd.**
JV with Hitachi Zosen Corp., Japan

**Isgec Titan Metal Fabricators Pvt. Ltd.**
JV with Titan Metal Fabricators, USA

**Isgec SFW Boilers Pvt. Ltd.**
JV with Sumitomo SHI FW Energia Oy, Finland

**Isgec Redecam Enviro Solutions Pvt. Ltd.**
JV with Redecam, Italy

# Strategic Technology Partnerships

- Amec Foster Wheeler, USA (now with Wood Group, UK)
- AP&T, Sweden
- Babcock Power Environmental Inc., USA
- BHI FW Corporation, South Korea
- Bosch Projects, South Africa
- CB&I Technology Inc., USA
- Envirotherm GmbH, Germany
- Fuel Tech Inc., USA
- Siemens Heat Transfer Technology b.v., Netherlands
- Sumitomo SHI FW Energia Oy, Finland
- Thermal Engineering International (TEi), USA

# Corporate Information

## BOARD OF DIRECTORS

**Directors**

Mr. Vinod K. Nagpal

Mr. Tahir Hasan

Mr. Vinod Kumar Sachdeva

Mr. Arun Kathpalia

Mr. Sidharth Prasad

Mr. Vishal Kirti Keshav Marwaha

Mrs. Shivani Hazari

**Whole-time Director**

Mrs. Nina Puri

**Managing Director**

Mr. Aditya Puri

**Chairman**

Mr. Ranjit Puri

## AUDIT COMMITTEE

Mr. Vinod K. Nagpal - Chairman

Mr. Arun Kathpalia

Mr. Aditya Puri

Mr. Sidharth Prasad

## EXECUTIVE DIRECTOR & COMPANY SECRETARY

Mr. S.K. Khorana

## CHIEF FINANCIAL OFFICER

Mr. Kishore Chatnani

## AUDITORS

SCV & Co. LLP
B-41, Panchsheel Enclave,
New Delhi-110017

## BANKERS

State Bank of India

Standard Chartered Bank

Corporation Bank

Punjab National Bank

The Hongkong & Shanghai Banking Corporation Ltd.

ICICI Bank Ltd.

Citibank N. A.

Kotak Mahindra Bank Ltd.

HDFC Bank Ltd.

Yes Bank Ltd.

IndusInd Bank Ltd.

Export Import Bank of India

IDFC First Bank Ltd.

Axis Bank Ltd.

DBS Bank Ltd.

Indian Bank

## REGISTERED OFFICE

Radaur Road,
Yamunanagar-135001
Haryana, India

## REGISTRAR & SHARE TRANSFER AGENT

M/s. Alankit Assignments Limited,
'Alankit House', 4E/2, Jhandewalan Extension,
New Delhi – 110055.
Phone: +91-11-42541234, 23541234,
Fax : +91-11-23552001,
Email: alankit@alankit.com

# Statutory Reports & Financial Statements

# Board's Report

**1.00** The Board hereby presents its Report for the year ended 31st March 2020.

## 2.00 FINANCIAL SUMMARY:

(₹ in lakhs)

| | Particulars | As at 31.03.2020 | As at 31.03.2019 |
|---|---|---|---|
| I. | **ASSETS:** | | |
| | Fixed Assets | 52,626.31 | 51,870.69 |
| | Other Non-current Assets | 31,898.18 | 24,836.40 |
| | Current Assets | 358,803.45 | 349,447.74 |
| | **Total** | **443,327.94** | **426,154.83** |
| II. | **EQUITY AND LIABILITIES:** | | |
| | Shareholders' Funds | 147,050.92 | 134,717.25 |
| | Non-Current Liabilities | 24,891.01 | 31,646.23 |
| | Current Liabilities | 271,386.01 | 259,791.35 |
| | **Total** | **443,327.94** | **426,154.83** |

| | Particulars | For the year ended 31.03.2020 | For the year ended 31.03.2019 |
|---|---|---|---|
| III. | Revenue from Operations | 489,370.87 | 412,892.10 |
| | Other Income | 1,858.09 | 3,689.38 |
| | **Total Revenue** | **491,228.96** | **416,581.48** |
| IV. | **Total Expenses** | **470,482.39** | **396,273.90** |
| V. | Profit/(Loss) Before Tax | 20,746.57 | 20,307.58 |
| VI. | Tax Expenses including deferred tax | 5,437.05 | 7,475.84 |
| VII. | Profit/(Loss) After Tax | 15,309.52 | 12,831.74 |
| VIII. | Other Comprehensive Income/(Expense) | 27.50 | 18.22 |
| IX. | Balance carried to Profit and Loss Account | 15,337.02 | 12,849.96 |
| X. | Basic/Diluted Earning per Share of ₹ 1/- each. (in ₹) | 20.82 | 17.45 |

## 3.00 DIVIDEND:

3.01 In the month of February, 2020, the Company declared an Interim Dividend of ₹ 2/- per equity share of ₹ 1/- each, which is equal to dividend paid last year. In view of requirement of funds, the Directors have not recommended any Final Dividend.

## 4.00 STATE OF COMPANY AFFAIRS AND OPERATIONS, INCLUDING MANAGEMENT DISCUSSION & ANALYSIS:

4.01 Order booking at the start of the year was at a record level. This resulted in growth, both in turnover as well as profit.

4.02 The turnover and profit is ₹ 4,912 crores and ₹ 153 crores respectively, as compared to ₹ 4,166 crores and ₹ 128 crores in the preceding year. These were affected due to the nationwide lockdown starting in the last week of March 2020, because of which all the Manufacturing Plants and Offices of the Company and Project Sites were closed. Consequently, a lot of billing of the last part of the year could not be completed.

### COVID-19:

4.03 The Covid-19 pandemic and the consequent halt to economic activities, both in India and overseas, had, and continues to have, an adverse effect on the businesses of the Company, both in the Engineering Procurement and Construction (EPC) and Manufacturing Segments.

4.04 In case of EPC Segment, due to the nationwide lockdown starting from 24.03.2020, all the project sites were closed. Depending on the relaxation by the authorities of the relevant States, sites have restarted work with requisite health and safety measures. The labour availability has been affected due to migration of labour. The present, availability of labour at different sites is between 30-70%. It may take a minimum of 2-3 months to come to the same level of manpower, as before the lockdown.

4.05 All our offices doing engineering work relating to EPC Segment were also closed. As per the directives of the authorities, these have re-started in May 2020, but with limited attendance. The Company is complying with social distancing and other health and safety measures in all the offices. In order to ensure social distancing, some of the employees continue to work from home.

4.06 In case of Manufacturing Segment, all our Plants were shut down from 24.03.2020. Following the relaxation by the authorities, these Plants were restarted in April and May and are now functioning normally. The Plants are not affected by any labour problems. Complete health and safety measures have been taken at all the Plants.

4.07 During the period of lockdown, the employees of the Company were working at home to do activities which are feasible to work from home. In order to enable the employees to work efficiently from home and from remote locations at sites, the Company has strengthened its IT Systems through purchase of additional hardware and software and by providing additional internet connectivity. Security of drawings and data is being maintained.

4.08 Covid-19 has also affected supplies from raw material suppliers, sub-contractors and vendors as their establishments have not started operations fully due to migration of labour and other problems. Some of the consignments of raw material, which were in transit or reached at the Port in March and April, 2020, could not be transported to our plants because of non-availability of resources such as transport, custom clearance agents, customs and other officials at the port. It may take another few weeks for supplies to normalise.

4.09 All our contracts provide for Force Majeure conditions in case of any unforeseen situations. Customers have been informed of the delays in completion of their orders / projects because of lockdown. We do not anticipate any significant issues with customers because of delay in completion of orders.

4.10 Some of the customers, both in the EPC Segment as well as in the Manufacturing Segment, asked us to defer delivery by a few months. In some cases customers who had placed orders, have put a hold for some time. In a few cases, customers have cancelled the orders or not given advance payments.

4.11 Due to Covid-19, the economic activities in the country and abroad have been disrupted. It will take some time for these to pick up at full pace. But for now, we have to face subdued demand, liquidity issues with customers and suppliers, and deferment of capital investments.

4.12 In order to help the economy, the Reserve Bank of India (RBI) and the Government of India have taken various steps. RBI has announced measures to improve liquidity. Government of India has announced a stimulus package for revival of business environment and demand via infra spend. The Government has also announced a Procurement Policy whereby preference will be given to Indian suppliers. These measures will help the Company.

4.13 With sentiment emerging amongst developed countries to have an alternate to China for their manufacturing requirements, India stands a good chance of getting a portion of the same. Our Company may benefit.

4.14 The Company has made various cost saving efforts. The efforts include standardisation of components, automation in engineering, value engineering and review of designs and simplification of work. Better practices were also implemented on the shop floor at the Plants and on Project Sites for improving productivity. All administrative costs are also being looked at very carefully and are being curtailed. Most of the meetings are being held virtually.

4.15 The company has implemented cut in the Allowances and Leave related benefits of staff and officers, ranging from 5% to 30% of cost to the Company. No cut was made for anybody drawing upto ₹ 8 lakh per annum. The Managing Director and the Whole Time Director will also forego 75% of the remuneration payable to them for the current year. The Board of Directors thanks the employees for appreciating the situation.

4.16 We continue to closely monitor the economic developments related to Covid and their implications on the company, though the future impact of the pandemic on our business cannot be reliably predicted at this time.

**EXPORT:**

4.17 The export turnover during the year was higher at ₹ 1,170 crores as compared to ₹ 1,124 crores in the preceding year.

4.18 Focus on export continued during the year. The efforts included participation in various exhibitions and conferences, the important ones being NEWCAST 2019 Germany, METALFORM Japan, THAI METALEX-2019 Thailand, and WORLD SODA ASH CONFERENCE, France.

4.19 Export turnover, on the basis of export orders in hand as on 31.03.2020 and further orders to be booked and billed during the current year, is likely to be higher. However, it will be subject to removal of hold on some of the orders by the customers as a result of Covid-19.

### BUSINESS DEVELOPMENT:

4.20 A Business Development Cell has been created to diversify into new products. Focus is on Contract Manufacturing for Defence, Space and Other sectors.

4.21 The Company is working closely with the Indian Space Research Organization (ISRO) and Defence Research and Development Organization (DRDO).

4.22 In the Space sector, the Company secured its first order for a Hydraulic Expander for 'Precision Expansion Forming' to produce Space Rocket Skirts from Hindustan Aeronautics Limited (HAL), followed by another contract to build a Cryogenic Engine's Thrust Measurement Test Rig for ISRO.

4.23 For Defence, the Company secured its first order for equipment for a strategic project of the Ministry of Defence. Further, under the 'Offset Scheme' of the Government of India, for defence procurement, overseas companies have to get part of the equipment made in India. We are working towards getting business under this Scheme.

4.24 The Company also diversified to take projects of Industrial Waste Water Treatment & Recycling, and Civil Infrastructure and secured orders for both.

4.25 In order to expand the range of Air Pollution Control Equipment, the Company has also entered into a technology tie-up for Semi Dry FGD with Sumitomo SHI FW. This technology is used for the removal of Sox (Sulphur Oxides) in plants where there is shortage of water and land. The first order for this has been secured from an Aluminium plant.

### DISPUTE IN ARBITRATION:

4.26 As stated in last year's Board's Report, there was a dispute arising out of a contract with Cavite Biofuel Producers Inc. (CBPI) to design, construct, commission and deliver a bio-refinery project in the Philippines. The dispute was referred to Arbitration under the Singapore International Arbitration Centre (SIAC).

4.27 The arbitration has been settled out-of-court on the following terms:-

(a) Our Wholly Owned Subsidiary, Isgec Investments Pte. Ltd., Singapore, incorporated for this purpose, acquired CBPI along with its holding companies at a nominal consideration of USD100.

(b) The acquisition consists of under construction bio-ethanol distillery and cogeneration facility as well as other related assets. It also consists of liability of loan of about USD 35.8 million from Land Bank, Philippines.

4.28 The Landbank has given an extension of moratorium period by two years on the due instalments, and the instalments are now payable from January 2022 to January 2030.

4.29 In the meantime, measures have been taken to maintain and secure the assets.

4.30 The acquisition was done to sell the acquired assets and recover our outstanding. We were in talks for sale with various parties but these could not progress further due to the Covid-19 pandemic, which has been ruling over South East Asia for the last several months. In view of this, the sale is unlikely to be completed within one year from the date of acquisition. Accordingly, we are consolidating the financial results of these companies as subsidiary companies, instead of treating them as held for sale.

### ENGINEERING, PROCUREMENT AND CONSTRUCTION (EPC) SEGMENT:

4.31 EPC Segment consists of Projects and Turnkey Solutions for Boilers, Air Pollution Control Equipment, Sugar Plants & Machinery, Distilleries, Power Plants, Construction of Factories, Material Handling Systems, Industrial Waste Water Treatment & Recycling, and Civil Infrastructure.

4.32 It was a good year for this Segment. Both, turnover and profit were higher as compared to the preceding year.

### BOILERS:

4.33 The Boiler Division continued to be a dominant player in the domestic market in its area of operation.

4.34 The Division had a higher backlog of orders. As a result, both turnover and profits were more in the year under report as compared to the preceding year. In fact, the turnover was likely to be at a record high, but for the lockdown from 24.03.2020.

4.35 In a significant development, the Division completed the supply of its first Heat Recovery Steam Generator for Hindustan Urvarak & Rasayan Limited. Its commissioning was due but has been delayed due to Covid-19. The Division is also executing more such projects for the same customer. This technology has good potential in the future.

4.36 Slop (highly polluting distillery effluent) Fired Boilers continue to be in demand due to the Zero Liquid Discharge policy of the government. The Division has been successful in making improvements in these Boilers in fuel saving, as well as in the generation of steam at high temperature and high pressure, to give better efficiency to customers.

4.37 As for the current year, on the basis of orders in hand, the Division is well placed.

## AIR POLLUTION CONTROL EQUIPMENTS (APCE):

4.38 Execution of two Wet Flue-Gas Desulfurization (FGD) projects, secured from the National Thermal Power Corporation Limited (NTPC) was progressing well until the lockdown. The execution has started again but may take another few weeks to be at the pre-lockdown level.

4.39 The Division has emerged as the lowest bidder in two more projects of Wet FGD. Final contracts are yet to be signed.

4.40 As already stated, the Division has also started supplying Semi Dry FGD for removal of SOx in plants where there is shortage of water and land. The first order for this has been secured from an Aluminium Plant.

4.41 The Division has successfully executed its first order for NOx (Nitrogen Oxides) Control by Combustion Modification in large Boilers.

4.42 We continue to do well in the supply of Electrostatic Precipitators.

## SUGAR PLANTS & MACHINERY AND DISTILLERIES:

4.43 The Division continues to be a leader in the Sugar Plants and Machinery business with its focus on technology. It successfully completed supply and commissioning of two big Sugar Plants having Cogeneration Plants of 27 MW in Uttar Pradesh.

4.44 There was not much investment for Sugar Plants due to the surplus sugar situation. Therefore, the turnover for this business was low and the present order book of the Division is not adequate.

4.45 However, the Division was successful in securing an order on EPC basis for a Sugar and Cogeneration Plant in Haryana. The Division is also executing two small sugar refineries in the state of Uttar Pradesh. In addition to this, the Division is executing an Ethanol Distillery project for our wholly owned subsidiary company, Saraswati Sugar Mills Limited, Yamunanagar.

4.46 There are also a number of enquiries for Distilleries due to the policy of the Central Government to encourage ethanol.

## CONSTRUCTION OF POWER PLANTS, FACTORIES, MATERIAL HANDLING SYSTEMS, INDUSTRIAL WASTE WATER TREATMENT & RECYCLING, AND CIVIL INFRASTRUCTURE:

4.47 Investment by Private Sector was low during the year. However, due to infra push, a number of projects came from the Public Sector. Accordingly, customer base of the Division shifted from the Private Sector to the Public Sector. In view of Covid-19, this trend is likely to grow further.

4.48 The Division successfully executed various projects, the important ones being a 4000 TPH Coal Handling Facility at a Port, a Diesel Electric Multiple Unit Railway Facility, and two Power Plants in the Philippines.

4.49 The division secured orders for Complete Civil Work for a 564 MLD Sewerage Treatment Plant. It also secured an order for a Zero Liquid Discharge for Power Plant in Waste Water Treatment. It secured an order for a Waste Heat Power Plant from a big Cement Manufacturing Company.

## MANUFACTURING OF MACHINERY & EQUIPMENT SEGMENT:

4.50 The Segment consists of Manufacture of Presses, Process Equipment, Liquified Gas Containers, Tubing & Piping, Iron & Steel Castings, and Industrial Machinery. Each of these items is explained in the subsequent paragraphs.

4.51 An in-house Welding & Fitting School was made operational to improve skills and develop skilled manpower.

## PRESSES AND CONTRACT MANUFACTURING:

4.52 The Division continues to be a dominant player for supply of Presses in the domestic market. Isuzu Motors India awarded Isgec an award for being the Best Supplier in the Machinery & Equipment category for delivering a Press while meeting critical performance parameters for Quality, Delivery & Service Support.

4.53 The year began with a good order book. However, due to slowdown in the Automotive Sector, major investment by this Sector has been put on hold. This affected the order booking in the year under report. In spite of that, the Division had satisfactory turnover and profit, but it was less than last year.

4.54 The slowdown in the Auto Sector adversely affected orders for Mechanical Presses. We, therefore, focused on Hydraulic Presses from the Auto and Non-Auto Sectors such as Die-spotting, High Capacity Cold Forging Presses, Refractory Presses and specialised Defence Presses and secured some orders.

4.55 With the advent of Electric Vehicles (EV), demand for Boron Steel Hot Stamped Components will increase. We have received an order for a 1000T Hydraulic Press for manufacturing Hot Stamped Components.

4.56 In order to continue our focus on Exports, we opened a Representative Office in Bangkok (closed temporarily due to Covid-19). We have started storing Standard Mechanical Presses (SMP) in Thailand, Indonesia and USA for ready delivery.

4.57 Our pursuit for rapid development of Servo Press Technology continued. Having successfully installed a Twin Drive Servo Press at JLR (Jaguar Land Rover) Park in Slovakia, we have started building more Servo Presses, an indigenous product of our R&D Centre.

4.58 Isgec has also developed a new Service for Press customers called "ISGEC-REACH 4.0 (Remote Enabled Access & Cloud Hub)". It is a combination of cyber-physical systems, the Internet of Things and the Internet of Systems involving Artificial Intelligence (AI) and Intelligent Sensors. It is a web based solution to enable customers to improve the component quality, productivity of machines and to keep track of the preventive maintenance and get alerts on any anomaly in the machines.

4.59 We have also constituted a cross functional group called RUSH. It is to scout for work related to Reconditioning, Up-gradation, Spares, and Health check-up of Presses. The results have been encouraging.

4.60 As far as Contract Manufacturing is concerned, we are focusing on Railways, Defence, Space and other Infrastructure Sectors.

4.61 We participated in the International Rail Equipment Exhibition (IREE) and a Defence Exhibition (Defexpo). The leads generated through these Exhibitions are being explored for further business development.

**PROCESS EQUIPMENT:**

4.62 Order booking during the year was below target as major projects of refineries, petrochemicals and fertilizer sectors, both, domestic as well as overseas, were delayed. In spite of this, order backlog was sufficient to achieve turnover close to the target.

4.63 We, however, succeeded in booking two good orders for Heat Exchangers from ongoing projects for export to Thailand. We also bagged a breakthrough order for a Volume Compensator Vessel from the Defence Sector.

4.64 An order for Crude Distillation Unit (650 MT) / Vacuum Distillation Unit (900 MT), to be completely manufactured at site, was secured. We also bagged an order for in-situ repair of Hot and Cold Evaporator as well as modification of Packinox Exchangers from a Refinery. These orders will strengthen our references for Site Executed jobs and the critical Revamp market.

4.65 At the Works in Yamunanagar, we manufactured the heaviest/longest Helical Heat Exchangers. The weight was 291 MT and length was 30 metres. In addition, we also manufactured the heaviest Heat Exchanger of 380 MT.

4.66 Order booking in the current year will depend on revival of investments in Refineries, Petrochemicals and Fertilizer projects.

**LIQUIFIED GAS CONTAINERS:**

4.67 The Company continued to be the global leader for supply of Chlorine Ton Containers.

4.68 We achieved the highest ever production. Order booking, domestic as well as export also increased significantly.

4.69 In the current year, due to Covid-19, most of the Caustic Soda Plants who are our customers, are working at 25-30% capacity because of low demand from their downstream consumers i.e. Aluminum and Textile industry because of lockdown. This has resulted in some existing orders from new Grass Root Projects of Caustic Soda being put on hold. We are following the developments very closely.

**TUBING AND PIPING:**

4.70 The Division had a good year in terms of turnover, profit, production and order booking.

4.71 The Division, apart from doing work for captive purposes (sister Divisions), succeeded in booking large value orders for both Tubing as well as Piping from reputed customers.

4.72 The Division has entered into new areas. One area is manufacturing of Pressure Parts for Boilers for Paper Industry (Black Liquor Boilers) for which our shops were approved by two major players and we have successfully won orders from both. The other new area is manufacturing of Pressure Parts for Waste Heat Recovery Boilers and Heat Recovery Systems for Sulfuric Acid Plant.

4.73 Our Shops are now certified for EN Code (European Code) for Boilers and have approval to manufacture Boilers parts as per ISO 12952.

### IRON CASTINGS:

4.74 The year under report has been an excellent year for this Division.

4.75 The Division achieved good order booking from the Soda Ash Sector, both, Domestic as well as Export, particularly Europe.

4.76 The Division has taken up development of Compressor Body and Ductile Iron Cylinder Castings for Gas Compressors. A trial order for three sets of Compressor Body Castings is under execution for an Overseas Soda Ash Manufacturer.

### STEEL CASTINGS:

4.77 The working of the Steel Castings unit, during the year, was not satisfactory. There were delivery as well as quality issues. With the result, the order booking, turnover and production was adversely affected and the unit incurred loss for the first time after several years.

4.78 The Market remained depressed during the year. There were few orders in the market and the bidding was extremely competitive, adversely affecting margins.

4.79 There was improvement in the Domestic Industrial Turbine market in the fourth quarter and we booked some good orders. The market for Valve and Pump Castings also improved due to upcoming Water Projects resulting in increased enquiries.

4.80 Efforts were made to improve quality and delivery and the results are positive.

### DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS ALONG WITH DETAILED EXPLANATIONS:

4.81 Details of significant changes in key Financial Ratios is enclosed as Annexure-1.

## 5.00 REPORT ON THE PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES AND JOINT VENTURE COMPANIES:

### (A) SARASWATI SUGAR MILLS LIMITED (WHOLLY OWNED SUBSIDIARY COMPANY):

(1) The Company had a good year. It made a profit before tax of ₹ 33.3 crores against ₹ 14.9 crores in the preceding year.

(2) The working of the factory, during the season 2019-20, which closed on 16.05.2020, was excellent. The sugar recovery during the season has been the highest ever at 11.79%. The total stoppages during the season were also less at 4.97% of the available hours against 5.24% in the preceding season.

(3) In spite of 11% reduction in the cane area, we were able to crush almost the same quantity of cane as last season, because of better yield.

(4) In spite of lockdown from 3rd week of March 2020 onwards because of Covid-19, we were able to manage smooth operations of the factory with timely management of various raw materials like chemicals, packing materials etc., and regular disposal of by-products namely bagasse as it is fire hazardous and occupy a lot of space.

(5) The Company, for the first time, manufactured some quantity of raw sugar to fulfil part of the export commitments under the Maximum Admissible Export Quota allotted to it.

### SUGAR SCENARIO:

(6) The All India sugar production during the season 2018-19 (October 2018 to September 2019) was 331.62 lakh tonnes. The total off-take was 293 lakh tonnes consisting of domestic consumption of 255 lakh tonnes plus export of 38 lakh tonnes. Thus, the season 2019-20 (October 2019 to September 2020) started with an opening stock of 146 lakh tonnes.

(7) In view of large the opening sugar stock, the Central Government took following measures to improve the financial position of the sugar mills:-

(i) The mills were directed to export 60 lakh tonnes under the Scheme of Maximum Admissible Export Quota (MAEQ), according to quota allocated to each mill, by 30th September

2020. The loss resulting to mills from export will be compensated by way of subsidy of ₹ 1,044.80 per quintal of sugar exported;

(ii) Continue with Monthly Release Mechanism under which each mill is not allowed to sell more than the released quantity for a month;

(iii) Continue with policy of Minimum Sale Price (MSP), below which sugar mills are not allowed to sell. MSP applicable during the year under report was ₹ 3,100 per quintal;

(iv) Creation of Buffer Stock of 40 lakh tonnes of sugar for a period of one year from 1st August, 2019. Each sugar mill to get financial assistance on the quantity of Buffer Stock allocated multiplied by ₹ 3,100 per quintal, as under:-

(a) Interest @12% p.a. or actual rate payable, whichever is less;

(b) Insurance and Storage charges @1.5% p.a.

(v) Measures to augment Ethanol production: In addition to the scheme announced for extending loans for expansion of existing Distilleries and setting up of new Distilleries (reported in last year's report), the Government permitted production of Ethanol from cane juice and B-Heavy Molasses (an intermediate product during the manufacture of sugar), so that sugar production is less. Ethanol prices were also raised substantially;

(vi) No increase in Fair & Remunerative Price (FRP) payable for sugarcane for season 2019-20.

(8) The Haryana Government also did not increase the State Advised Price (SAP) payable for sugarcane and continued with the cane subsidy payment on last year's basis.

(9) These steps of the Governments were helping the Industry to slowly recover and come out of financial distress.

(10) There was increase in sugar prices, both domestic and export, after the forecast of a supply deficit due to decrease in production in all sugar producing countries including India. The All India production for season 2019-20 was estimated at 260 lakh tonnes against 332 lakh tonnes in the preceding season. This was due to a decline in cane availability in Maharashtra and Karnataka because of draught (last year – June to September 2018), heavy rainfall and subsequent water logging (current year – August to September 2019).

**COVID-19:**

(11) Demand for sugar reduced due to lockdown across the world. Sugar off-take dropped quite significantly since the lockdown started, basically because bulk consumers including sweet shops, bakeries, beverage manufacturers etc. had to close their operations as also restaurants, malls, movie halls etc., had to shut down, affecting consumption of desserts, ice creams, and soft drinks.

(12) Lockout also led to closure of Gur and Khandsari units. With the result more cane was available for crushing by sugar mills, particularly in Uttar Pradesh and Haryana. In fact Uttar Pradesh will have record production of sugar in the current season. The All India sugar production is likely to increase to 270 Lakh tonnes against 260 lakh tonnes estimated at the beginning of the season.

(13) Off-take of Petrol was adversely affected impacting demand of Ethanol by Oil Companies.

(14) Export was also adversely affected due to lockdown. There was disruption in transport. However, export from India has recently picked up, helped by demand from countries including Iran and Indonesia. India is expected to export 50 lakh tonnes of sugar by September 2020.

(15) In the coming months, mills expect improvement in off-take as lockdown restrictions are eased.

**SARASWATI SUGAR MILLS:**

(16) Revenue from operations is almost equal to last year in spite of less quantity of sugar and molasses sold. While sugar prices were marginally higher due to increase in the Minimum Sale Price from ₹ 29 per kg to ₹ 31 per kg, the price of molasses sold was higher due to increased Ethanol production and expected consumption. Other income was also higher due to receipt of subsidy from Central and State Governments.

(17) Though, Haryana Government did not increase the sugar cane price for the season 2019-20, still Sugar Mills in Haryana paid the highest cane price in India. The comparative sugarcane prices, in Haryana and Uttar Pradesh are as under:-

| Variety | Haryana | | Uttar Pradesh | |
|---|---|---|---|---|
| | Season 2019-20 (₹ per Quintal) | Season 2018-19 (₹ per Quintal) | Season 2019-20 (₹ per Quintal) | Season 2018-19 (₹ per Quintal) |
| Early | 340 | 340 | 325 | 325 |
| Mid | 335 | 335 | 315 | 315 |
| Late | 335 | 335 | 315 | 315 |

(18) The Statistical position is given below:-

| Particulars | Sugar Season (October to September) | |
|---|---|---|
| Saraswati Sugar Mills (SSM) | 2019-20 | 2018-19 |
| Date of Start of crushing operations by SSM | 26.11.2019 | 20.11.2018 |
| Date of Close of crushing operations by SSM | 16.05.2020 | 13.05.2019 |
| Cane Crush by SSM (Lakh Tonnes) | 16.40 | 16.60 |
| Recovery (%) | 11.79% | 11.49% |
| Production of SSM (Lakh Tonnes) | 1.93 | 1.91 |

| All India | Sugar Season (October to September) | |
|---|---|---|
| Production of Sugar (Lakh Tonnes) | 270.00* | 331.62 |
| Consumption of Sugar (Lakh Tonnes) | 240.00* | 255.00 |

*These are estimated, as the sugar season is yet to close.

(19) Your company has been allotted a quota of 5.89 Lakh quintals for export. The export can be made directly or indirectly through merchant exporters or through sugar refineries. We have contracted the entire quantity indirectly.

**100 KLPD ETHANOL PLANT:**

(20) With regard to the Ethanol Project, as already mentioned in last year's report, the Company had decided to put up an Ethanol Plant of 100 KLPD. Approval of the Central Government has been obtained for interest subvention on loan amount up to ₹ 96.6 crores. Sanctions for Term Loan of ₹ 127 crores have also been received. All other approvals and consents, including Pollution Control Board as well as Irrigation Department, have been received.

(21) The work was started in March 2020, but was disrupted due to the lockdown. It has resumed in end of May 2020. The commercial production of the Distillery may, therefore, be delayed and is likely by June 2021.

**NEXT SEASON:**

(22) Subject to the normal vagaries of agriculture we expect to have the same quantity of cane next year.

(23) The All India closing stock of sugar at the end of the season 2019-20, after taking into account off-take of sugar for domestic consumption and export is estimated to be 115 Lakh tonnes which will be equal to 5 ½ month's domestic consumption.

(24) The closing stock of our company is also at a higher level being 18% higher on 31st March 2020 as compared with stock as on 31st March 2019. In order to meet the Working Capital requirements, in addition to the soft loan of ₹ 66.63 crores, the Cash Credit limits were enhanced by ₹ 100 crores.

(25) The financial results will, therefore, be affected because of higher interest on Working Capital.

**(B) ISGEC HITACHI ZOSEN LIMITED (SUBSIDIARY AND JOINT VENTURE COMPANY):**

(1) As reported in the last year's Directors' Report, the Company had booked orders for more than ₹ 500 crores. Accordingly, order backlog at the start of the year was at a record level. This has resulted in growth, both in turnover as well as in profit, in the year under report.

(2) Domestic turnover was ₹ 189.77 crores against ₹ 160.47 crores last year, whereas export turnover was ₹ 60.88 crores against ₹ 17.83 crores last year. The revenue during the year was ₹ 288.92 crores against ₹ 224.87 crores last year. Total revenue would have been higher but for the nation-wide lockdown in the last week of March due to which some equipment, which were ready or in final stages, could not be despatched. Work in Progress increased by ₹ 50 crores.

(3) Profit for the year was ₹ 11.15 crores against ₹ 3.20 crores last year.

(4) Most of the orders were executed on time or with minor delays. Important orders executed were:

a. Order for Continuous Catalytic Regeneration Reactor (This equipment was manufactured by us for the first time).

b. Order from Toyo Engineering Corporation Japan for Urea Reactor & Urea Stripper for Phase 2 project of Indorama Eleme Fertilizers & Chemicals Limited Nigeria.

c. Order for Ammonia Unitized Chiller, Waste Heat Boiler and Steam Superheater for the first time for KBR USA licensed ammonia plant being set up by Hindustan Urvarak & Rasayan Limited (HURL) at Gorakhpur. With this, the company has achieved a distinction of having fabricated all critical proprietary equipment for KBR for their ammonia process technology.

d. Order from Toyo Engineering Corporation Japan for Urea Reactor and Stripper and HP Decomposer and LP Decomposer for Urea Plant of HURL.

(5) During the year, the Company continued with the business of undertaking repair and maintenance work during the shut downs of key equipment at site.

(6) The order booking during the year has not been good. This was primarily because of the lack of orders from the overseas market. We were able to meet the target of orders to be booked from the Domestic Market. The reason for lower order booking from overseas was due to deferment or cancellation of some of the overseas projects.

(7) While we have a reasonable load for the year 2020-21 and first quarter of 2021-22, we need to book the orders for delivery in 2021-22. The market condition is not very good due to deferment and cancellation of several projects. The effort will be to book orders at competitive prices to keep the shops reasonably occupied. However, much will depend on how the world recovers from Covid-19.

**(C) ISGEC TITAN METAL FABRICATORS PRIVATE LIMITED (SUBSIDIARY AND JOINT VENTURE COMPANY):**

(1) The Company continues to do well. Profit before tax was ₹ 2.47 crores against ₹ 2.20 crores last year. The revenue was, however, marginally less at ₹ 25.60 crores against ₹ 29.26 crores last year as some of the equipment could not be despatched due to lockdown. Work-in progress was, therefore, higher.

(2) The Company could book good orders for supply of Process Equipment made out of Titanium, Tantalum, Hastelloy, and Zirconium from premium Indian and overseas customers in chemical process industry.

(3) Orders booked included orders from Reliance Industries Limited for critical reactor internals involving sophisticated design techniques. Reliance further placed two orders of bigger size internals for identical reactors.

(4) The Company is likely to do well next year, due to record order backlog. However, there may be some adverse effect of disruptions due to Covid-19.

**(D) ISGEC SFW BOILERS PRIVATE LIMITED (FORMERLY KNOWN AS ISGEC FOSTER WHEELER BOILERS PRIVATE LIMITED) (SUBSIDIARY AND JOINT VENTURE COMPANY):**

(1) As mentioned in the preceding year's Director Report, the Company started expanding its Engineering Capacity by increasing manpower and purchasing additional hardware and software.

(2) The Company also moved to a new office building and all IT infrastructure was created in the new building to accommodate increased manpower.

(3) In order to enhance basic design capability in different engineering disciplines, training and developmental activities were undertaken in India and in Finland, with the support of Sumitomo SHI FW, the Joint Venture partner.

(4) However, due to non-materialization of a few anticipated projects, delay in start of few other projects, and 'hold' on one ongoing project for 5 months during the year, there was under-utilization of capacity and expected revenue could not be achieved.

(5) The revenue of the Company for the year was ₹ 649 lakhs in comparison to the previous year's revenue of ₹ 648 lakhs. The profitability decreased substantially due to increase in staff and other expenses e.g. rent, depreciation etc.

(6) The working of the Company was affected due to lockdown. The office was closed for 8 weeks, and the employees were working from home, but the efficiency was lower.

(7) As for the next year, the Company is working on a major project and a few more projects are anticipated. The financial results are therefore likely to be better, subject to uncertainty due to Covid-19.

## (E) ISGEC REDECAM ENVIRO SOLUTIONS PRIVATE LIMITED (SUBSIDIARY AND JOINT VENTURE COMPANY):

(1) The Company has been able to establish itself in the market by offering solutions viz. Bag Filters for Boiler applications, Bag Filters for Cement Mills, DE (Dust Emission) System for Steel Plants and Dry Scrubbing System for SOx removal.

(2) The turnover increased to ₹ 40.05 crores from ₹ 16.79 crores in the preceding year. The turnover included ₹ 5.65 crores on account of export. The Company also turned into black and made a profit of ₹ 33.32 lakhs.

(3) With knowledge sharing by M/s. Redecam Group S.p.A. Italy, the Joint Venture Partner of the Company, the Company could offer appropriate technological solutions to address customer requirements.

(4) The Company for the first time is also executing a large capacity Bag Filter turnkey project for a steel plant. This will be a good reference and bring more business.

(5) The Company, for the first time supplied Emission Control Bag Filters for rice-straw fired boilers and slop fired boilers. This equipment is replacement of normal Electrostatic Precipitators and will have strong demand due to stringent emission control requirements.

(6) In the coming years, Dry Scrubbing System/Flue Gas Cleaning Systems for removal of SOx and other heavy chemicals are likely to have more demand specifically in MSW (Municipal Solid Waste) based plants and Process Industries due to major impetus on reducing the load on landfill and also to meet stringent SOx emission norms.

(7) The Company is likely to do well next year, due to good order backlog. However, there may be some adverse effect of disruptions due to Covid-19.

## (F) EAGLE PRESS & EQUIPMENT CO. LIMITED (WHOLLY OWNED SUBSIDIARY COMPANY):

(1) Operations in Eagle Press were recovering after an initial loss in the first half of the year due to lean working. However, there has been an adverse impact of Covid-19 and the plant remained closed for over two weeks in March 2020. Even when it opened, there were major issues on the supply chain and delays by the customers in lifting the Presses.

(2) Some machines were ready for dispatch but these were not lifted by the customers resulting in booking of the margins on these machines to be deferred to the next financial year. The turnover has also therefore been lower.

(3) Most of the new orders in the pipeline have been deferred by the customers because the Automobile Industry and Auto Component Industries have been heavily impacted by the Covid-19. Currently, the order booking is very low.

(4) Steps to control purchase costs as well as operating costs have been taken. We are hopeful that next year will be profitable but this will depend a lot on booking of fresh orders, particularly from customers in the Automobile Component Industry.

(5) With cross border trade getting significantly reduced in the post Covid times, imports into North America from China and Europe are likely to be reduced and its advantage would go to Eagle Press because of its manufacturing facilities in North America.

## (G) OTHER WHOLLY OWNED SUBSIDIARY COMPANIES:

(i) **Free Look Software Private Limited and Isgec Export Limited:**

There was no commercial activity during the year.

(ii) **Isgec Engineering & Projects Limited:**

There was no commercial activity during the year except letting out of property at Kasauli.

(iii) **Isgec Covema Limited:**

The Company has booked an order for supply of Boiler parts and another order for Erection and Commissioning of Boilers. Major part of execution of these orders will be in the next year.

## 6.00 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

6.01 Five Board Meetings were held during the year, ended 31st March, 2020.

## 7.00 DIRECTORS' RESPONSIBILITY STATEMENT:

7.01 Your Directors hereby confirm that:

(a) In the preparation of the Annual Accounts for the financial year 2019-20, the applicable Accounting Standards have been followed and there are no material departures;

(b) The Directors have selected such accounting policies with the concurrence of the Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;

(c) The Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors have prepared the Annual Accounts on a going concern basis;

(e) The Directors have laid down internal financial controls to be followed by the Company, and these financial controls are adequate and are operating effectively; and

(f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 8.00 INDEPENDENT DIRECTORS:

8.01 All the Independent Directors have furnished declarations that each of them meets with the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Rule 6 (1) and (2) of the Companies (Appointment and Qualification of Directors) fifth Amendment Rules, 2019.

## 9.00 POLICY ON DIRECTORS' APPOINTMENT / REMUNERATION OF DIRECTORS/KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES:

9.01 The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, a policy relating to the remuneration for the key managerial personnel and other employees. While formulating the policy, the Committee will ensure that:-

(i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

(ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The Nomination and Remuneration Committee policy is available on the website of the company http://www.isgec.com/pdf/The-Nomination-and-Remuneration-Committee-Policy.pdf

## 10.00 EXPLANATION OR COMMENTS ON QUALIFICATION ETC., BY AUDITORS AND COMPANY SECRETARY IN PRACTICE:

10.01 There is no qualification, reservation or adverse remark or disclaimer made by the Auditors in the Auditor's Report or by the Company Secretary in Practice in Secretarial Audit Report needing explanation or comments by the Board.

10.02 The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

## 11.00 PARTICULARS OF LOANS / GUARANTEES / INVESTMENTS:

11.01 Particulars of Loans given, Investments made, or Securities provided under Section 186 of the Companies Act, 2013 are annexed as Annexure-2.

## 12.00 PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

12.01 The Company has formulated a Policy on Materiality of Related Party Transactions and also on dealing with Related Party Transactions as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy on Related Party Transactions has been disclosed on the website of the Company, at web-link http://www.isgec.com/pdf/PolicyonMaterialityofRelatedPartyTransactionsandonDealingwithRelatedPartyTransactions1822020.pdf

12.02 All contracts, arrangements and transactions entered by the Company during the financial year with related parties were in its ordinary course of business and were on arm's length basis.

12.03 The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, are given in the prescribed Form AOC-2, annexed as Annexure-3.

## 13.00 MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY AFTER THE CLOSE OF THE YEAR:

13.01 There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

## 14.00 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO:

14.01 The required information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is annexed hereto as Annexure-4.

## 15.00 RISK MANAGEMENT POLICY:

15.01 The Board has developed and implemented a Risk Management Policy for the Company, including for identifying elements of risk, which in the opinion of the Board may threaten the existence of the Company. In terms of the Policy, a detailed risk review is done by Unit Level Committee or Corporate Level Committee (depending upon value of the order) before accepting any order. All the terms and conditions, both financial and technical, are reviewed. All steps are taken to mitigate risks.

15.02 In addition, the Board has laid down a Foreign Exchange Risk Management Policy, which is implemented for hedging Forex risk.

15.03 The Company also takes adequate insurance to protect its assets.

## 16.00 CORPORATE SOCIAL RESPONSIBILITY:

16.01 The Company has a Corporate Social Responsibility Committee of the Board of Directors as under:-

| S. No. | Name of the Committee Member | | Position |
|---|---|---|---|
| 1. | Mr. Ranjit Puri | (DIN: 00052459) | Chairman |
| 2. | Mr. Aditya Puri | (DIN: 00052534) | Member |
| 3. | Mr. Vinod Kumar Sachdeva | (DIN: 00454458) | Member |

16.02 In addition to the amount of ₹ 11.01 lakhs pertaining to the previous year, the Company was required to spend a further amount of ₹ 412.99 lakhs for the year ended 31st March 2020 i.e. an aggregate amount of ₹ 424 lakhs.

16.03 The Company has spent ₹ 407.85 lakhs on Social Projects, including expenditure in areas around Yamunanagar, Uttar Pradesh and Delhi.

16.04 Balance amount of ₹ 16.15 lakhs, will be spent during the current year in accordance with the CSR Policy of the Company.

16.05 The annual report on Corporate Social Responsibility is given in the prescribed format annexed as Annexure-5.

## 17.00 ANNUAL EVALUATION BY THE BOARD:

17.01 On the recommendation of the Nomination and Remuneration Committee, the Board has finalized the Evaluation Process to evaluate the entire Board, Committees, Executive Directors and Non-Executive Directors.

17.02 The method of evaluation, as per the Evaluation Process, is to be done by internal assessment through a detailed questionnaire to be completed by individual Directors.

17.03 In accordance with the Companies Act, 2013 and the Listing Requirements, the evaluation is done once in a year, after close of the year and before the Annual General Meeting.

## 18.00 ANNUAL RETURN:

18.01 The Annual Return is available on the website of the Company at www.isgec.com

## 19.00 DETAILS OF DIRECTORS / KEY MANAGERIAL PERSONNEL:

19.01 There has been no change in the constitution of Board during the year.

## 20.00 NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES:

20.01 Isgec Investments Pte. Ltd. was incorporated as a wholly owned Subsidiary Company in Singapore on August 27, 2019. Equity capital of ₹ 5,19,600/- was contributed to this Company on September 05, 2019.

## 21.00 DETAILS OF SIGNIFICANT & MATERIAL ORDERS:

21.01 There is no significant or material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## 22.00 INTERNAL FINANCIAL CONTROLS:

22.01 The Company has adequate internal financial controls with reference to financial statements and these are working effectively.

## 23.00 COMPOSITION OF AUDIT COMMITTEE:

23.01 The composition of Audit Committee is as below:-

| S. No. | Name of the Committee Member | | Position |
|---|---|---|---|
| 1. | Mr. Vinod K. Nagpal | (DIN: 00147777) | Chairman |
| 2. | Mr. Arun Kathpalia | (DIN: 00177320) | Member |
| 3. | Mr. Aditya Puri | (DIN: 00052534) | Member |
| 4. | Mr. Sidharth Prasad* | (DIN:00074194) | Member |

*Mr. Sidharth Prasad, Non-Executive Independent Director was appointed as member of the Audit Committee on August 05, 2019.

23.02 There is no recommendation by the Audit Committee which has not been accepted by the Board.

## 24.00 REPORT ON CORPORATE GOVERNANCE:

24.01 Report on Corporate Governance for the year under review, as stipulated under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is annexed as Annexure- 6.

## 25.00 CONSOLIDATED FINANCIAL STATEMENTS:

25.01 In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared a consolidated financial statement of the Company and all its Subsidiary Companies, which is forming part of the Annual Report.

25.02 Further, as required under Rule 5 of the Companies (Accounts) Rules, 2014, a statement in Form AOC-1 containing salient features of the financial statements of the Subsidiary Companies is attached as Annexure-7.

## 26.00 DISCLOSURE REGARDING REMUNERATION AS REQUIRED UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013:

26.01 Disclosures regarding remuneration as required under Section 197 (12) of the Companies Act, 2013 are annexed as Annexures-8.

26.02 Annexure giving certain details about the employees, in receipt of remuneration of not less than one crore and two lakh rupees throughout the financial year or eight lakh and fifty thousand rupees per month during any part of the year, is not annexed with the Board's Report. In accordance with Section 136 (1) of the Companies Act, 2013 the Annexure is available for inspection by any member at the registered office of the Company during working hours, 21 days before the date of the Annual General Meeting.

## 27.00 VIGIL MECHANISM:

27.01 The Company has established a Vigil Mechanism for Directors and Employees in accordance with sub-section (9) and (10) of Section 177 of the Companies Act, 2013. Details of Vigil Mechanism are given in the Corporate Governance Report. The Vigil Mechanism has been disclosed on the website of the Company at http://www.isgec.com/aboutus-vigil-mechanism.php

## 28.00 MAINTENANCE OF COST RECORDS:

28.01 Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the provisions of maintenance of cost records is applicable on the Company, accordingly the cost accounts and records are made and maintained by the Company.

## 29.00 PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

29.01 The Company has in place a Policy of Prevention on Sexual Harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaint Committee has been set up to redress complaints received regarding sexual harassment.

## 30.00 SECRETARIAL AUDIT REPORT:

30.01 The Board of Directors of the Company has appointed M/s. Pramod Kothari & Co., Company Secretaries, to conduct the Secretarial Audit.

30.02 Pursuant to Section 204 of the Companies Act, 2013, Secretarial Audit Report given by Mr. Pramod Kothari of M/s.Pramod Kothari & Co, Company Secretaries, is annexed as Annexure-9.

## 31.00 SECRETARIAL STANDARDS:

The Company complies with all applicable secretarial standards.

## 32.00 PERSONNEL:

32.01 The Board wishes to express its appreciation to all the employees of the Company for their contribution to the operations of the Company during the year.

## 33.00 INDUSTRIAL RELATIONS:

33.01 Industrial relations remained peaceful.

## 34.00 ACKNOWLEDGEMENTS:

34.01 Your Directors take this opportunity to thank the Financial Institutions, Banks, Government Authorities, Regulatory Authorities, and the Shareholders for their continued co-operation and support to the Company.

34.02 With these remarks, we present the Accounts for the year ended March 31, 2020.

**BY ORDER OF THE BOARD**

| | | |
|---|---|---|
| **Vinod K. Nagpal** | **Aditya Puri** | **Shivani Hazari** |
| Director | Managing Director | Director |
| DIN:00147777 | DIN:00052534 | DIN: 00694121 |

Dated: June 26, 2020
Place: Noida

**Annexure - 1**

## DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

| | Ratios | | FY 2019-2020 | FY 2018-2019 | Percentage variance | Comments |
|---|---|---|---|---|---|---|
| 1 | Debtors turnover | Turnover/Average debtors | 2.49 | 2.76 | -9.81 | |
| 2 | Inventory Turnover | Sale of products/ Average inventory | 7.34 | 6.65 | 10.28 | |
| 3 | Interest Coverage Ratio | PBIT/Interest cost | 17.32 | 15.47 | 11.91 | The interest coverage ratio continues to be very healthy. |
| 4 | Current Ratio | Current Assets/ Current Liabilities | 1.32 | 1.35 | -1.71 | |
| 5 | Debt Equity Ratio | Total Liability/ Equity | 2.01 | 2.16 | -6.87 | |
| 6 | Operating Profit Margin | PBIT/Total Revenue | 4.48% | 5.21% | -14.00 | Operating profit margin was impacted due to deferment of sales due to COVID 19 in March, 2020. |
| 7 | Net Profit Margin | Net Profit after tax/Total Revenue | 3.12% | 3.08% | 1.18 | Net profit ratio improved due to reduction in rate of Income Tax. |
| 8 | Return on net worth | Net Profit/Equity | 10.41% | 9.52% | 9.30 | |

**Annexure - 2**

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENT UNDER SECTION 186 OF THE COMPANIES ACT, 2013 AS AT 31.03.2020

₹ in lakhs

| Sr. No. | Nature of the transaction (Loans given/Guarantee given/Security Provided/Investments made) | Purpose for which the loan/guarantee/security is utilised by the recipient | Amount |
|---|---|---|---|
| 1 | Guarantees to Banks for Isgec Hitachi Zosen Limited | Corporate Guarantees to Secure Working Capital Bank facility | 52,189.47 |
| 2 | Guarantees to Banks for Isgec Titan Metal Fabricators Pvt. Ltd. | Corporate Guarantees to Secure Working Capital Bank facility | 4,450.00 |
| 3 | Guarantees to Banks for Isgec Redecam Enviro Solutions Pvt. Ltd. | Corporate Guarantees to Secure Working Capital Bank facility | 2,000.00 |
| 4 | Security provided to HSBC Bank for Loans to Eagle Press & Equipment Co. Ltd., Canada | To secure Term Loan and credit facilities to Eagle Press & Equipment Co. Ltd., Canada | 7,872.12 |
| 5 | **Loans to Subsidiaries :** | | |
| | Isgec Investments PTE Ltd., Singapore | | 1,089.72 |
| | Eagle Press & Equipment Co. Ltd., Canada | | 812.58 |
| | **Total :** | | **68,413.89** |

| 6 | Investment | Face Value ₹ per Share/Unit | No. of Shares/Units | Amount |
|---|---|---|---|---|
| | **Equity Shares of Subsidiary Companies (At cost) :** | | | |
| | Isgec Covema Limited | 10 | 20,00,000 | 200.00 |
| | Isgec Exports Limited | 10 | 1,00,000 | 10.00 |
| | Isgec Engineering & Projects Limited | 10 | 40,00,000 | 400.00 |
| | Saraswati Sugar Mills Limited | 10 | 70,99,900 | 7,009.99 |
| | Free Look Software Private Limited | 10 | 24,650 | 1,306.45 |
| | Eagle Press & Equipment Co. Ltd. | CAD 1 | 45,00,000 | 2,643.05 |
| | Isgec Investments PTE Ltd. | SGD 1 | 10,000 | 5.20 |
| | Isgec Hitachi Zosen Limited | 10 | 5,10,00,000 | 5,100.00 |
| | Isgec SFW Boilers Pvt. Limited | 10 | 10,20,000 | 102.00 |
| | Isgec Titan Metal Fabricators Pvt. Limited | 10 | 5,10,000 | 51.00 |
| | Isgec Redecam Enviro Solutions Pvt. Limited | 10 | 10,20,000 | 102.00 |
| | **Total :** | | | **16,929.69** |
| | **Grand Total :** | | | **85,343.58** |

**Annexure - 3**

## FORM NO. AOC-2

*(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.**

1 **Details of contracts or arrangements or transactions not at Arm's length basis:** Nil

2 **Details of material contracts or arrangements or transactions at Arm's length basis are as under:**

| Sr No | Name(s) of the related party | Nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts/ arrangements/ transactions | Transaction value (₹ in lakhs) | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|---|---|---|---|---|---|---|---|---|
| 1 | Saraswati Sugar Mills Limited | Subsidiary Company | Sale of Goods | 1 Year | Sale of material | 10.94 | | NIL |
| 2 | Saraswati Sugar Mills Limited | Subsidiary Company | Services received | 1 Year | Services received | 5.20 | | NIL |
| 3 | Saraswati Sugar Mills Limited | Subsidiary Company | Rendering of services | 1 Year | Rendering of Engineering Services | 15.32 | | NIL |
| 4 | Saraswati Sugar Mills Limited | Subsidiary Company | Interest received | 1 Year | Interest on loan | 125.10 | | NIL |
| 5 | Saraswati Sugar Mills Limited | Subsidiary Company | Loans given | 1 Year | Loans given | 4,550.00 | | NIL |
| 6 | Saraswati Sugar Mills Limited | Subsidiary Company | Refund of loan | 1 Year | Refund of loan | 4,550.00 | | NIL |
| 7 | Isgec Hitachi Zosen Limited | Subsidiary with 51% Shareholding | Sub lease of Plant & Machinery, Equipments and other movable assets | 10 Years | Sub-leasing of Equipments, Plant & Machinery and other movable assets, Lease rent | 2,835.00 | 13-01-2012 | NIL |
| 8 | Isgec Hitachi Zosen Limited | Subsidiary Company with 51% Shareholding | Purchase of Raw Materials | 1 Year | Purchase of Raw Materials | 564.44 | | NIL |
| 9 | Isgec Hitachi Zosen Limited | Subsidiary Company with 51% Shareholding | Sale of Materials | 1 Year | Sale of Materials | 14.37 | | NIL |
| 10 | Isgec Hitachi Zosen Limited | Subsidiary Company with 51% Shareholding | Rendering of Services | 1 Year | Rendering of services | 350.14 | | NIL |
| 11 | Isgec Hitachi Zosen Limited | Subsidiary Company with 51% Shareholding | Services received | 1 Year | Services received | 629.43 | | NIL |

| Sr No | Name(s) of the related party | Nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts/ arrangements/ transactions | Transaction value (₹ in lakhs) | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|---|---|---|---|---|---|---|---|---|
| 12 | Isgec Titan Metal Fabricators Private Limited | Subsidiary Company with 51% Shareholding | Purchase of Raw Materials | 1 Year | Purchase of Raw Materials | 386.66 | | NIL |
| 13 | Isgec Titan Metal Fabricators Private Limited | Subsidiary Company with 51% Shareholding | Sale of Goods | 1 Year | Sale of Materials | 221.80 | | NIL |
| 14 | Isgec Titan Metal Fabricators Private Limited | Subsidiary Company with 51% Shareholding | Rendering of services | 1 Year | Rendering of Engineering Services | 382.68 | | NIL |
| 15 | Isgec Titan Metal Fabricators Private Limited | Subsidiary Company with 51% Shareholding | Services received | 1 Year | Services received | 7.53 | | NIL |
| 16 | Isgec Titan Metal Fabricators Private Limited | Subsidiary Company with 51% Shareholding | Rent received | 1 Year | Rent received on lease of office building | 60.00 | | NIL |
| 17 | Isgec SFW Boilers Private Limited | Subsidiary Company with 51% Shareholding | Rendering of services | 1 Year | Rendering of Engineering Services | 84.19 | | NIL |
| 18 | Isgec SFW Boilers Private Limited | Subsidiary Company with 51% Shareholding | Services received | 1 Year | Services received | 52.55 | | NIL |
| 19 | Isgec Redecam Enviro Solutions Private Limited | Subsidiary Company with 51% Shareholding | Purchase of Raw Materials | 1 Year | Purchase of Raw Materials | 1,401.71 | | NIL |
| 20 | Isgec Redecam Enviro Solutions Private Limited | Subsidiary Company with 51% Shareholding | Rendering of services | 1 Year | Rendering of Engineering and other Services | 109.41 | | NIL |
| 21 | Eagle Press & Equipment Co. Limited | Subsidiary Company | Sale of Materials | 1 Year | Sale of Materials | 284.24 | | NIL |
| 22 | Eagle Press & Equipment Co. Limited | Subsidiary Company | Loans given | 1 Year | Loans given | 812.58 | | NIL |
| 23 | Eagle Press & Equipment Co. Limited | Subsidiary Company | Rendering of services | 1 Year | Rendering of services | 62.17 | | NIL |
| 24 | Eagle Press & Equipment Co. Limited | Subsidiary Company | Interest received | 1 Year | Interest on loan | 25.25 | | NIL |
| 25 | Isgec Investments PTE Ltd. | Subsidiary Company | Investment | 1 Year | Investment in shares | 5.20 | | NIL |
| 26 | Isgec Investments PTE Ltd. | Subsidiary Company | Loans given | 1 Year | Loans given | 1,089.72 | | NIL |

| Sr No | Name(s) of the related party | Nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts/ arrangements/ transactions | Transaction value (₹ in lakhs) | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|---|---|---|---|---|---|---|---|---|
| 27 | Isgec Investments PTE Ltd. | Subsidiary Company | Interest received | 1 Year | Interest on loan | 27.53 | | NIL |
| 28 | Free Look Software Private Limited | Subsidiary Company | Purchase of property, plant & equipment | 1 Year | Purchase of leasehold land | 736.07 | | NIL |
| 29 | The Yamuna Syndicate Limited | Public Company in which Directors and their relatives hold more than 2% of paid up Share Capital | Purchase of Goods | 1 Year | Purchase of electrial goods, Oil & Lubricants | 97.45 | | NIL |
| 30 | The Yamuna Syndicate Limited | Public Company in which Directors and their relatives hold more than 2% of paid up Share Capital | Rendering of services | 1 Year | Rendering of services | 12.25 | | NIL |
| 31 | The Yamuna Syndicate Limited | Public Company in which Directors and their relatives hold more than 2% of paid up Share Capital | Services received | 1 Year | Services received | 0.34 | | NIL |
| 32 | The Yamuna Syndicate Limited | Public Company in which Directors and their relatives hold more than 2% of paid up Share Capital | Rent received | 1 Year | Rent received on lease of office building | 3.00 | | NIL |
| 33 | Isgec Engineering & Projects Limited | Subsidiary Company | Rent Paid | 1 Year | Rent paid on lease of building | 8.64 | 31-10-2015 | NIL |
| 34 | Bluewater Enterprises | Firm in which Director is Partner | Rent Paid | 10 Years | Rent paid on lease of office building | 63.62 | 31-01-2009 | NIL |
| 35 | Mr. Ranjit Puri | Chairman | Chairman | 1 Year | Remuneration and Director's sitting fee | 5.45 | | NIL |
| 36 | Mr. Aditya Puri | Managing Director | Managing Director | 1 Year | Remuneration | 1,211.25 | | NIL |
| 37 | Mrs. Nina Puri | Whole-time Director | Whole-time Director | 1 Year | Remuneration | 1,211.25 | | NIL |
| 38 | Mrs. Nina Puri | Whole-time Director | Rent Paid | 1 Year | Rent paid for the premises used as guest house | 4.13 | | NIL |

| Sr No | Name(s) of the related party | Nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts/ arrangements/ transactions | Transaction value (₹ in lakhs) | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|---|---|---|---|---|---|---|---|---|
| 39 | Mr. Vinod K. Nagpal | Director | Director | 1 Year | Remuneration and Director's sitting fee | 5.65 | | NIL |
| 40 | Mr. Tahir Hasan | Director | Director | 1 Year | Remuneration and Director's sitting fee | 5.25 | | NIL |
| 41 | Mr. Arun Kathpalia | Director | Director | 1 Year | Remuneration and Director's sitting fee | 1.35 | | NIL |
| 42 | Mr. Vinod Kumar Sachdeva | Director | Director | 1 Year | Remuneration and Director's sitting fee | 5.45 | | NIL |
| 43 | Mr. Sidharth Prasad | Director | Director | 1 Year | Remuneration and Director's sitting fee | 4.75 | | NIL |
| 44 | Mr. Vishal Kirti Keshav Marwaha | Director | Director | 1 Year | Remuneration and Director's sitting fee | 4.25 | | NIL |
| 45 | Mrs. Shivani Hazari | Director | Director | 1 Year | Remuneration and Director's sitting fee | 3.25 | | NIL |

**Annexure - 4**

## PARTICULARS REQUIRED UNDER RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

## A. CONSERVATION OF ENERGY:

### (a) The steps taken or impact on Conservation of Energy:

Efforts for energy conservation are a continuing process. These efforts continued during the year. The following steps were taken towards:-

1. Steps to save power:
   - (i) Replacement of lower rating air conditioners with five star / inverter air conditioners.
   - (ii) Installation of intelligent lighting which is controlled through mobile app to adjust illumination level as per need.
   - (iii) Replacement of ceiling fans with energy efficient ceiling fans.
   - (iv) Replacement of conventional Thyristor controlled welding machines with high efficient inverter/ IGBT controlled welding machines.
   - (v) Development and installation of automatic on-off panels for high frequency convertors.
   - (vi) Modifications in compressors and compressed air pipe lines to save leakage.
   - (vii) Replacement of a reciprocating air compressor with screw compressor of 50HP lower capacity.

2. Steps to save heat energy:

   Replacement of ceramic lining of two heat treatment furnaces from single layer lining to modular lining, saving heat loss.

### (b) Steps taken by the Company for utilizing alternate sources of energy:

In the last three years, solar power plants of 1500 KW capacity have been installed.

### (c) Capital Investment on energy conservation equipment:

Approximately ₹ 68 lakh.

## B. TECHNOLOGY ABSORPTION:

### (i) The efforts made towards technology absorption:

(a) **The Company has following Technology Agreements:-**

**1. Boilers:**

- (i) With Sumitomo SHI FW Energia Oy, Finland
  - For Circulating Fluidized Bed Combustion (CFBC) Boilers up to 99.9 Mwe;
  - For Reheat design for CFBC Boilers up to 100 MW.
- (ii) With BHI FW, Korea
  - For Pulverized Coal Fired Sub-Critical Boilers and Super-Critical Boilers (60 Mwe to 1000 Mwe).
- (iii) With Amec Foster Wheeler Energia S.L.U., Spain
  - For Feed Water Heaters and Surface Condensers
  - For Oil & Gas, Shop Assembled Water Tube Packaged Boilers up to 260 Tonnes per hour
- (iv) With Siemens Heat Transfer Technology b.v. Netherlands
  - For design, fabrication and installation of Drum type Heat Recovery Steam Generators

**2. Air Pollution Control Equipments:**

- (i) With Envirotherm GmbH, Germany, for manufacture of Electrostatic Precipitators (ESP) up to 1000 Mwe.
- (ii) With Fuel Tech, USA, for Selective Non-Catalytic Reduction (SNCR) for NOx reduction.

(iii) With Babcock Power Environmental, USA, for Wet Flue Gas De-sulpharization units for reduction of SOx.

**3. Presses:**

With AP & T, Sweden, for Hot Stamping Presses.

**4. Process Equipment:**

(i) With TEI, USA, for Screw Plug Heat Exchanger and Process Waste Heater Boiler.

(ii) With CB&I Technology Inc. (Formerly, CB&I Lummus) for design and manufacture of Helix Heat Exchangers.

**5. Process Fired Heaters:**

With Riley Power, USA, for Process Fired Heaters.

The technology under these Agreements is being progressively absorbed by including sharing of know-how and software, designs and through deputing our personnel for training at the shops, offices and installation sites of our collaborators. In case of clarification, the designs are vetted by the collaborators. This process continued during the year.

(b) **During the year, the Company entered into new technology agreements as under:-**

**1. Circulating Fluidized Bed Scrubbers for power plant and industrial purposes (Semi Dry FGD)**

With Sumitomo SHI FW Energia Oy, Finland for Circulating Fluidized Bed Scrubbers for power plant and industrial purposes for reduction of $SO_2$.

**(ii) the benefits derived like product improvement, cost reduction, product development or substitution:**

Product development in certain cases as also improvisation on the products under these agreements has also been achieved.

The Company stands to benefit in revenues due to opening of new business opportunities. As we establish ourselves in these areas going forward, profitability is also likely to improve.

**(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

In case of imported technology, the Company did not import or buy any technology as such during the previous three financial years. However, it entered into Technical Collaboration Agreements as per details given below:-

| | |
|---|---|
| (a) Details of technology imported | Circulating Fluidized Bed Scrubbers for power plant and industrial purposes (Semi Dry FGD) from Sumitomo SHI FW Energia Oy, Finland, for reduction of $SO_2$ in units of Thermal Power, etc. |
| (b) Year of Import | Year ended 31st March, 2020 |
| (c) Whether technology has been fully absorbed | Not yet |
| (d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof. | The agreement has been entered into recently and one project is presently being executed with this technology. The technology will be absorbed as more projects are executed in the next few years. |

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO : **(in terms of actual inflows and actual outflows)**

| Total foreign exchange earnings and outgo (2019-20) – Cash basis | (Amount in ₹ lakh) |
|---|---|
| - Total foreign exchange earnings | 1,13,805 |
| - Total foreign exchange outgo | 36,092 |

**Annexure - 5**

## ANNUAL REPORT ON CSR ACTIVITIES

**1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:**

The Board has approved a Policy for CSR expenditure on the following activities:-

(i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation (including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation) and making available safe drinking water;

(ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

(iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

(iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water (including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga);

(v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries, promotion and development of traditional arts and handicrafts;

(vi) Measures for the benefit of armed forces veterans, war widows and their dependents;

(vii) Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;

(viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, Other Backward Classes, minorities and women;

(ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

(x) Rural development projects;

(xi) Slum area development;

**Explanation:** for the purpose of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

(xii) The Company will give preference to the local area or areas around which the Company operates for spending the CSR expenditure.

Web-link to the CSR policy: http://www.isgec.com/aboutus-csr-policy.php

**2. The Composition of the CSR Committee:**

| S.No | Name of the Committee Member | | Position |
|---|---|---|---|
| 1 | Mr. Ranjit Puri | (DIN: 00052459) | Chairman |
| 2 | Mr. Aditya Puri | (DIN: 00052534) | Member |
| 3 | Mr. Vinod Kumar Sachdeva | (DIN: 00454458) | Member |

**3.** Average net profit of the Company for last three financial years: ₹ **20,649.73** Lakh

**4.** Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : ₹ **412.99** Lakh

**5. Details of CSR spent during the financial year:**

(a) Total amount to be spent for the financial year: ₹ **424** Lakh , including ₹ **11.01** Lakh unspent amount of previous year.

(b) Amount unspent, if any: ₹ **16.15** Lakh

(c) Manner in which the amounts were spent during the financial year are detailed below:

| (1) | (2) | (3) | (4) | (5) | (6) | | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount spent on the projects or program Sub-heads | | | |
| S. No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) -projects or programs-wise (₹ In Lakhs) | (1) Direct Expenditure (₹ In Lakhs) | (2) Over-heads (₹ In Lakhs) | Cumulative expenditure up to the reporting period | Amount spent Direct or through implementing agency |
| 1 | Providing 5 KW Solar Power Systems in 21 Nos. Government Schools | Promoting Education | Yamunanagar in Haryana | 95.30 | 95.30 | 0 | 95.30 | Direct |
| 2 | Providing rainwater harvesting systems with pipeline and side drain covers in 8 Nos. Government Schools | Promoting Education | Yamunanagar in Haryana | 50.67 | 50.67 | 0 | 50.67 | Direct |
| 3. | Providing interlocking tiles at 2 Nos. Government Schools | Promoting Education | Yamunanagar in Haryana | 32.48 | 32.48 | 0 | 32.48 | Direct |
| 4. | Construction of basketball courts in 2 Nos. Government Schools | Promoting Education | Yamunanagar in Haryana | 16.25 | 16.25 | 0 | 16.25 | Direct |
| 5 | Contribution for Addition of class rooms/ Library / Computer labs in School | Promoting Education | Muzaffarnagar, UP | 5.00 | 5.00 | 0 | 5.00 | Swami Kalyandev Vedic Shiksha Samiti |
| 6 | Providing Sewing Machines for needy women | Skill development/ Empowering women | Yamunanagar in Haryana | 0.31 | 0.31 | 0 | 0.31 | Geeta Bhawan Samiti |
| 7 | Contribution for anti-poaching measures against tigers | Environment | Haryana | 0.05 | 0.05 | 0 | 0.05 | World Wide Fund for Nature India |
| 8 | Providing summer camp for 240 children of nearby rural area of Bilaspur-Yamunanagar | Promoting Education | Yamunanagar in Haryana | 1.45 | 1.45 | 0 | 1.45 | Direct |

| (1) | (2) | (3) | (4) | (5) | (6) | | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| | | | Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken | | Amount spent on the projects or program Sub-heads | | | |
| S. No. | CSR Project or activity identified | Sector in which the project is covered | | Amount outlay (budget) -projects or programs-wise (₹ In Lakhs) | (1) Direct Expenditure (₹ In Lakhs) | (2) Over-heads (₹ In Lakhs) | Cumulative expenditure up to the reporting period | Amount spent Direct or through implementing agency |
| 9 | Contribution to Delhi Commonwealth Women's Association – Medical Centre | Promoting Health Care & preventive health care Safety & Security | Zamrudpur, New Delhi | 5.00 | 5.00 | 0 | 5.00 | Delhi Commonwealth Women's Association |
| 10 | Contribution for expansion of Nai Disha School & opening of new school | Promoting Education | Nai Disha School, Kishangarh, Vasant Kunj, New Delhi | 46.89 | 46.89 | 0 | 46.89 | Nai Disha Educational and Cultural Society |
| 11 | Contribution to Haryana Corona Relief Fund | Calamity caused by Corona Virus in Haryana | Yamunanagar in Haryana | 50.00 | 50.00 | 0 | 50.00 | Haryana Corona Relief Fund |
| 12 | Contribution towards tree plantation | Ecological Balance | Pune in Maharashtra | 0.23 | 0.23 | 0 | 0.23 | Direct |
| 13 | Providing preventive health care bedding materials to Indian Red Cross Society | Preventive Health care | Yamunanagar in Haryana | 0.24 | 0.24 | 0 | 0.24 | Direct |
| 14 | Providing fans, green boards, printer and furniture to D.A.V. School, Yamunanagar | Promoting Education | Yamunanagar in Haryana | 1.00 | 1.00 | 0 | 1.00 | Direct |
| 15 | Stipend Paid to Apprentice selected for Training & Skill development | Promoting employment enhancing vocational Skills | Yamunanagar in Haryana | 71.33 | 71.33 | 0 | 71.33 | Direct |
| 16 | Salary Paid to personnel involved in CSR Activities | Promoting CSR Activities | Yamunanagar in Haryana | 21.00 | 0 | 21.00 | 21.00 | Direct |
| 17 | Contribution for construction of retaining wall along the road and repair of damaged discharge drain of Ratangarh Village Panchayat | Preventive Health care and Sanitation | Ratangarh in Haryana | 2.19 | 2.19 | 0 | 2.19 | Direct |

| (1) | (2) | (3) | (4) | (5) | (6) | | (7) | (8) |
|---|---|---|---|---|---|---|---|---|
| S. No. | CSR Project or activity identified | Sector in which the project is covered | Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) -projects or programs-wise (₹ In Lakhs) | Amount spent on the projects or program Sub-heads (1) Direct Expenditure (₹ In Lakhs) | (2) Over-heads (₹ In Lakhs) | Cumulative expenditure up to the reporting period | Amount spent Direct or through implementing agency |
| 18 | Contribution to Jagadhri Yamunanagar Tennis Association for promotion of nationally recognized sports. | Promotion of rural/ nationally recognized Sports | Yamunanagar in Haryana | 1.00 | 1.00 | 0 | 1.00 | Jagadhri Yamunanagar Tennis Association |
| 19 | Providing CPU and computer accessories to Government High School, Naharpur | Promoting Education | Yamunanagar in Haryana | 2.46 | 2.46 | 0 | 2.46 | Direct |
| 20 | Contribution to Rotary Club of Delhi Garden City | Promoting Education | New Delhi | 5.00 | 5.00 | 0 | 5.00 | Rotary Club of Delhi Garden City |
| | **TOTAL** | | | **407.85** | **386.85** | **21.00** | **407.85** | |

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:**

   The Company was required to spend a sum of ₹ 11.01 Lakhs, which was balance from the financial year 2018-19 and ₹ 412.99 Lakhs for the financial year 2019-20 totaling to ₹ 424.00 Lakhs. An Amount of ₹ 407.85 Lakhs has been spent as detailed above. The balance minor amount of ₹ 16.15 Lakhs will be spent next year. It could not be spent due to Covid-19 situation in March 2020.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:**

   The Company has spent the amount as mentioned above in accordance with the CSR Policy and shall be spending the balance amount of ₹ 16.15 Lakhs to achieve the CSR objectives and in compliance of the CSR Policy of the Company during the current year.

**Aditya Puri**
(Managing Director)
DIN: 00052534

**Ranjit Puri**
(Chairman –CSR Committee)
DIN: 00052459

**Annexure - 6**

# REPORT ON CORPORATE GOVERNANCE

## 1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Code of Governance is to comply with the requirement of disclosures and also principles of Corporate Governance, as mentioned in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and amendments thereof. The Company believes in both, letter and spirit, that sound Corporate Governance is critical for enhancing and retaining investor trust. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance.

The Company also fulfills its obligations of compliance with regard to Board of Director including Independent Directors, Committees and appointment of Compliance Officer, filing on electronic platform and with Stock Exchange and publishing in newspapers. Empowered by the Board, your Company's key management officials implement policies and guidelines.

## 2. BOARD OF DIRECTORS:

### (a) Composition and Category of Directors:

The composition of the Board is in compliance with the Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board comprises of a Non-Executive Chairman (Promoter), two Executive Directors (Promoters) and seven Non-Executive Independent Directors.

### (b)&(c) Attendance of each Director at the Board Meetings and at the last Annual General Meeting and Number of other Boards or Board Committees in which he/she is a Member or Chairman:

| Name of the Director | No. of Board Meetings attended | Whether attended the last Annual General Meeting | Directorships and Committee Memberships in other companies as disclosed | | | |
|---|---|---|---|---|---|---|
| | | | Public | Private | Committee Membership | Committee Chairmanship |
| **Non-Executive Chairman & Promoter** | | | | | | |
| Mr. Ranjit Puri | 5 | Yes | 4 | - | 1 | 0 |
| **Executive Directors & Promoters** | | | | | | |
| Mr. Aditya Puri, Managing Director | 5 | Yes | 9 | - | 3 | 0 |
| Mrs. Nina Puri, Whole-time Director | 5 | Yes | 1 | - | - | - |
| **Non-Executive Independent Directors** | | | | | | |
| Mr. Arun Kathpalia | 1 | No | - | 4 | - | - |
| Mr. Sidharth Prasad | 4 | Yes | 2 | 6 | - | - |
| Mrs. Shivani Hazari | 3 | Yes | - | 3 | - | - |
| Mr. Tahir Hasan | 5 | Yes | 4 | 1 | - | 2 |
| Mr. Vinod K. Nagpal | 5 | Yes | - | 2 | - | - |
| Mr. Vinod Kumar Sachdeva | 5 | Yes | 2 | - | - | - |
| Mr. Vishal Kirti Keshav Marwaha | 4 | Yes | 1 | 3 | - | - |

**Name of other listed entities where Directors of the Company are Directors and the category of Directorship:**

| S. No | Name of Director | Name of Listed Entities in which the concerned Director is a Director | Category of Directorship |
|---|---|---|---|
| 1. | Mr. Ranjit Puri | The Yamuna Syndicate Limited | Non-Executive Non Independent Director |
| | | Jullundur Motor Agency (Delhi) Limited | Non-Executive Non Independent Director |
| 2. | Mr. Aditya Puri | The Yamuna Syndicate Limited | Non-Executive Non Independent Director |
| 3. | Mrs. Nina Puri | - | - |
| 4. | Mr. Arun Kathpalia | - | - |
| 5. | Mr. Sidharth Prasad | The United Provinces Sugar Company Limited | Non-Executive Non Independent Director |
| 6. | Mrs. Shivani Hazari | - | - |
| 7. | Mr. Tahir Hasan | Shervani Industrial Syndicate Limited | Executive Director |
| 8. | Mr. Vinod K. Nagpal | - | - |
| 9. | Mr. Vinod Kumar Sachdeva | - | - |
| 10. | Mr. Vishal Kirti Keshav Marwaha | - | - |

**(d) Number of Board Meetings held and dates on which held:**

Five Board Meetings were held on the following dates during the year:-

- May 29, 2019
- August 10, 2019
- September 02, 2019
- November 14, 2019
- February 12, 2020

**(e) Disclosure of relationships between directors inter-se:**

- Mr. Ranjit Puri, Chairman, is husband of Mrs. Nina Puri, Whole-time Director and father of Mr. Aditya Puri, Managing Director.
- Mr. Aditya Puri, Managing Director is son of Mr. Ranjit Puri, Chairman and Mrs. Nina Puri, Whole-time Director.
- Mrs. Nina Puri, Whole-time Director is wife of Mr. Ranjit Puri, Chairman and mother of Mr. Aditya Puri, Managing Director.
- No other Director is related inter-se.

**(f) Number of shares held by Non-executive directors:**

| Sl. No. | Name of Director | Number of Shares held |
|---|---|---|
| 1. | Mr. Arun Kathpalia | 1,200 |
| 2. | Mr. Ranjit Puri | 65,92,010 |
| 3. | Mr. Sidharth Prasad | Nil |
| 4. | Mrs. Shivani Hazari | Nil |
| 5. | Mr. Tahir Hasan | 17,600 |
| 6. | Mr. Vinod K. Nagpal | 553 |
| 7. | Mr. Vinod Kumar Sachdeva | 3,900 |
| 8. | Mr. Vishal Kirti Keshav Marwaha | Nil |

**(g) Web link where details of familiarisation programmes imparted to independent directors is disclosed:**

http://www.isgec.com/aboutus-independent-directors.php

**(h) Skills / Expertise / Competencies of the Board of Directors:**

(i) The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and its unlisted subsidiaries that the said skills are available with the Board Members:

- Industry knowledge and experience - Knowledge on Company's businesses (Manufacturing Heavy Engineering Capital Goods and Engineering, Procurement and Construction Projects), policies and culture, major risks / threats and potential opportunities and knowledge of the industry in which the Company operates,
- Leadership - Be a thought leader for the Company and be a role model in good governance and ethical conduct of business, while encouraging the organisation to maximise shareholder value,
- Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration and Decision Making,
- Financial and Management skills, Legal knowledge,
- Technical / Professional skills and specialized knowledge in relation to Company's business.

(ii) The name of Directors who have above skills /expertise/ competencies:

| Sl. No. | Name of Director | skills /expertise/ competencies |
|---|---|---|
| 1. | Mr. Ranjit Puri | Leadership & Knowledge on Company's businesses (Manufacturing Heavy Engineering Capital Goods and Engineering, Procurement and Construction Projects), policies and culture, major risks / threats and potential opportunities and knowledge of the industry in which the Company operates |
| 2. | Mr. Aditya Puri | |
| 3. | Mr. Arun Kathpalia | Legal knowledge |
| 4. | Mrs. Nina Puri | Business Strategy and Decision Making |
| 5. | Mr. Sidharth Prasad | Food Security, Agriculture, Rural finance, Rural development and Natural Resources Management |
| 6. | Mrs. Shivani Hazari | Human Resource Management |
| 7. | Mr. Tahir Hasan | Administration and Decision Making |
| 8. | Mr. Vinod K. Nagpal | Financial and Management skills |
| 9. | Mr. Vinod Kumar Sachdeva | Technical / Professional skills and knowledge in relation to Company's business. |
| 10. | Mr. Vishal Kirti Keshav Marwaha | Financial and Management skills |

**Confirmation that in the opinion of the board, the independent directors fulfill the conditions specified in these regulations and are independent of the management:**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013, Rule 6 (1) and (2) of the Companies (Appointment and Qualification of Directors) fifth Amendment Rules, 2019 and Listing Regulations. In the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

There are no inter-se relationships between the Directors of the Company.

### (i) Detailed reasons for the resignation of an independent director who resigns before the expiry of his/her tenure along with a confirmation by such director that there are no other material reasons other than those provided:

None

## 3. AUDIT COMMITTEE:

### (a) Brief description of terms of reference:

The Board has specified in writing the terms of reference in accordance with Section 177 (4) of the Companies Act, 2013. In addition, the Audit Committee keeps in view its role as provided under Part-C of Schedule-II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(b)&(c) Composition, name of members, chairman and meetings & attendance during the year:**

| S. No. | Name of the Committee Member | No. of meetings attended | Number of Meetings and Dates of Meeting held | |
|---|---|---|---|---|
| | | | Number of Meetings | Date of Meetings |
| 1. | Mr. Vinod K. Nagpal, Chairman | 4 | 4 | May 29, 2019<br>August 10, 2019<br>November 14, 2019<br>February 12, 2020 |
| 2. | Mr. Arun Kathpalia, Member | 1 | | |
| 3. | Mr. Aditya Puri, Member | 4 | | |
| 4. | Mr. Sidharth Prasad, Member* | 3 | | |

*Mr. Sidharth Prasad, Non-Executive Independent Director was appointed as member of Audit Committee on August 5, 2019.

Mr. S. K. Khorana, Company Secretary, is the Secretary of the Audit Committee.

## 4. NOMINATION AND REMUNERATION COMMITTEE:

**(a) Brief description of terms of reference:**

The terms of reference of Nomination and Remuneration Committee are to perform the functions as provided under sub section (2), (3) & (4) of Section 178 of the Companies Act, 2013. In addition, the Nomination and Remuneration Committee keeps in view its role as specified in Part – D of Schedule-II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(b)&(c) Composition, name of members, chairman and meetings and attendance during the year:**

| S. No. | Name of the Committee Member | No. of meetings attended | Number of Meetings and Dates of Meeting held | |
|---|---|---|---|---|
| | | | Number of Meetings | Date of Meetings |
| 1. | Mr. Vinod K. Nagpal, Chairman | 1 | 1 | February 08, 2019 |
| 2. | Mr. Vinod Kumar Sachdeva, Member | 1 | | |
| 3. | Mr. Arun Kathpalia, Member | 0 | | |

All the members of Nomination and Remuneration Committee are Non-Executive and Independent Directors.

Mr. S.K. Khorana, Company Secretary, is the Secretary of the Nomination and Remuneration Committee.

**(d) Performance evaluation criteria for independent directors:**

The Evaluation process formulated by the Nomination and Remuneration Committee provides criteria for evaluation of Independent Directors in accordance with the Guidance Note issued by SEBI vide Circular dated January 05, 2017.

## 5. DETAILS OF REMUNERATION PAID TO DIRECTORS:

**(i) Executive Directors:**

Details of Remuneration paid to Executive Directors:

(₹ in lakhs)

| Sl. No. | Particulars | Mr. Aditya Puri Managing Director | Mrs. Nina Puri Whole-time Director | Total |
|---|---|---|---|---|
| (i) | Salary | 60.00 | 60.00 | 120.00 |
| (ii) | Contribution to Provident Fund, Group Gratuity Fund and Superannuation Fund | 14.70 | 8.70 | 23.4 |
| (iii) | Other Perquisites | 0.09 | 1.19 | 1.28 |
| (iv) | Commission | 1,136.46 | 1,141.36 | 2,277.82 |
| | **Total** | **1,211.25** | **1,211.25** | **2,422.50** |

**(ii) Non-Executive Directors:**

Details of Remuneration paid to Non-Executive Directors:

| Sl. No. | Name of Director | Nature of Payment and Amount (₹) | | Total Amount (₹) |
|---|---|---|---|---|
| | | Commission | Sitting Fee | |
| 1. | Mr. Vinod K. Nagpal | 25,000 | 5,40,000 | 5,65,000 |
| 2. | Mr. Tahir Hasan | 25,000 | 5,00,000 | 5,25,000 |
| 3. | Mr. Ranjit Puri | 25,000 | 5,20,000 | 5,45,000 |
| 4. | Mr. Arun Kathpalia | 25,000 | 1,10,000 | 1,35,000 |
| 5. | Mr. Vinod Kumar Sachdeva | 25,000 | 5,20,000 | 5,45,000 |
| 6. | Mr. Sidharth Prasad | 25,000 | 4,50,000 | 4,75,000 |
| 7. | Mr. Vishal Kirti Keshav Marwaha | 25,000 | 4,00,000 | 4,25,000 |
| 8. | Mrs. Shivani Hazari | 25,000 | 3,00,000 | 3,25,000 |
| | **Total** | **2,00,000** | **33,40,000** | **35,40,000** |

No remuneration other than sitting fee and commission, as aforesaid, is paid to non-executive Directors. There has been no pecuniary relationship or transactions between the Company and non-executive Directors during the year 2019-20. There are no stock options available/issued to any non-executive Director of the Company. There are no convertible instruments issued to any of the non-executive Directors of the Company.

## 6. STAKEHOLDERS RELATIONSHIP AND GRIEVANCES COMMITTEE :

**(a) Composition, Name of Members and Chairman:**

| S. No. | Name of the Committee Member | Position |
|---|---|---|
| 1. | Mr. Ranjit Puri | Chairman |
| 2. | Mr. Vinod Kumar Sachdeva | Member |
| 3. | Mr. Sidharth Prasad | Member |

**(b) Name and designation of Compliance Officer:**

Mr. S. K. Khorana, Company Secretary.

**(c) Number of Shareholders' complaints received so far:**

One

**(d) Number of complaints not solved to the satisfaction of Shareholders:**

Nil

**(e) Number of pending complaints:**

Nil.

## 7. GENERAL BODY MEETINGS:

**(a) Location and time where last three Annual General Meetings (AGM) held:**

| Date | Location | Time |
|---|---|---|
| July 29, 2017 | Office premises of Saraswati Sugar Mills Limited, Radaur Road, Yamunanagar-135001, Haryana | 11:30 A.M. |
| August 07, 2018 | | 11:30 A.M. |
| August 10, 2019 | | 11:30 A.M. |

**(b) Whether any Special Resolutions passed in the previous three AGMs:**

Yes,

(i) Special Resolutions regarding re-appointment of Mr. Arun Kathpalia, Mr. Tahir Hasan, Mr. Vinod K. Nagpal and Mr. Vinod Kumar Sachdeva, as Independent Director for another term until the conclusion of Annual General Meeting to be held in year 2020, to consider the Accounts for the financial year March 31, 2020, were passed in the AGM held on July 29, 2017.

(ii) Special Resolution regarding Increase in borrowing limits under Section 180(1)(c) of the Companies Act, 2013 was passed in the AGM held on August 07, 2018.

**(c) Whether any Special Resolution passed last year through postal ballot – details of voting pattern:**

No.

**(d) Person who conducted the postal ballot exercise:**

Not applicable.

**(e) Whether any special resolution is proposed to be conducted through postal ballot:**

No

**(f) Procedure for postal ballot :**

Not Applicable

## 8. MEANS OF COMMUNICATION:

**(a) Quarterly/Annual Results:**

Yes, Published in Newspapers.

**(b) Newspapers wherein results normally published:**

(i) Business Standard (English), Business Line (English) from February 12, 2020, and

(ii) Hari Bhoomi (Hindi)

**(c) Any website, where displayed:**

(i) On Company's website : www.isgec.com

(ii) On BSE's website: www.bseindia.com

**(d) Whether it also displays official news releases:**

There was no official news release.

**(e) The presentations made to institutional investors or to the analysts:**

The Company has made presentations to Institutional Investors and analysts at conferences organized by leading brokers, five times during the year. Copies of presentations were submitted to Bombay Stock Exchange and also uploaded on Company's website.

## 9. GENERAL SHAREHOLDER INFORMATION:

**(a) Annual General Meeting date and time:**

Annual General Meeting will be held at 11:30 a.m. (IST), on September 18, 2020 through Video Conferencing (VC) or Other Audio Visual Means (OAVM).

**(b) Financial Year:**

April 1, 2019 to March 31, 2020.

**(c) Dividend Payment Dates:**

February 29, 2020 for Interim Dividend.

**(d) Listing on Stock Exchange:**

Listed on Bombay Stock Exchange (BSE) at 25th Floor, P.J. Tower, Dalal Street Fort, Mumbai-400001.

It is confirmed that Payment of Annual Listing Fee for Financial year 2020-2021 has been made by Company to Stock Exchange.

**(e) Stock Code:**

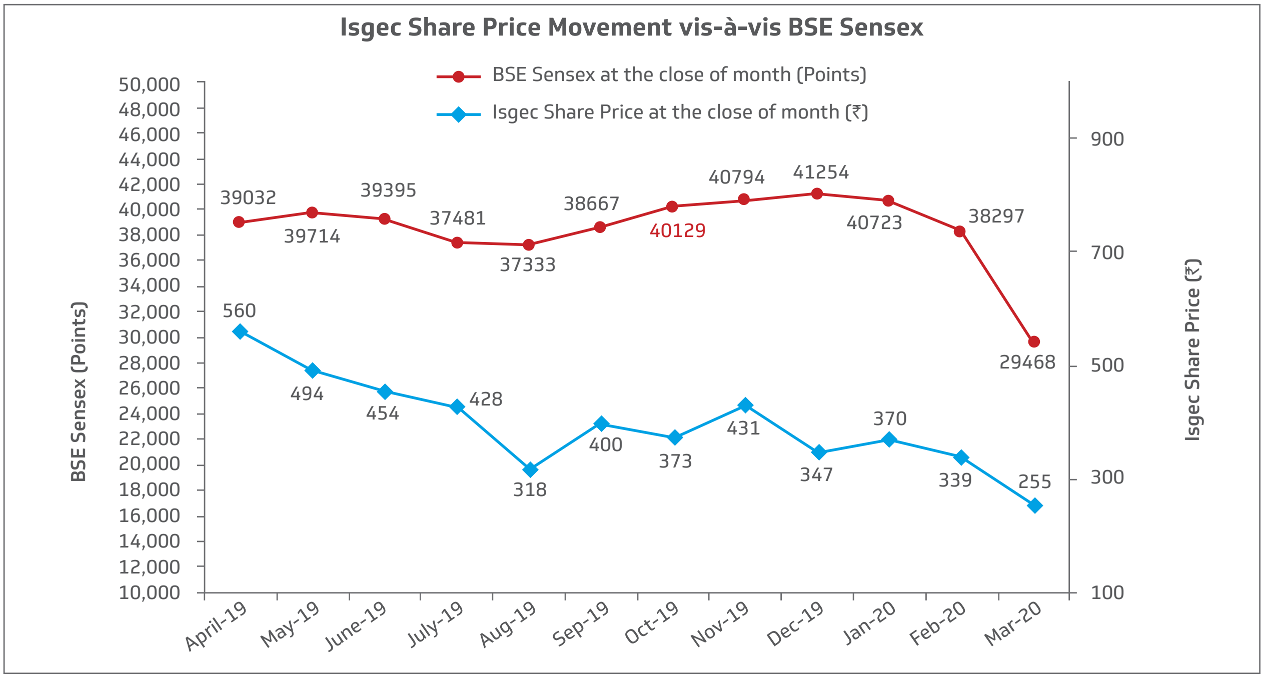
The Stock Code Number is ISIN – INE858B01029

Bombay Stock Exchange has allotted scrip name as ISGEC and scrip code as 533033.

**(f) Stock Market Price Data: High and Low during each month in the year on BSE:**

| Month | Bombay Stock Exchange | |
|---|---|---|
| | Highest (₹) | Lowest (₹) |
| April, 2019 | 619 | 479 |
| May, 2019 | 560 | 472 |
| June, 2019 | 502 | 436 |
| July, 2019 | 476 | 390 |
| August, 2019 | 430 | 306 |
| September, 2019 | 434 | 309 |
| October, 2019 | 416 | 355 |
| November, 2019 | 435 | 345 |
| December, 2019 | 442 | 332 |
| January, 2020 | 424 | 344 |
| February, 2020 | 400 | 325 |
| March, 2020 | 345 | 205 |

### (g) Share Price Performance in comparison to BSE Sensex:




### (h) Securities suspended from trading

Not Applicable

### (i) Registrar and Transfer Agents:

M/s. Alankit Assignments Limited, 'Alankit House', 4E/2, Jhandewalan Extension, New Delhi – 110055.
Phone: +91-11-42541234, 23541234, Fax : +91-11-23552001,
Email: alankit@alankit.com

### (j) Share Transfer System:

The share transfers are attended, registered and returned within 30 days from the date of receipt, if the documents are in order in all respects.

### (k) Distribution of shareholding:

The Distribution of shareholding as on March 31, 2020:

| Shareholding of Nominal Value | Shareholders | | Share Amount | |
|---|---|---|---|---|
| ₹ | Number | % of Total | (In ₹) | % of Total |
| Up-to 5,000 | 11,512 | 97.13 | 36,50,794 | 4.97 |
| 5,001 - 10,000 | 136 | 1.15 | 10,23,140 | 1.39 |
| 10,001 - 20,000 | 87 | 0.73 | 13,05,679 | 1.78 |
| 20,001 - 30,000 | 32 | 0.27 | 7,80,367 | 1.06 |
| 30,001 - 40,000 | 14 | 0.12 | 4,88,209 | 0.66 |
| 40,001 - 50,000 | 11 | 0.09 | 5,04,900 | 0.69 |
| 50,001 - 1,00,000 | 25 | 0.21 | 17,06,398 | 2.32 |
| 1,00,001 and above | 35 | 0.30 | 6,40,70,023 | 87.13 |
| **TOTAL** | **11,852** | **100.00** | **7,35,29,510** | **100.00** |

Shareholding pattern as on March 31, 2020:

| Category | No. of Shareholders | No. of Shares held | Percentage |
|---|---|---|---|
| Promoters | 5 | 4,58,54,994 | 62.36% |
| FIs, Banks & Mutual Funds | 16 | 90,10,928 | 12.26% |
| Others (Public) | 11,831 | 1,86,63,588 | 25.38% |

**(l) Dematerialization of shares and liquidity :**

97.89 % of share capital has been dematerialized as on March 31, 2020.

**(m) Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity:**

There is no outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments and therefore there is no impact on equity.

**(n) Foreign exchange risk and hedging activities:**

The Board has laid down a Foreign Exchange Risk Management Policy, which is implemented for hedging Forex risk.

**(o) Plant and Business locations:**

**A. Engineering, Procurement and Construction:**

| Name | Item | Address for correspondence |
|---|---|---|
| (i) Noida | Boilers, Air Pollution Control Equipment, Sugar Plant & Machinery, Power Plants, Factories and Material Handling System and Water Treatment | (i) A-5, A-7 and A-8, Sector – 63, Noida – 201301, U.P.<br>(ii) A-4, Sector – 24, Noida – 201301, U.P. |
| (ii) Chennai | Design office | 25, MC Nicholas Road, Grace Building, Chetpet, Chennai-600031. |
| (iii) Pune | Design office | T-29/31, Om Chambers, 303 Bhosari, Telco Road, MIDC, Bhosari, Pimpri-Chinchwad, Maharashtra-411026. |

**B. Plant Location:**

| Name | Item of Manufacture | Address for correspondence |
|---|---|---|
| (i) Radaur Road, Yamunanagar | Pressure Vessels & Heat Exchangers, Presses– Mechanical & Hydraulic, Boilers, Container, Castings, Sugar and other Industrial Machinery. | Isgec Heavy Engineering Limited, Radaur Road, Yamunanagar-135001, Haryana. |
| (ii) Rattangarh, Yamunanagar | Pressure Parts for Boilers | Isgec Heavy Engineering Limited, Rattangarh, Yamunanagar-135001, Haryana. |
| (iii) Dahej | Pressure Vessels, Columns, Heat Exchangers | Isgec Heavy Engineering Limited, 13/B, G.I.D.C Industrial Estate, Dahej, Taluka- Vagara, Dist. Bharuch - 392130, Gujarat. |
| (iv) Dahej | Process Equipment | Isgec Heavy Engineering Limited, Plot No. Z-89, Dahej Special Economic Zone, Part-II, Taluka: Vagara, Bharuch-392130, Gujarat. |

| Name | Item of Manufacture | Address for correspondence |
|---|---|---|
| (v) Muzaffarnagar | Castings - Steel & Iron | Isgec Heavy Engineering Limited, Village Nara, P.O. Mansurpur –251203, District Muzaffarnagar, U.P. |
| (vi) Bawal | Standard Mechanical Presses and other Industrial Machinery | Isgec Heavy Engineering Limited, Plot No. 123, Sector-6, HSIIDC, Industrial Growth Centre, Bawal, Distt. Rewari-123501, Haryana. |

**(p) Address for correspondence:**

**Corporate Office:** A-4, Sector – 24,
Noida – 201 301, U.P.
Tel. : +91-120-408 5001/ 5002
Fax.: +91-120-241 2250
e-mail: skkhorana@isgec.com

**Registered Office:** Radaur Road,
Yamunanagar-135 001,
Haryana.
Tel: 01732-661061
e-mail : roynr@isgec.com

**(q)** List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instrument of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of fund, whether in India or abroad is enclosed as Annexure-A.

## 10. DISCLOSURES:

**(a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the company at large:**

Nil.

**(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Bombay Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:**

None.

**(c) Vigil Mechanism/Whistle Blower Policy:**

The Company has established a Vigil Mechanism for Directors and Employees to report genuine concerns or grievances and instances of leak of Unpublished Price Sensitive Information (UPSI). The Audit Committee of the Company oversees the Vigil Mechanism. The Vigil Mechanism has been disclosed on website of the Company. In case any complaint relates to the Managing Director or any Non-independent Director, in exceptional or appropriate cases, any employee may report his concern to Mr. Vinod K. Nagpal, Chairman of the Audit Committee.

**(d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:**

The Company has complied with all the mandatory requirements.

**(e) Subsidiary Company:**

The Company has formulated a policy for determining material subsidiaries which is disclosed on the Company's website at web link namely http://www.isgec.com/pdf/PolicyforDeterminingMaterialSubsidiaries1612020.pdf

**(f) Related Party Transactions:**

The Company has formulated a Policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions which is disclosed on the Company's website at web link namely http://www.isgec.com/pdf/PolicyonMaterialityofRelatedPartyTransactionsandonDealingwithRelatedPartyTransactions1822020.pdf

**(g) Disclosure of commodity price risks and commodity hedging activities:**

The Company is exposed to commodity risks for certain commodities such as steel for fabricated items and structures and construction materials such as cement, Tor steel and Structural Steel for civil work.

The Company manages the commodity risks by a number of methods including Rate Contracts with suppliers, back to back offers from suppliers prior to booking customers' orders, bulk purchases, using global sourcing options and hedging wherever available.

**(h) Details of utilization of fund raised through preferential allotment or qualified institution placement as specified under Regulation 32 (7A):**

Nil

**(i) A Certificate from a company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of the company by the Securities and Exchange Board of India /Ministry of Corporate Affairs or any such statutory authority:**

All the Directors of the Company have submitted declaration stating that they are not debarred or disqualified by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority from being appointed or continuing as Director of Companies.

A compliance certificate from Mr. Pramod Kothari, Practicing Company Secretary pursuant to the requirements of Schedule V to the Listing Regulations regarding compliance of conditions of Corporate Governance is enclosed as Annexure –B.

**(j) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:**

Nil

**(k) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:**

(₹ In Lakh)

| Particulars | Isgec Heavy Engineering Limited | Saraswati Sugar Mills Limited | Total |
|---|---|---|---|
| Statutory Audit Fee | 18.00 | 4.00 | 22.00 |
| In other capacity | 8.54 | 0 | 8.54 |
| Reimbursement of Expenses | 3.05 | 1.00 | 4.05 |
| **Total** | **29.59** | **5.00** | **34.59** |

**(l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

a) Number of complaints filed during the financial year 2019-2020 : NIL

b) Number of complaints disposed of during the financial year 2019-2020 : NIL

c) Number of complaints pending as on end of financial year 2019-2020 : NIL

## 11. NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT OF SUB-PARAS (2) TO (10) OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

Nil

## 12. DISCRETIONARY REQUIREMENT COMPLIED WITH AS SPECIFIED IN PART E OF SCHEDULE II OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

The Company has appointed separate persons to the posts of chairman and managing director as follows:-

(a) Mr. Ranjit Puri : Chairman

(b) Mr. Aditya Puri : Managing Director

## 13. DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENT SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

All disclosures which are applicable are complied with by the Company.

As required under para D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I declare that all the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management during the year ended March 31, 2020.

**Aditya Puri**
Managing Director
(DIN: 00052534)

Dated: June 26, 2020

## ANNEXURE-A

# LIST OF ALL CREDIT RATING OBTAINED BY THE ENTITY ALONGWITH ANY REVISIONS THERETO DURING THE RELEVANT FINANCIAL YEAR

Amount (₹/Crore)

| ICRA Ltd. communication letter | Date | Status of rating | Fund Based Bank Limits | | Non Fund Based Bank Limits | | Fund Based / Non Fund Based Bank Limits | | Unallocated Bank Limits | | Total rated amount |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Amount | Rating assigned | Amount | Rating assigned | Amount | Rating assigned | Amount | Rating assigned | |
| DEL/RAT/2018-19/S-83/5 | 29-03-2019 | Continuing rating from previous year | 380.00 | [ICRA]AA (Stable) | 2126.10 | [ICRA]A1+ | 995.00 | [ICRA]AA (Stable) | 700.00 | [ICRA]AA (Stable)/[ICRA] A1+ | 4201.10 |
| | | | | | 98.90 | [ICRA]AA (Stable) | | | | | 98.90 |
| DEL/RAT/2019-20/S-83/1 | 17-02-2020 | Revision | 400.00 | [ICRA]AA (Stable) | 2726.27 | [ICRA]A1+ | 974.83 | [ICRA]AA (Stable) | 200.00 | [ICRA]AA (Stable)/[ICRA] A1+ | 4301.10 |
| | | | | | 98.90 | [ICRA]AA (Stable) | | | | | 98.90 |

**ANNEXURE-B**

To,
The Board of Directors
ISGEC HEAVY ENGINEERING LIMITED
RADAUR ROAD,
YAMUNA NAGAR,
HARYANA - 135001

**Subject: Certificate under Schedule V Part C, Clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir(s)

We, Pramod Kothari & Co., Practicing company secretaries have examined the information and records as provided by the of Isgec Heavy Engineering Limited (**"The Company"**) for the purpose of certificate under Regulations 34(3) read with Schedule V Part C Clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and be and is hereby certify that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/ Ministry of Corporate Affairs or any such Statutory Authority.

For **Pramod Kothari & Co.**
*Company Secretaries*

Dated: 29/05/2020
Place: Noida

**Pramod Kothari**
Proprietor - CP 11532

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

**To**
**The Members**
**Isgec Heavy Engineering Limited**
**Radaur Road, Yamunanagar-135001 Haryana, India**

1. The accompanying Corporate Governance Report prepared by Isgec Heavy Engineering Limited (hereinafter the "Company"), contains details as required by the provisions of chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2020. This report is required by the Company for annual submission to the Stock Exchanges and to be sent to the Shareholders of the Company.

**Management Responsibility**

2. The preparation of the corporate governance report is the responsibility of management of the Company including preparation and maintenance of all the relevant supporting records and documents. The responsibility also includes the design implementation and maintenance of internal control relevant to the preparation and presentation of the corporate governance report.

3. The Management along with Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by Securities and Exchange Board of India.

**Auditors Responsibility**

4. Pursuant to the requirements of Listing regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the company has complied with the specific requirements of the Listing regulations referred to in the paragraph 1 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

   i. Reviewed the information prepared by the Company and included in its Corporate Governance Report;

   ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;

   iii. Obtained and reviewed the Directors Register as on March 31, 2020 and verified that at least one woman director was on the Board during the year;

iv. Obtained and reviewed the minutes of the following meetings held from April 1, 2019 to March 31, 2020:

   a) Board of Directors

   b) Audit Committee

   c) Nomination and Remuneration Committee

   d) Stakeholders Relationship and Grievances Committee

   e) Corporate Social Responsibility (CSR) Committee

   f) Independent Directors meeting

v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and

vi. Performed necessary inquiries with the management and obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole

**Opinion**

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, that we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 1 above.

**Other Matter and Restriction on Use**

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

**FOR SCV & CO. LLP**
*Chartered Accountants*
ICAI Firm Registration No.: 000235N/N500089

**(ABHINAV KHOSLA)**
*Partner*
Membership No.: 087010
ICAIUDIN: 20087010AAAABL5785

Place: New Delhi
Date: June 26th, 2020

**Annexure - 7**

# FORM AOC-1

## Statement containing salient features of the financial statement of subsidiaries/associate companies/ joint ventures

## The disclosure under first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014

### Part " A" : Subsidiaries

(₹ in lakhs)

| Sr. No. | 2019-2020 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Name of the Subsidiary Companies | Isgec Covema Ltd. | Isgec Exports Ltd. | Saraswati Sugar Mills Ltd. | Isgec Engineering & Projects Ltd. | Free Look Software Private Ltd. | Isgec Hitachi Zosen Ltd. | Isgec SFW Boilers Private Ltd. (formerly Isgec Foster Wheeler Boilers Private Ltd.) | Isgec Titan Metal Fabricators Private Ltd. | Isgec Redecam Enviro Solutions Private Ltd. | Eagle Press & Equipment Co. Limited*** |
| 1 | The date since when the subsidiary was acquired | 24-05-1988 | 29-02-1996 | 20-07-2000 | 22-03-2007 | 21-06-2014 | 21-03-2012 | 17-02-2015 | 25-06-2015 | 01-02-2017 | 18-09-2018 |
| 2 | Reporting Period | Year Ended March 31, 2020 | Year Ended March 31, 2020 | Year Ended March 31, 2020 | Year Ended March 31, 2020 | Year Ended March 31, 2020 | Year Ended March 31, 2020 | Year Ended March 31, 2020 | Year Ended March 31, 2020 | Year Ended March 31, 2020 | Year Ended March 31, 2020 |
| 3 | Reporting Currency | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees |
| 4 | Share Capital | 200.00 | 10.00 | 709.99 | 400.00 | 2.47 | 10,000.00 | 200.00 | 100.00 | 200.00 | 2,501.55 |
| 5 | Reserves & surplus | 26.35 | 115.02 | 22,380.00 | 4.06 | 713.27 | 4,170.18 | 208.45 | 366.23 | (5.76) | (2,046.08) |
| 6 | Total Assets | 983.23 | 125.31 | 62,133.08 | 404.35 | 716.09 | 45,061.51 | 787.03 | 3,463.62 | 2,264.56 | 13,350.33 |
| 7 | Total Liabilities | 756.88 | 0.30 | 39,043.09 | 0.30 | 0.35 | 30,891.33 | 378.58 | 2,997.38 | 2,070.33 | 12,894.86 |
| 8 | Investments | - | - | - | - | - | - | - | - | - | |
| 9 | Turnover* | 129.14 | 7.07 | 60,307.68 | 13.11 | 9.72 | 28,892.20 | 649.49 | 2,561.20 | 4,045.03 | 11,311.60 |
| 10 | Profit/(Loss) before Taxation before OCI | (3.13) | 6.71 | 3,335.64 | 5.31 | (67.00) | 1,113.67 | 37.23 | 247.01 | 45.70 | (2,939.30) |
| 11 | Provision for Taxation | | | | | | | | | | |
| | a. Current Tax | - | 1.69 | 870.74 | 1.89 | - | 410.00 | 13.12 | 67.73 | - | - |
| | b. Deferred Tax | 16.06 | - | 352.13 | 0.20 | - | 5.74 | (4.32) | (5.63) | 12.37 | (705.87) |
| 12 | Profit/(Loss) after Taxation | (19.19) | 5.02 | 2,112.76 | 3.21 | (67.00) | 697.93 | 28.44 | 184.91 | 33.33 | (2,233.43) |
| 13 | Other Comprehensive Income | - | - | (55.15) | - | - | (26.73) | 0.18 | - | - | 72.23 |
| 14 | Proposed Dividend ** | - | - | 532.49 | - | - | 400.00 | - | 50.00 | - | - |
| 15 | % of shareholding | 100% | 100% | 100% | 100% | 100% | 51% | 51% | 51% | 51% | 100% |

| Sr. No. | 2018-2019 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Name of the Subsidiary Companies | Isgec Investment PTE Limited**** | Isgec Covema Ltd. | Isgec Exports Ltd. | Saraswati Sugar Mills Ltd. | Isgec Engineering & Projects Ltd. | Free Look Software Private Ltd. | Isgec Hitachi Zosen Ltd. | Isgec Foster Wheeler Boilers Private Ltd. | Isgec Titan Metal Fabricators Private Ltd. | Isgec Redecam Enviro Solutions Private Ltd. | Eagle Press & Equipment Co. Limited*** |
| 1 | The date since when the subsidiary was acquired | 27-08-2019 | 24-05-1988 | 29-02-1996 | 20-07-2000 | 22-03-2007 | 21-06-2014 | 21-03-2012 | 17-02-2015 | 25-06-2015 | 01-02-2017 | 18-09-2018 |
| 2 | Reporting Period | Year Ended March 31, 2020 | Year Ended March 31, 2019 | Year Ended March 31, 2019 | Year Ended March 31, 2019 | Year Ended March 31, 2019 | Year Ended March 31, 2019 | Year Ended March 31, 2019 | Year Ended March 31, 2019 | Year Ended March 31, 2019 | Year Ended March 31, 2019 | Year Ended March 31, 2019 |
| 3 | Reporting Currency | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees | Indian Rupees |
| 4 | Share Capital | 5.20 | 200.00 | 10.00 | 709.99 | 400.00 | 2.47 | 10,000.00 | 200.00 | 100.00 | 200.00 | 2,501.55 |
| 5 | Reserves & surplus | 22,222.73 | 45.55 | 109.99 | 20,750.36 | 0.85 | 780.27 | 3,679.81 | 240.11 | 241.59 | (39.09) | 115.12 |
| 6 | Total Assets | 84,982.02 | 250.40 | 120.29 | 53,413.51 | 401.22 | 783.09 | 31,439.50 | 530.06 | 1,431.05 | 2,185.50 | 13,862.61 |
| 7 | Total Liabilities | 62,754.09 | 4.85 | 0.30 | 31,953.15 | 0.38 | 0.35 | 17,759.68 | 89.94 | 1,089.44 | 2,024.59 | 11,245.94 |
| 8 | Investments | | - | - | | - | - | - | - | - | - | - |
| 9 | Turnover* | 391.97 | 7.01 | 7.13 | 58,969.53 | 12.00 | 2.90 | 22,487.11 | 648.88 | 2,926.53 | 1,688.82 | 14,800.84 |
| 10 | Profit/(Loss) before Taxation before OCI | (669.39) | (1.70) | 6.57 | 1,495.03 | (0.42) | 2.30 | 319.62 | 191.64 | 220.39 | (0.34) | 308.97 |
| 11 | Provision for Taxation | | | | | | | | | | | |
| | a. Current Tax | 1.01 | - | 1.71 | 491.47 | 0.56 | 0.61 | 153.61 | 55.90 | 62.08 | - | 16.36 |
| | b. Deferred Tax | 111.90 | (0.46) | - | 66.63 | 0.21 | - | (30.11) | (2.39) | 0.44 | (0.09) | - |
| 12 | Profit/(Loss) after Taxation | (782.29) | (1.23) | 4.86 | 936.93 | (1.18) | 1.70 | 196.12 | 138.13 | 157.87 | (0.25) | 292.62 |
| 13 | Other Comprehensive Income | 1,668.34 | - | - | (275.67) | - | - | 8.01 | 0.55 | - | - | - |
| 14 | Proposed Dividend ** | | - | - | 355.00 | - | - | 150.00 | 50.00 | 50.00 | - | - |
| 15 | % of shareholding | 100% | 100% | 100% | 100% | 100% | 100% | 51% | 51% | 51% | 51% | 100% |

* Includes Other Income

** Includes interim dividend paid during the year

*** Reporting currency is Canadian Dollar and exchange rate as on the last day of relevant financial year is ₹ 53.06.

**** Reporting currency is Singapore Dollar and exchange rate as on the last day of relevant financial year is ₹ 53.01.

Notes :

1. Names of subsidiaries which have been liquidated or sold during the year : Nil

**Part " B"** : Associates and Joint Ventures- Isgec Hitachi Zosen Ltd., Isgec SFW Boilers Private Ltd. (formerly Isgec Foster Wheeler Boilers Private Ltd.), Isgec Titan Metal Fabricators Private Ltd. and Isgec Redecam Enviro Solutions Private Ltd. are Joint venture companies.

**Annexure - 8**

## STATEMENT OF INFORMATION TO BE FURNISHED PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 AND RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

| | | | |
|---|---|---|---|
| **(i)** | **the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;** | 1) Mr. Aditya Puri, Managing Director | 167 |
| | | 2) Mrs. Nina Puri, Whole-time Director | 167 |
| **(ii)** | **the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;** | 1) Mr. Aditya Puri, Managing Director | -6% |
| | | 2) Mrs. Nina Puri, Whole-time Director | -6% |
| | | 3) Mr. S. K. Khorana, Company Secretary | 4% |
| | | 4) Mr. Kishore Chatnani, Chief Financial Officer | 8% |

The ratio of remuneration of each director to the median remuneration of the employees and percentage increase in remuneration of each director:

Independent Directors do not receive any remuneration other than sitting fees for attending Board and Committee meetings. Details of sitting fees paid to Independent Directors are given in the report on Corporate Governance forming part of Annual Report and hence, are not included in the above table. The non-Independent Directors do not receive any sitting fees.

| | | |
|---|---|---|
| **(iii)** | **the percentage increase in the median remuneration of employees in the financial year;** | 5.40% |
| **(iv)** | **the number of permanent employees on the rolls of Company;** | 3,078 as on 31st March 2020 (2,978 as on 31st March 2019) |
| **(v)** | **average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;** | The average increase in salaries of employees other than managerial personnel in 2019-20 was 6.18%. Managerial Remuneration has decreased due to lower commission in line with profit of the Company. Percentage decrease in Managerial Remuneration for the year is 6%. |
| **(vi)** | **affirmation that the remuneration is as per the remuneration policy of the company.** | Remuneration is paid as per the remuneration policy of the Company |

**Annexure - 9**

## FORM NO. MR-3

**Secretarial Audit Report**

for the financial year ended March 31, 2020

*[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,
The Members,
Isgec Heavy Engineering Limited
(CIN: L23423HR1933PLC000097)
Radaur Road Yamuna Nagar,
Haryana – 135 001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of Isgec Heavy Engineering Limited (hereinafter called "the Company") ") for the Financial Year ended 31st March, 2020. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2020 according to the applicable provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time;

   d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time;

   e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period).

   f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)

   g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period).

   i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period).

j) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 and amendments from time to time; (Not applicable to the Company during the audit period).

vi. The Management has identified and confirmed the following laws as specifically applicable to the company: -

(a) Labour laws as applicable

(b) Environment Protection Act, 1986;

(c) The Water (Prevention & Control of Pollution) Act 1974 read with Water (Prevention & Control of Pollution) Rules, 1975;

(d) The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982;

(e) Disposal of Hazardous Waste rules.

We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

b) The Listing Agreements entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes, the decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines etc.

We further report that during the audit period there are no events which had major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

We further report that maintenance of Secretarial record is the responsibility of the management of the Company, our responsibility is to express an opinion on these secretarial records based on our audit and followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records.

For **Pramod Kothari & Co.**
*Company Secretaries*

**Pramod Kothari**
*(Proprietor)*
FCS No: 7091 CP No: 11532
UDIN: F007091B000356088

Place: Noida (U.P.)
Date: June 19, 2020

# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L23423HR1933PLC000097.

2. **Name of the Company:** ISGEC HEAVY ENGINEERING LIMITED.

3. **Registered address:** RADAUR ROAD, YAMUNANAGAR – 135001, HARYANA (INDIA).

4. **Website:** www.isgec.com

5. **E-mail id:** cfo@isgec.com

6. **Financial Year reported:** Year ended 31.03.2020

7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

| Code * | Sector |
|---|---|
| 352 | Boilers, Steam Generating Plants. |
| 353 | Industrial Machinery for Food Industry. |
| 354 | Industrial Machinery for other than Food and Textile Industries. |
| 357 | Machine Tools. |

*As per NIC 1987 Classification.

8. **List three key products/services that the Company manufactures/provides (as in balance sheet) -**

   (1) Turnkey Projects for Boilers, Sugar Plants and Power Plants and material handling systems.

   (2) Pressure Vessels, Columns, Reactors and Heat Exchangers.

   (3) Mechanical and Hydraulic Presses.

9. **Total number of locations where business activity is undertaken by the Company:**

   **(a) Number of International Locations (Provide details of major 5)**
   The Company has a network of marketing agents spread across many countries. It also has a branch office in Thailand.

   **(b) Number of National Locations:**
   Isgec Heavy Engineering Limited has its Registered Office in Yamunanagar, Haryana. The Company ownsmanufacturing units located at Yamunanagar,Rattangarh and Bawal in Haryana, Muzaffarnagar in Uttar Pradesh and Dahej in Gujarat.

   The Company's project businesses are located at Noida in Uttar Pradesh.

   The Company's Design Offices are located in Noida, Chennai and Pune and it has Marketing Branch Offices in Chennai, Kolkata, Mumbai and Pune.

10. **Markets served by the Company – Local/State/National/International:** All

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | | | |
|---|---|---|---|
| 1. | Paid up Capital (₹ in lakhs) | : | 735.29 |
| 2. | Total Turnover (₹ in lakhs) | : | 4,91,228.96 |
| 3. | Total profit after taxes (₹ in lakhs) | : | 15,309.52 |
| | **Total Comprehensive income (₹ in lakhs)** | **:** | **15,337.02** |

4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** 2%

5. **List of activities in which expenditure in 4 above has been incurred:-**

   a) Contribution to Haryana Corona Relief fund.

   b) Promoting education in schools by construction of library and classroom, Infrastructure development, installation of IT Systems, pipeline laying for rain water harvesting and provisions of furniture and teaching aids and equipment.

   c) Repairing of Roads and Beautification.

   d) Promotion of Sports by contribution to Delhi Common Wealth Association, conducting State tournaments, Construction of Basket Ball Courts in Government Schools.

   e) Rural Development – laying water pipelines for rain water harvesting, installation of Solar Energy System.

   f) Environmental preservation by investing in tree plantation in Pune, donation to World Wide Fund for Tiger Preservation.

   g) Promoting employment by enhancing vocational skills, apprentice training, donating sewing machine to needy women.

   h) Promoting Health Care and Preventive Health Care.

## SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?:** Yes,

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):**

   Yes. The BR initiatives of the company are extended to the Subsidiary/associate Companies and they are also encouraged to participate in group-wide BR initiatives of the parent organization.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]:** No

## SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

   **(a) Details of the Director/Director responsible for implementation of the BR policy/policies:**

   1. DIN Number : 00052534
   2. Name : Mr. Aditya Puri
   3. Designation : Managing Director

   **(b) Details of the BR head**

| No. | Particulars | Details |
|---|---|---|
| 1 | DIN Number (if applicable) | 00052534 |
| 2 | Name | Mr. Aditya Puri |
| 3 | Designation | Managing Director |
| 4 | Telephone number | 0120-4085402 |
| 5 | e-mail id | apuri@isgec.com |

2. **Principle-wise (as per NVGs) BR Policy/policies**

**P1** Business should conduct and govern themselves with ethics, Transparency and Accountability.

**P2** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

**P3** Businesses should promote the wellbeing of all employees.

**P4** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

**P5** Businesses should respect and promote human rights.

**P6** Business should respect, protect, and make efforts to restore the environment.

**P7** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

**P8** Businesses should support inclusive growth and equitable development.

**P9** Businesses should engage with and provide value to their customers and consumers in aresponsible manner.

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **Do you have a policy/ policies for.** | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | **Has the policy being formulated in consultation with the relevant stakeholders?** | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | **Does the policy conform to any national / international standards? If yes, specify? (50 words)** | Company is ISO 9001 certified. Our policy conforms to all standards specified in ISO 9001. Further Company is ISO 14000 certified for environment. Company has OHSAS 18001 Certification for Occupational Health & Safety Management System. Company also complies with Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and other applicable laws &Regulations. | | | | | | | | |
| 4 | **Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?** | Mandatory Policies under the Indian Laws and Regulations have been adopted by the Board and signed by the Managing Director. Other Policies are approved by the Management and signed by various Authorized Officers. | | | | | | | | |

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 5 | **Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?** | The implementations of Policies are reviewed by the Management and also by the Internal Audit Department. | | | | | | | | |
| 6 | **Indicate the link for the policy to be viewed online?** | The mandatory Policies such as CSR Policy, Code of Conduct, Vigil Mechanism, Policy on related party transactions and Code of Practices and Procedures for fair disclosure of Un-published Price Sensitive Information (UPSI) are available on the Company's website www.isgec.com.<br><br>Other Policies such as Environment, Occupational Health and Safety Policy, Quality Policy, Employee related Policies, Non Acceptance of Gifts from Business Associates, Policy to avoid use of Conflict Minerals, Human Trafficking Policy, Policy and Procedure for Resolution of Sexual Harassment, Policy on Freedom of Association and Policy against Discrimination are available on Company's Internal Network or circulated to the concerned. | | | | | | | | |
| 7 | **Has the policy been formally communicated to all relevant internal and external stakeholders?** | Yes | | | | | | | | |
| 8 | **Does the Company have in-house structure to implement the policy/ policies.** | Yes | | | | | | | | |
| 9 | **Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?** | Yes | | | | | | | | |
| 10 | **Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?** | The Quality, Safety and Health and Environmental Policies are subject to internal and external audits as part of certification process and ongoing periodic assessments. Other policies are periodically evaluated internally. | | | | | | | | |

**(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) -NOT APPLICABLE**

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **The Company has not understood the Principles.** | NOT APPLICABLE | | | | | | | | |
| 2 | **The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.** | NOT APPLICABLE | | | | | | | | |
| 3 | **The Company does not have financial or manpower resources available for the task.** | NOT APPLICABLE | | | | | | | | |
| 4 | **It is planned to be done within next 6 months.** | NOT APPLICABLE | | | | | | | | |
| 5 | **It is planned to be done within the next 1 year.** | NOT APPLICABLE | | | | | | | | |
| 6 | **Any other reason (please specify)** | NOT APPLICABLE | | | | | | | | |

3. **Governance related to BR**

   (a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year -**

   Managing Director reviews various aspects of the policy on an ongoing basis.

   (b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

   Yes. The BR is published as part of the Annual Report and is available on our website,www.isgec.com

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1:

**Businesses should conduct and govern themselves with Ethics, Transparency and Accountability -**

ISGEC upholds the policy of good governance with ethics, transparency and accountability.

### PRINCIPLE 2:

**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle-**

ISGEC has all quality & Inspection systems in place to ensure goods & Services provided by the company are safe & sustainable throughout their life cycle.

### PRINCIPLE 3:

**Businesses should promote the wellbeing of all employees-**

ISGEC is committed to ensuring well being of its employees. It has adopted Policy on Human trafficking, Employee Occupational Health and Safety, Policy on freedom of association and Policy for Resolution of Sexual Harassment.

### PRINCIPLE 4:

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized-**

The Company has mapped the stakeholders i.e. customers, shareholders, employees, suppliers, banks and financial institutions, government and regulatory bodies and the local community and out of these, the Company has identified the disadvantaged, vulnerable and marginalized stakeholders.

ISGEC respects the interest of all its stakeholders & give equal opportunity to the disadvantaged, based on health, gender or age.

### PRINCIPLE 5:

**Businesses should respect and promote human rights -**

ISGEC respects & promotes human rights. It has adopted Policy on freedom of association & Policy against Discrimination.

The Company does not employ any forced labour and child labour and is committed to promoting the general equality among the employees.

### PRINCIPLE 6:

**Business should respect, protect and make efforts to restore the environment-**

ISGEC continuously makes efforts to restore the environment & introduce recurring reforms & innovations. It has adopted an Environmental Sustainability policy.

### PRINCIPLE 7:

**Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner-**

ISGEC discharges its responsibility by influencing public & regulatory policy. Some of the key trade & industry associations of which ISGEC is member are:

- The Confederation of Indian Industry,
- PHD Chamber of Commerce and Industry and
- Federation of Indian Chambers of Commerce and Industry
- Yamunanagar- Jagadhri Chamber of Commerce.

### PRINCIPLE 8:

**Businesses should support inclusive growth and equitable development –**

ISGEC ensures a policy of fair wages to its employees in accordance with the laws of the land including guidelines laid down by The Factories Act & State Labour Department. Welfare policies exist to support free expression, respectable norms of behavior by all employees & equitable development of social & family ties.

### PRINCIPLE 9:

**Businesses should engage with and provide value to their customers and consumers in a responsible manner –**

ISGEC ensures a healthy relationship between workers & staff. Day to day issues are solved by discussion across the table. Systems for transparent communication between the employees exist. Collective bargaining methods are adopted to resolve salary & wage issues between workers and management.

In large measure, since ISGEC deals with International & National customers,our company follows policies that are consistent with international norms of conduct in the industrial space.

## Principle 1

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? :** No.

   **Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

   This covers all group Companies including Joint Venture Companies.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   One shareholder complaint was received during the year. All were satisfactorily resolved.

## Principle 2

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   1 Boilers & Power Plant

   2 Sugar Plant

   3 Air pollution control equipment

   The Company has quality and inspection systems in place to ensure all goods and services provided by the Company are safe and sustainable throughout their life cycle.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   As the figures are difficult to collect, and optional, data is not being given.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)?**

   **(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   The Company makes efforts to engage with suppliers for developing them to improve their business and quality with the support of its Vendor Development Programmes.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   **(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The Company strives to procure increased quantum of goods and services from vendors located near to its Plants and Project Business Offices. The Company has dedicated Vendor Development Department and Quality Teams which work to improve capabilities of vendors and contractors.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   The Company tries to save cost by using/recycling waste materials such as scrap generated during manufacturing and project construction. It sells such wastes/scrap to industries who can gainfully utilize it. The Company also consumes metallic scrap in the manufacturing operations of it's Iron Foundry and Steel Casting Unit.

## PRINCIPLE 3

1. **Please indicate the Total number of employees:**

   Total number of employees as on 31st March 2020 was 3481

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis:**

   Out of the total Employees **403** were on contractual basis.

3. **Please indicate the Number of permanent women employees:**

   The number of women employees as on 31st March 2020 was **54**

4. **Please indicate the Number of permanent employees with disabilities:**

   Number of permanent employees with disabilities as on 31st March 2020 was **2**

5. **Do you have an employee association that is recognized by management:**

   Yes, Trade Union (Permanent Workers) at the Manufacturing Plants at Yamunanagar and Muzaffarnagar.

6. **What percentage of your permanent employees is members of this recognized employee association?**

   22% (668 employees are members of this association)

7. **Please indicate the Number of complaints relating to childlabour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:**

| No. | Category | No of complaints filed during the financial year | No of complaints pending as on end of the financial year |
|---|---|---|---|
| 1 | Child labour/ forced labour/ involuntary labour | NIL | NIL |
| 2 | Sexual harassment | NIL | NIL |
| 3 | Discriminatory employment | NIL | NIL |

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

   **(a) Permanent Employees** :
   **(b) Permanent Women Employees** :
   **(c) Casual/Temporary/Contractual Employees** :
   **(d) Employees with Disabilities**
   } = 57.81%

   **3** persons (visually impaired) working on Contractual Role.

## Principle 4

1. **Has the Company mapped its internal and external stakeholders?**

   Yes.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable &marginalized stakeholders.**

   Yes, in the category of Employees, Suppliers of Good and services.- Physically Challenged employees and small vendors and contractors.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   The Company respects the interest of all stakeholders and gives equal opportunity to the disadvantaged based on health, gender. The Company provides training to weaker employees on regular basis. Small vendors are supported by help in technology up-gradation and quality assurance skills. Further, small vendors and contractors, if need be financial assistance in the form of advance is given.

## Principle 5

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   The policy of the Company on human rights covers not only the Company, but also extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others. The Company is committed to complying with all human rights, practices across all group companies, JVs and other stakeholders associated with the Company by having formal policies in place.

   The Company does not employ any forced labourand childlabour and is committed to promoting the general equality among the employees.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No complaint was received by the Company on Human rights issue.

## Principle 6

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

   Yes, the policy of the Company on environment covers not only the Company, but also extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others. The Company is committed to achieving an excellence in environmental performance, preservation and promotion of clean environment and also actively encourages business partners like suppliers, contractors, etc. to preserve and promote environment.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   Company's products and services are designed to better the legal environment norms set by the Government in relation to Emission, Water and energy efficiency. Company is also ISO 14000 certified by Lloyds for environment management systems. Some of the company's products (Air Pollution Control Equipments) are focused on addressing environmental problems.

3. **Does the Company identify and assess potential environmental risks?**

   Company is alive to the possibility of environmental risk due to discharge of waste water. Company and it's subsidiaries ensure waste water treatment, recycling and reuse.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   No.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Yes – Company gets periodic energy audits done. Company's Green Energy Boiler division manufactures and supplies equipment for generation of energy using biomass and green waste. Company has also installed rooftop solar power for 1500 kw.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   NIL.

## Principle 7

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   The Company is a member of various trade and industry associations. Major ones of them are:

   a. Confederation of Indian Industry.

   b. PHD Chamber of commerce and Industry.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies:**

   No

## Principle 8

1. **Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Company has regular spending on CSR projects. Details are given in CSR report given in Board's Report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

   While the Company and its subsidiaries undertake most of the CSR projects and initiatives through its own team or through Group initiatives, some of the projects are conducted in association with external organisations on need basis.

3. **Have you done any impact assessment of your initiative?**

   Impact analysis of each CSR activity is carried out on a regular basis.

   Company has been advised that impact is good.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

   The Company spent a sum of ₹ **407.85** lakhs on Corporate Social Responsibility. Details are given in the CSR Report given in Board's Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Yes, engagement of the community is paramount for sustaining a programme on ground. We ensure engagement of the community at the very planning stage and thereafter inducting them at the implementation level. This not only ensures acceptance of the programme on ground but also its continuity and sustainability.

   Our CSR implementation team visits schools and other institutions where we have CSR activities to ensure that resources provided by us are well utilized.

## Principle 9

What percentage of customer complaints/consumer cases are pending as on the end of financial year.

There are no consumer cases. The Company receives minor technical complaints from customers from time to time. The Company has a Policy to attend all customer complaints promptly.

1. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information):**

   Not Applicable.

2. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so:**

   There was no case filed for unfair trade practice, irresponsible advertising or anti competitive behavior over the last 5 years.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   Company periodically carries out customer satisfaction surveys. No survey was done during the current year.

# DIVIDEND DISTRIBUTION POLICY

The Board of Directors in its meeting held on 30th March 2017 has adopted this Dividend Distribution Policy containing following parameters, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016.

1. **Objective:** The objective of this Policy is to ensure the right balance between the quantum of Dividend paid and amount of profits retained in the business for various purposes. Towards this, the Policy lays down parameters to be considered by the Board of Directors of the Company for declaration of Dividend from time to time.

   The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue paying dividends in future as well, quantum of which shall be decided by the Board considering the available distributable profits.

2. **Circumstances under which the shareholders of the listed entities may or may not expect dividend:**
   The Board of Directors of the Company, while declaring or recommending dividend shall ensure compliance with statutory requirements under applicable laws including the provisions of the Companies Act, 2013 and Listing Regulations. The Board of Directors, while determining the dividend to be declared or recommended shall take into consideration the advice of the executive management of the Company and the planned and further investments for growth apart from other parameters set out in this Policy.

   The dividend for any financial year shall normally be paid out of the Company's profit for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. The shareholders may expect dividend unless there is a loss or inadequate profit.

3. **Parameters for declaration of Dividend:**
   The Board of Directors of the Company shall consider the following financial / internal parameters while declaring or recommending dividend to shareholders:

   (i) Consolidated and Standalone profit after tax and net operating profit aftertax;

   (ii) Distributable surplus after transfer to Reserves in the opinion of the Board and as required under the Act and Regulations from time to time;

   (iii) Stipulations/Covenants of agreements for loans/ bank facilities;

   (iv) Working capital requirements;

   (v) Capital expenditure requirements;

   (vi) Investment opportunities;

   (vii) Resources required to fund acquisitions and / or new businesses;

   (viii) Diversification of business, expansion/ modernization plans, long term strategic plans;

   (ix) Cash flow required to meet contingencies;

   (x) Earnings outlook for next three to five years; and

   (xi) Any other relevant factors and material events;

   The Board of Directors of the Company shall consider the following external parameters while declaring or recommending dividend to shareholders:

   (i) Macro-economic environment - Significant changes in macro-economic environment materially affecting the businesses in which the Company is engaged in the geographies in which the Company operates;

   (ii) Prevailing legal requirements, regulatory conditions under the Applicable Laws including tax laws;

   (iii) Technological changes which necessitate significant new investments in any of the businesses in which the Company is engaged;

   (iv) Cyclical nature of Industry to which the Company caters to;

   (v) Interest rate;and

   (vi) Foreign exchange fluctuations;

4. **Policy as to how the retained earnings shall be utilized:**
   The Company shall endeavour to utilise the retained earnings in a manner which shall be beneficial to the interests of the Company and its shareholders. Given below is a list of purposes for which retained earnings shall be utilized:

(i) To meet the Working Capital/Business needs of the Company;

(ii) For the purpose of generating higher returns for the shareholders or for any other specific purpose

(iii) Issue of fully paid-up Bonus shares;

(iv) Declaration of Dividend- Interim or Final;

(v) Buyback of shares subject to applicable limits;

(vi) Any other permitted use.

**5. Parameters that shall be adopted with regard to various classes of shares:**

The Company currently has only one class of shares, viz. equity, for which this Policy is applicable. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

**6. CONFLICT IN POLICY**

In the event of any conflict between this Policy and the provisions contained in the Listing Regulations, the said regulations shall prevail.

**7. AMENDMENTS**

The Board may, from time to time, make amendments to this Policy to the extent required due to change in applicable laws and regulations or as deemed fit on a review.

# Independent Auditor's Report

To the Members of
Isgec Heavy Engineering Limited

## REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying standalone Ind AS financial statements of **Isgec Heavy Engineering Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow 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 standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the 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, 2020, 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 standalone 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 Standalone 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 standalone 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 standalone Ind AS financial statements.

### EMPHASIS OF MATTER

We draw attention to Note 56 to the standalone Ind AS financial statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations, carrying amounts of investments, recoverability of receivables and other assets and management's evaluation of the future performance of the Company.Our opinion is not modified in respect of this matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standaloneInd AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matters | Auditor's Response |
|---|---|---|
| 1 | **Revenue recognition for construction contracts**<br><br>The Company's significant portion of business is undertaken through construction contracts. Revenue from these contracts is recognized over a period of time in accordance with the requirements of Ind AS 115, "Revenue from Contracts with Customers". Due to the nature of the contracts, revenue recognition involves usage of percentage of completion method which is determined based on proportion of contract costs incurred to date compared to estimated total contract costs.<br><br>The determination of revenues and margin relating to construction contracts depends on total cost at completion estimated by the management. These estimates are reviewed on a quarterly basis or more frequently in the event of any major development during the progress of projects.<br><br>This method involves significant judgments, identification of contractual obligations and the Company's rights to receive payments for performance completed till date, changes in scope and consequential revised contract price and recognition of the liability for loss making contracts.<br><br>Refer Note 2.4 to the standalone Ind AS financial statements. | **Principal Audit Procedures**<br><br>In the context of our work, the procedures set up in terms of contribution to revenues of construction contracts consisted of :<br><br>• Considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of Ind AS 115.<br><br>• Performing testing of the design and implementation of controls over revenue recognition with specific focus on controls over determination of progress of completion, recording of costs incurred and estimation of costs to complete the remaining contract obligations.<br><br>• Performing tests of details, on a sample basis, and verifying the underlying customer contracts, performing review of actual costs incurred with estimated costs to identify significant variations and assess whether those variations have been considered in estimating the remaining costs to complete and consequential determination of stage of completion, which formed the basis of revenue recognition under the input method. We reviewed the management's evaluation process to recognize revenue over a period of time, status of completion for projects and total cost estimates. We reviewed and verified the estimated cost of contracts, on test check basis, arising from contract modifications and analysed current on-going negotiations and settlements that may impair the profitability of such contracts.<br><br>• Examining contracts with exceptions including contracts with low or negative margins, loss making contracts, contracts with significant changes in planned cost estimates to determine the level of provisioning required.<br><br>• Verifying the contractual positions and revenue for the year are appropriately presented and disclosed in the standalone Ind AS financial statements. |

| Sr. No. | Key Audit Matters | Auditor's Response |
|---|---|---|
| 2 | The Company applied Ind AS -116 'Leases', which replaced Ind AS-17 'Leases' and the measurement, presentation and disclosure from the date of its initial application of 1st April, 2019, that resulted in change in accounting policy.<br><br>The Company has adopted Ind AS-116 with modified retrospective approach from 1st April, 2019 and has not restated comparative figures in accordance with the transitional provisions contain within Ind AS -116.<br><br>We have considered this as a key audit matter because the adoption and implementation of Ind AS-116 resulted in significant changes to the standalone Ind AS financial statements of the Company, along with changes to processes, systems and controls, degree of judgements, which have been applied, and the estimates made in determining the impact of Ind AS-116. | Our audit procedures in this area included the following:<br>• Obtained an understanding and evaluated the Company's implementation process, including the review of the updated accounting policy in accordance with Ind AS- 116.<br>• We evaluated management assumptions, specifically the assumptions used to determine the discount rate, lease terms and measurement principals with the assistance of our internal experts.<br>• Tested the factual inputs and calculation of the right-of-use asset and lease liability calculated by the management for each material lease contract.<br>• Obtained an understanding and evaluated the key controls associated with the relevant process for leases and performed substantive procedures on the standalone statement of profit or loss and balances of assets and liabilities that were subject to the effect of Ind AS-116.<br>• Assessed the modified retrospective application and adequacy of the Company's disclosures of the impact of the new standard in the standalone Ind AS financial statements. |

## INFORMATION OTHER THAN THE STANDALONE 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 information included in the Company's Annual Report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed 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 STANDALONE 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 standalone 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 standalone 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 standalone 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 STANDALONE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone 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 standalone Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 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 standalone Ind AS financial statements comply with the Accounting Standards 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 2020 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) As required by 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:

      (a) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 43 to the standalone Ind AS financial statements.

      (b) The Company has made provision, as required under the applicable law and accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

      (c) 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, 2020 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 Reg. No: 000235N/ N500089

**Abhinav Khosla**
*Partner*
Membership No.: 087010
ICAI UDIN:20087010AAAABJ5805

Place: Noida
Dated: June 26th, 2020

# Annexure - A To The Independent Auditor's Report

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31st March 2020, we report that:

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 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 of the company, the title deeds of immovable properties are held in the name of the 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, the Company has not granted any loans to parties covered under Section 185 of the Companies Act, 2013. Further, Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security made.

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, 2020 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 (₹ in lacs) | Period to which it relates | Forum where Dispute is pending |
|---|---|---|---|---|
| Central Excise Act | Excise Duty | 5.00 | 1994-95 | Hon'ble High Court, Allahabad |
| Central Excise Act | Excise Duty | 8.00 | 1994-96 | Tribunal New Delhi |
| Central Excise Act | Excise Duty | 3.57 | 2012-13 | Assistant Commissioner, Panchkula. |
| Central Excise Act | Excise Duty | 0.33 | 2015-16 | Superintendent, Central Excise Yamuna Nagar. |
| Central Excise Act | Excise Duty | 15.07 | 2016-17 | Assistant Commissioner, Panchkula. |
| Goods and Service Tax | Goods and Service Tax | 21.67 | 2017-18 | Additional Commissioner (Appeals), Panchkula |
| Goods and Service Tax | Goods and Service Tax | 5.55 | 2019-20 | Assistant Commissioner, Panchkula. |
| Goods and Service Tax | Goods and Service Tax | 94.88 | 2017-18 | Superintendent, Central Excise Yamuna Nagar. |
| Sales Tax Act | Sales Tax | 9.02 | 1993-94 | Sales Tax Tribunal, Orissa |
| Sales Tax Act | Sales Tax | 17.00 | 1995-96 | Sales Tax Tribunal, Orissa |
| Sales Tax Act | Sales Tax | 5.00 | 1996-97 | Sales Tax Tribunal, Orissa |
| Sales Tax Act | Sales Tax | 6.00 | 1971-73 | Commissioner Sales Tax, Lucknow |
| Sales Tax Act | Sales Tax | 8.09 | 2009-14 | Joint Commissioner of Sales Tax |
| Sales Tax Act | Sales Tax | 4.00 | 1987-88 | Dy Comm. of Commercial Taxes(appeals), Kolkata |
| Sales Tax Act | Sales Tax | 34.00 | 1995-96 | Dy Comm. of Commercial Taxes(appeals), Kolkata |
| Sales Tax Act | Sales Tax | 61.00 | 1994-95 | Dy Comm. of Commercial Taxes(appeals), Kolkata |
| Sales Tax Act | Sales Tax | 0.82 | 2006-07 | Dy Comm. Of Commercial Taxes, Tamil Nadu. |
| Sales Tax Act | Sales Tax | 87.58 | 2010-11 | Commercial Tax Tribunal |
| Sales Tax Act | Sales Tax | 93.91 | 2014-15 | Commercial Tax Tribunal |
| Sales Tax Act | Sales Tax | 110.31 | 2015-16 | Commercial Tax Tribunal |
| Sales Tax Act | Sales Tax | 12.31 | 2015-16 | Commercial Tax Tribunal |
| Sales Tax Act | Sales Tax | 3.26 | 2014-15 | Dy Comm. Of Commercial Taxes, Kerala. |
| Sales Tax Act | Sales Tax | 0.58 | 2016-17 | Dy Comm. Of Commercial Taxes, Kerala. |
| Sales Tax Act | Sales Tax | 7.43 | 2015-16 | Excise & Tax Officer, Punjab |
| Sales Tax Act | Sales Tax | 53.77 | 2013-14 | High Court, Lukhnow |
| Sales Tax Act | Sales Tax | 59.32 | 2009-10 | Assistant Commissioner (WC) Department of Commercial Taxes, Ernakulam |
| Sales Tax Act | Sales Tax | 0.37 | 2010-11 | Assistant Commissioner (WC) Department of Commercial Taxes, Ernakulam |
| Sales Tax Act | Sales Tax | 21.67 | 2013-14 | Dy. Commissioner of Sales Tax, Mumbai |
| Sales Tax Act | Sales Tax | 79.37 | 2015-16 | Dy. Commissioner of Sales Tax, Mumbai |
| Custom Act | Custom Duty | 3.28 | 2017-18 | Tribunal New Delhi |
| Custom Act | Custom Duty | 563.80 | 2017-18 | Tribunal, Ahemdabad |

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to any financial institution, bank or government. The Company has not issued any debentures.

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) during the year. Based on our audit procedures and according to information and explanations given by the management, the term loans were applied for the purpose for which they were obtained.

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. Furtherthe details of the transactions have been disclosed in thestandaloneInd 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 Reg. No: 000235N/ N500089

**Abhinav Khosla**
*Partner*
Membership No.: 087010
ICAI UDIN:20087010AAAABJ5805

Place: Noida
Dated: June 26th, 2020

# Annexure - B To The Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of the independent Auditor's Report of even date to the members of **Isgec Heavy Engineering Limited** on the standalone Ind AS financial statements for the year ended 31stMarch, 2020)

## 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 Heavy Engineering Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the standalone 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.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by Institute of Chartered Accountants of India 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SCV & Co. LLP**
*Chartered Accountants*
Firm Reg. No: 000235N/ N500089

**Abhinav Khosla**
*Partner*
Membership No.: 087010
ICAI UDIN:20087010AAAABJ5805

Place: Noida
Dated: June 26th, 2020

# Balance Sheet

as at March 31, 2020

(₹ in lakhs)

| Particulars | Notes | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Non - current assets** | | | |
| (a) Property, Plant and Equipment | 3 | 45,207.45 | 46,916.23 |
| (b) Right-of-use assets | 4 | 3,802.23 | - |
| (c) Capital work - in - progress | | 765.66 | 1,122.69 |
| (d) Intangible assets | 5 | 2,850.97 | 3,831.77 |
| (e) Financial assets | | | |
| (i) Investments | 6 | 16,929.69 | 16,924.52 |
| (ii) Loans | 7 | 3,081.40 | 1,106.37 |
| (iii) Trade receivables | 8 | 9,199.76 | 4,331.99 |
| (iv) Other financial assets | 9 | 1,523.08 | 1,422.76 |
| (f) Deferred tax assets (net) | 24 | 915.22 | 637.87 |
| (g) Other non - current assets | 10 | 249.03 | 412.89 |
| **Total non-current assets** | | **84,524.49** | **76,707.09** |
| **(2) Current assets** | | | |
| (a) Inventories | 11 | 51,105.26 | 61,113.31 |
| (b) Financial assets | | | |
| (i) Investments | 12 | 8,198.83 | 15,545.87 |
| (ii) Trade receivables | 13 | 199,043.54 | 180,380.92 |
| (iii) Cash and cash equivalents | 14 | 12,735.86 | 7,596.69 |
| (iv) Bank balances other than (iii) above | 15 | 819.89 | 1,609.10 |
| (v) Loans | 16 | 1,894.76 | 1,952.94 |
| (vi) Other financial assets | 17 | 1,405.24 | 1,794.91 |
| (c) Current tax assets (net) | 31 | 217.91 | - |
| (d) Other current assets | 18 | 83,382.16 | 79,454.00 |
| **Total current assets** | | **358,803.45** | **349,447.74** |
| **Total assets** | | **443,327.94** | **426,154.83** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity Share capital | 19 | 735.29 | 735.29 |
| (b) Other Equity | 20 | 146,315.63 | 133,981.96 |
| **Total equity** | | **147,050.92** | **134,717.25** |
| **LIABILITIES** | | | |
| **(1) Non - current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 21 | 92.16 | - |
| (ii) Lease liabilities | | 1,009.70 | - |
| (iii) Other financial liabilities | 22 | 128.27 | 148.93 |
| (b) Provisions | 23 | 6,140.08 | 6,051.19 |
| (c) Other non - current liabilities | 25 | 17,520.80 | 25,446.11 |
| **Total non-current liabilities** | | **24,891.01** | **31,646.23** |
| **(2) Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 26 | 34,003.94 | 7,470.57 |
| (ii) Lease liabilities | | 252.79 | - |
| (iii) Trade payables | 27 | | |
| a) Total outstanding dues of micro enterprises and small enterprises | | 1,574.61 | 984.08 |
| b) Total outstanding dues of creditors other micro enterprises and small enterprises | | 1,20,910.77 | 1,28,016.77 |
| (iv) Other financial liabilities | 28 | 7,724.43 | 7,522.43 |
| (b) Other current liabilities | 29 | 95,467.80 | 105,553.36 |
| (c) Provisions | 30 | 11,451.67 | 9,637.53 |
| (d) Current tax liabilities (net) | 31 | - | 606.61 |
| **Total current liabilities** | | **271,386.01** | **259,791.35** |
| **Total equity & liabilities** | | **443,327.94** | **426,154.83** |

The accompanying notes from 1 to 57 form an integral part of the financial statements

As per our report of the even date
For **S C V & Co. LLP.**
*Chartered Accountants*
Firm Regn. No.000235N / N500089

**Sanjay Kumar**
*General Manager*

**Kishore Chatnani**
*Chief Financial Officer*

**For & on behalf of the Board of Directors**

**CA. Abhinav Khosla**
*Partner*
M. No. 087010

**S.K. Khorana**
*Executive Director & Company Secretary*
M.No.1872

**Aditya Puri**
*Managing Director*
DIN: 00052534

**Vinod Kumar Nagpal**
*Director*
DIN: 00147777

**Shivani Hazari**
*Director*
DIN: 00694121

Place: Noida
Dated : June 26, 2020

# Statement of Profit and Loss

## for the year ended March 31, 2020

(₹ in lakhs)

| | Particulars | Notes | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|---|
| I | Revenue from operations | 32 | 489,370.87 | 412,892.10 |
| II | Other income | 33 | 1,858.09 | 3,689.38 |
| III | **Total income (I + II)** | | **491,228.96** | **416,581.48** |
| IV | **Expenses** | | | |
| | Cost of materials consumed | 34 | 63,194.90 | 71,770.21 |
| | Purchases of Stock-in-Trade | 35 | 211,489.79 | 180,260.79 |
| | Erection & commissioning expenses | | 77,208.41 | 45,284.94 |
| | Changes in inventories of finished goods, Stock - in - Trade and work - in - progress | 36 | 4,328.48 | (10,997.49) |
| | Employee benefits expense | 37 | 31,331.05 | 29,277.61 |
| | Finance costs | 38 | 1,587.35 | 1,531.37 |
| | Depreciation and amortization expense | 39 | 7,370.63 | 6,592.82 |
| | Other expenses | 40 | 73,971.78 | 72,553.65 |
| | **Total expenses (IV)** | | **470,482.39** | **396,273.90** |
| V | **Profit before tax (III - IV)** | | **20,746.57** | **20,307.58** |
| VI | **Tax expense** | 41 | | |
| | (1) Current tax | | 5,703.74 | 7,931.27 |
| | (2) Deferred tax | | (266.69) | (455.43) |
| | **Total tax expenses** | | **5,437.05** | **7,475.84** |
| VII | **Profit for the year (V - VI)** | | **15,309.52** | **12,831.74** |
| VIII | **Other comprehensive income** | | | |
| | A (i) Items that will not be reclassified to profit or loss | | | |
| | (a) Remeasurement of post employment benefit obligations | | 16.84 | 28.01 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | 10.66 | (9.79) |
| | **Total other comprehensive income** | | **27.50** | **18.22** |
| IX | **Total comprehensive income (VII + VIII) (Comprising Profit and Other Comprehensive Income for the year)** | | **15,337.02** | **12,849.96** |
| X | **Earnings per equity share of ₹ 1/- each** | 42 | | |
| | Basic (₹) | | 20.82 | 17.45 |
| | Diluted (₹) | | 20.82 | 17.45 |

The accompanying notes from 1 to 57 form an integral part of the financial statements

As per our report of the even date
For **S C V & Co. LLP.**
*Chartered Accountants*
Firm Regn. No.000235N / N500089

**Sanjay Kumar**
*General Manager*

**Kishore Chatnani**
*Chief Financial Officer*

**For & on behalf of the Board of Directors**

**CA. Abhinav Khosla**
*Partner*
M. No. 087010

**S.K. Khorana**
*Executive Director & Company Secretary*
M.No.1872

**Aditya Puri**
*Managing Director*
DIN: 00052534

Place: Noida
Dated : June 26, 2020

**Vinod Kumar Nagpal**
*Director*
DIN: 00147777

**Shivani Hazari**
*Director*
DIN: 00694121

# Cash Flow Statement

## for the year ended March 31, 2020

(₹ in lakhs)

| | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **A** | **Cash flow from operating activities** | | |
| | **Profit before tax** | 20,746.57 | 20,307.58 |
| | **Adjustments for :** | | |
| | Depreciation and amortisation expenses | 7,370.63 | 6,592.82 |
| | (Gain) / loss on disposal of property, plant and equipment | 11.76 | 317.59 |
| | Liability no longer required written back | (211.01) | (1,200.23) |
| | Adjustment of expected credit loss | 24.73 | 1,112.43 |
| | Finance income | (529.14) | (833.20) |
| | Finance costs | 1,587.35 | 1,531.37 |
| | Income from investment-Dividends | (482.83) | (129.34) |
| | Change in fair value of financial instrument (investment) | (242.65) | (824.50) |
| | Adjustment due to discounting in warranty provision | 51.84 | 95.59 |
| | Unrealised (gain) / loss on foreign currency translation | (3,528.36) | (52.89) |
| | **Operating profit before working capital adjustments** | **24,798.89** | **26,917.22** |
| | **Working capital adjustments** | | |
| | (Increase) / Decrease in trade receivables | (20,316.80) | (71,451.97) |
| | (Increase) / Decrease in other receivables | (4,638.06) | (32,003.36) |
| | (Increase) / Decrease in inventories | 10,008.05 | (14,503.33) |
| | Increase / (Decrease) in trade and other payables | (23,965.42) | 85,382.88 |
| | Increase / (Decrease) in payables and provisions | 1,868.03 | (2,478.69) |
| | **Cash generated from operations** | **(12,245.31)** | **(8,137.25)** |
| | | | |
| | Income Tax paid (net of refund) | (6,528.26) | (8,074.35) |
| | **Net cash flow from / (used in) operating activities** | **(18,773.57)** | **(16,211.60)** |
| **B** | **Cash flow from investing activities** | | |
| | Proceeds from sale of property, plant and equipment | 80.23 | 44.35 |
| | Purchase of property, plant and equipment including capital work-in-progress and intangible assets | (6,699.32) | (10,350.01) |
| | Sale / (Purchase) of equity shares / mutual funds | 7,584.52 | 19,236.11 |
| | Interest received | 535.64 | 895.26 |
| | Dividend received | 482.83 | 129.34 |
| | **Net cash flow from / (used in) investing activities** | **1,983.90** | **9,955.05** |

# Cash Flow Statement
## for the year ended March 31, 2020

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **C Cash flow from financing activities** | | |
| Dividend paid on equity shares | (2,572.64) | (409.33) |
| Dividend Tax paid | (429.82) | (49.36) |
| Payment of lease liabilities | (329.48) | - |
| Finance cost | (1,364.75) | (1,517.27) |
| Proceeds from long term borrowings | 132.46 | - |
| Repayment of long term borrowings | (12.49) | - |
| Proceeds / (repayment) from short term borrowings (net) | 26,505.56 | (756.58) |
| **Net cash flow from / (used in) financing activities** | **21,928.84** | **(2,732.54)** |
| **Net increase in cash and cash equivalents (A+B+C)** | **5,139.17** | **(8,989.09)** |
| **Cash and cash equivalents at the begining of the year** | **7,596.69** | **16,585.78** |
| Cash and cash equivalents at the end of the year | 12,735.86 | 7,596.69 |
| | | |
| Components of cash and cash equivalents | | |
| Cash, Cheques and Drafts on hand | 11.19 | 35.30 |
| Balance with Scheduled Banks | 12,724.67 | 4,953.80 |
| Bank term deposits | - | 2,607.59 |
| **Cash and cash equivalents** | **12,735.86** | **7,596.69** |

**Notes:**

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

2 Reconciliation of liabilities arising from financing activities:

(₹ in lakhs)

| Particulars | Total borrowing | |
|---|---|---|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Balance at the beginning of the year | 7,470.57 | 8,227.15 |
| Non-cash changes due to | | |
| - Interest expense | - | - |
| - Others | - | - |
| Cash flows during the year | 26,625.53 | (756.58) |
| **Balance at the end of the year** | **34,096.10** | **7,470.57** |

3 Figures in brackets indicate cash outgo.

As per our report of the even date
For **S C V & Co. LLP.**
*Chartered Accountants*
Firm Regn. No.000235N / N500089

**Sanjay Kumar**
*General Manager*

**Kishore Chatnani**
*Chief Financial Officer*

**For & on behalf of the Board of Directors**

**CA. Abhinav Khosla**
*Partner*
M. No. 087010

**S.K. Khorana**
*Executive Director & Company Secretary*
M.No.1872

**Aditya Puri**
*Managing Director*
DIN: 00052534

**Vinod Kumar Nagpal**
*Director*
DIN: 00147777

**Shivani Hazari**
*Director*
DIN: 00694121

Place: Noida
Dated : June 26, 2020

# Statement of Changes in Equity

for the year ended March 31, 2020

## A. EQUITY SHARE CAPITAL

(₹ in lakhs)

| As at April 1, 2018 | Changes during the year | As at March 31, 2019 | Changes during the year | As at March 31, 2020 |
|---|---|---|---|---|
| 735.29 | - | 735.29 | - | 735.29 |

## B. OTHER EQUITY

(₹ in lakhs)

| Particulars | Reserves and surplus | | | | | Items of other comprehensive income (remeasurement of post employment benefit obligation) | Total |
|---|---|---|---|---|---|---|---|
| | Capital reserve | Securities premium | Capital redemption reserve | General reserve | Retained earnings | | |
| Balance as at April 1, 2018 | 0.01 | 450.22 | 3.24 | 17,439.54 | 103,576.46 | 79.54 | 121,549.01 |
| Profit for the year | - | - | - | - | 12,831.74 | - | 12,831.74 |
| Other comprehensive income | - | - | - | - | - | 18.22 | 18.22 |
| Interim dividend paid during the year ended March 31, 2019 | - | - | - | - | (367.65) | - | (367.65) |
| Dividend distribution tax | - | - | - | - | (49.36) | - | (49.36) |
| | | | | | | | |
| Balance as at March 31, 2019 | 0.01 | 450.22 | 3.24 | 17,439.54 | 115,991.19 | 97.76 | 133,981.96 |
| Profit for the year | - | - | - | - | 15,309.52 | - | 15,309.52 |
| Other comprehensive income | - | - | - | - | - | 27.50 | 27.50 |
| Final dividend paid for the year ended March 31, 2019 | - | - | - | - | (1,102.94) | - | (1,102.94) |
| Interim dividend paid during the year ended March 31, 2020 | - | - | - | - | (1,470.59) | - | (1,470.59) |
| Dividend distribution tax | - | - | - | - | (429.82) | - | (429.82) |
| | | | | | | | |
| **Balance as at March 31, 2020** | **0.01** | **450.22** | **3.24** | **17,439.54** | **128,297.36** | **125.26** | **146,315.63** |

As per our report of the even date
For **S C V & Co. LLP.**
*Chartered Accountants*
Firm Regn. No.000235N / N500089

**Sanjay Kumar**
*General Manager*

**Kishore Chatnani**
*Chief Financial Officer*

**For & on behalf of the Board of Directors**

**CA. Abhinav Khosla**
*Partner*
M. No. 087010

**S.K. Khorana**
*Executive Director & Company Secretary*
M.No.1872

**Aditya Puri**
*Managing Director*
DIN: 00052534

**Vinod Kumar Nagpal**
*Director*
DIN: 00147777

**Shivani Hazari**
*Director*
DIN: 00694121

Place: Noida
Dated : June 26, 2020

# Notes to Financial Statements

## NOTE 1 : CORPORATE INFORMATION

Isgec Heavy Engineering Limited (the "Company") is a public limited company incorporated and domiciled in India, whose shares are listed on the Bombay Stock Exchange (BSE). The registered office of the Company is situated at Radaur Road, Yamunanagar-135001, Haryana, India.

The Company is a Heavy Engineering Company having two segments i.e. manufacturing of machinery & equipment and engineering, procurement & construction. Manufacture of machinery & equipment comprise manufacture of process plant equipments, mechanical and hydraulic presses, alloy steel, ferrous castings, boiler tubes & panels and containers. Engineering, procurement & construction (EPC) comprise contract manufacturing and execution of projects for setting up boilers, sugar plants, power plants, material handling equipment and air pollution control equipment for customers in India and abroad.

## NOTE 2 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation and Statement of Compliance

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis (except certain Financial Instruments which are measured at fair value), the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI), Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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 standalone financial statements were authorized for issue by the Company's Board of Directors on 26th June, 2020.

### 2.2 Use of Estimates

The preparation of standalone 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.

In particular, following are the significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in standalone financial statements:

**a. Revenue from contracts with customers**

A significant portion of the Company's business relates to EPC contracts which are accounted for using percentage of completion method, recognizing revenue as the performance on the contract progresses. This requires management to make judgement with respect to identifying contracts for which revenue needs to be recognised over a period of time, depending upon when the customer consumes the benefit, when the control is passed to customer, whether the asset created has an alternative use and whether the Company has the right to payment for performance completed till date, either contractually or legally. The Company is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete such contracts requires the Company to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate impacts revenues from operations, unbilled revenue and unearned revenue.

**b. Provision for onerous contracts**

The Company provides for future losses on EPC contracts where it is considered highly probable that the contract costs are likely to exceed revenues in future years. Estimating these future losses involve a number of assumptions about the likely levels of future cost escalation over time.

# Notes to Financial Statements

**c. Defined benefit plans**

The present value of the post-employment benefit obligation depends on a number of factors that are determined using actuarial valuations. An actuarial valuation involves making various assumptions including determination of the discount rate, future salary increases and mortality rates. Any changes in these assumptions will impact upon the carrying amount of post-employment benefit obligations. Key assumptions and sensitivities for post-employment benefit obligations are disclosed in note 37.

**d. Warranty provision**

Provision is made for the estimated warranty claims and after sales services in respect of products sold based on the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts. The assumptions made in current period are consistent with those in the prior year. Warranty provisions are discounted using a pre-tax discount rate. Refer Note 23 for further details.

**e. Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default, expected loss rates and timing of cash flows. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

As a practical expedient, the Company uses a provision matrix to determine ECL impairment allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Company follows provisioning norms based on ageing of receivables to estimate the impairment allowance under ECL. Refer Note 51 for details of impairment allowances recognised at the reporting date.

**f. Deferred tax asset recognition**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences can be utilised. In addition, significant judgement is required in assessing the impact of any uncertainties in tax.

## 2.3 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

# Notes to Financial Statements

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

## 2.4 Revenue Recognition

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price.

### A. Sale of products

Revenue from the sale of manufactured and traded goods is recognised when control of the goods is transferred to the customer i.e. at the point of sale / delivery to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. Sale is net of sales returns, discounts and goods & services tax.

Revenue is measured at the transaction price. Revenue is reduced for returns, trade allowances for deduction, rebates, value added taxes and amounts collected on behalf of third parties.

### B. Revenue from Construction Contracts

Revenues are recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. Contract revenue is recognised at allocable transaction price which represents the cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

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

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

For contracts where the aggregate of contract cost incurred to date plus recognised profits (or minus recognised losses as the case may be) exceeds the progress billing, the surplus is shown as contract asset and termed as “Unbilled revenue”. For contracts where progress billing exceeds the aggregate of contract costs incurred to-date plus recognised profits (or minus recognised losses, as the case may be), the surplus is shown as contract liability and termed as “Unearned Revenue”. Amounts received before the related work is performed are disclosed in the Balance Sheet as contract liability and termed as “Advances from customer”.

**C.** Other operational revenue represents income earned from the activities incidental to the business and is recognised when the performance obligation is satisfied and right to receive the income is established as per the terms of the contract.

# Notes to Financial Statements

**D. Rental Income**

Rental income from operating leases is recognized on straight line basis over lease term.

**E. Other Income**

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

(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) Dividend

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

## 2.5 Inventories

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

Finished goods and work in progress are valued at lower of cost and net realizable value. Cost includes cost of direct materials and applicable direct manufacturing and administrative overheads but exclude borrowing costs. Cost is determined on weighted average basis.

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

Traded Goods includes cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

## 2.6 Property, Plant & Equipment (PPE)

**Recognition**

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

Cost includes its purchase price (including import duties and non-refundable purchase taxes), 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.

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.

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.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

# Notes to Financial Statements

**De-recognition**

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 de-recognition 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 asset's residual values, useful life and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

## 2.7 Intangible Assets

An Intangible asset is recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company; 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 amortisation and accumulated impairment losses.

The cost of an 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 recognised in the statement of profit or loss when the asset is derecognised.

## 2.8 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. Assets costing not more than ₹ 5,000/- are fully depreciated in the year of their acquisition.

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

Leasehold land is amortised on the straight-line basis over the period of lease term.

Leasehold improvements are written off over the shorter of its useful life or over the period of lease.

## 2.9 Non-current assets (or disposal groups) classified as held for sale

To classify any asset or disposal groups (comprising assets and liabilities) as "Asset / Disposal groups held for sale" they must be available for immediate sale and its sale must be highly probable. Such assets or group of assets / liabilities are presented separately in the Balance Sheet, in the line "Assets / Disposal groups held for sale" and "Liabilities included in disposal group held for sale" respectively. Once classified as held for sale, intangible assets and PPE are no longer amortised or depreciated.

Non-current assets held for sale and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of profit and loss.

# Notes to Financial Statements

### 2.10 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 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.

### 2.11 Employee Benefits

**(i) Provident Fund**

The Company operates a provident fund trust for its employees where contributions are deposited and is recognized as an expense on the basis of services rendered by the employees which is a defined contribution plan in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952.

**(ii) Gratuity**

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

The liability determined by actuarial valuation using projected credit method is recognised 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 recognised as expense in the statement of profit and loss.

**(iv) Retirement Benefits**

National Pension Scheme Contributions towards pension is made to various funds such benefit are classified as defined contribution scheme as the Company does not carry any further obligations, apart from the contributions made on the monthly/yearly basis.

**(v) Pension**

Liability on account of pension payable to employees covered under Company's erstwhile Pension scheme (since discontinued) has been accounted for on accrual basis.

# Notes to Financial Statements

**(vi) Superannuation Benefit**

The Company makes contribution to superannuation fund, for the employees who have opted for this scheme, which is a post-employment benefit in the nature of a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

**(vii) Other Short-Term Benefits**

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

## 2.12 Leases

**As a Lessee**

The Company has lease contracts for various items of building, plant, machinery, vehicles and other equipment. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company, otherwise it was classified as an operating lease. Finance lease were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized, and the lease payments were recognized as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under prepayments and trade and other payables, respectively.

Effective 1 April 2019, the Company has adopted Ind AS 116, "Leases" ("IND AS 116"). As a result, the Company has changed its accounting policy for accounting of leasing arrangements, which has been detailed below.

The Company applied the "Modified Retrospective Approach" on the date of initial application (1 April 2019). Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The most significant effects of this new standard on the Company relate to the recognition of new right-of-use ("ROU") assets and lease liabilities on its financial position for various operating leases.

In the statement of financial position, lease liability is included under other financial liability and ROU assets is included in property, plant and equipment's and the payment of principal portion of lease liabilities has been classified as financing cash flows.

The Company assesses whether a contract contains a lease at the inception of the 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: (1) the contract involves the use of an identified asset, (2) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease, and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a ROU asset and a corresponding lease liability for all lease arrangements under which it is a lessee, except for short-term leases and low value leases.

For short-term leases and low value leases, the Company recognizes the lease payments as an expense on a straight-line basis over the term of the lease. The lease arrangements include options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The ROU 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 incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

# Notes to Financial Statements

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the fixed payments (including in substance fixed), variable payments based on an index or 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.

### As a Lessor

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases either operating or finance lease using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

## 2.13 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. Current income tax is charged at the end of reporting period to statement of profit & loss.

### 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 at the reporting date.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at 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.

Deferred tax relating to items recognized in Other Comprehensive Income is recognized in Other Comprehensive Income.

## 2.14 Borrowing Cost

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

# Notes to Financial Statements

### 2.15 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 and 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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 Company; or

(b) a 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 there is a 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 Company.

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

### 2.16 Cash dividend to equity holders

The Company recognized a liability to make cash distribution to equity holders when the distribution is authorized, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

### 2.17 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).

### 2.18 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.

# Notes to Financial Statements

## Subsequent measurement

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

### A. Non-derivative financial instruments

**(i) Debt instrument carried at amortized cost**

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

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

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

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

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

**(iv) Financial liabilities**

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

### 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.

# Notes to Financial Statements

### 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.

## 2.19 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.

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.

## 2.20 Investments in subsidiaries

A subsidiary is an entity that is controlled by the Company. The Company accounts for the investments in equity shares of subsidiaries at cost in accordance with Ind AS 27- Separate Financial Statements.

## 2.21 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.

## 2.22 Government Grants

Government grants are recognised 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 recognised 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.

## 2.23 Functional and Presentation Currency

The standalone 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.

## 2.24 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.

# Notes to Financial Statements

### 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.

## 2.25 Research and Development Expenses

Research expenditure is charged to the standalone statement of profit and loss. Development costs of products are also charged to the standalone statement of profit and loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. Tangible assets used in research and development are capitalised.

## 2.26 Fair Value Measurement

The Company measures financial instruments 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 Company 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 standalone 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.

## 2.27 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.

# Notes to Financial Statements

## NOTE 3 : PROPERTY, PLANT & EQUIPMENT

(₹ in lakhs)

| Particulars | Land (Freehold) | Land (Leasehold) | Buildings | Plant & equipment | Furniture & fixtures | Vehicles | Office equipment | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying value** | | | | | | | | |
| As at April 1, 2018 | 9,681.13 | 2,216.28 | 14,409.66 | 27,291.40 | 913.39 | 1,005.09 | 1,944.20 | 57,461.15 |
| Additions | 104.26 | - | 4,171.55 | 6,375.25 | 78.22 | 307.53 | 588.60 | 11,625.41 |
| Disposals | - | - | 385.64 | 286.53 | 2.68 | 69.48 | 35.42 | 779.75 |
| As at March 31, 2019 | 9,785.39 | 2,216.28 | 18,195.57 | 33,380.12 | 988.93 | 1,243.14 | 2,497.38 | 68,306.81 |
| Additions | - | - | 1,396.64 | 3,743.45 | 60.68 | 340.59 | 604.04 | 6,145.40 |
| Disposals | - | - | 10.87 | 105.66 | 0.55 | 92.23 | 27.08 | 236.39 |
| Reclassified on account of adoption of Ind AS 116 | - | (2,216.28) | - | - | - | - | - | (2,216.28) |
| **As at March 31, 2020** | **9,785.39** | **-** | **19,581.34** | **37,017.91** | **1,049.06** | **1,491.50** | **3,074.34** | **71,999.54** |
| **Accumulated depreciation** | | | | | | | | |
| As at April 1, 2018 | - | 218.83 | 3,313.64 | 10,566.95 | 584.12 | 459.29 | 1,271.45 | 16,414.28 |
| Charge for the year | - | 72.89 | 1,170.50 | 3,475.74 | 84.38 | 207.81 | 382.78 | 5,394.10 |
| Disposals | - | - | 90.42 | 244.53 | 2.33 | 47.47 | 33.05 | 417.80 |
| As at March 31, 2019 | - | 291.72 | 4,393.72 | 13,798.16 | 666.17 | 619.63 | 1,621.18 | 21,390.58 |
| Charge for the year | - | - | 1,257.00 | 3,797.42 | 82.65 | 246.55 | 454.01 | 5,837.63 |
| Disposals | - | - | - | 62.67 | 0.04 | 66.55 | 15.14 | 144.40 |
| Reclassified on account of adoption of Ind AS 116 | - | (291.72) | - | - | - | - | - | (291.72) |
| **As at March 31, 2020** | **-** | **-** | **5,650.72** | **17,532.91** | **748.78** | **799.63** | **2,060.05** | **26,792.09** |
| **Net carrying value** | | | | | | | | |
| As at March 31, 2019 | 9,785.39 | 1,924.56 | 13,801.85 | 19,581.96 | 322.76 | 623.51 | 876.20 | 46,916.23 |
| **As at March 31, 2020** | **9,785.39** | **-** | **13,930.62** | **19,485.00** | **300.28** | **691.87** | **1,014.29** | **45,207.45** |

**Notes:**

(i) Contractual commitment towards purchase of property, plant and equipment, refer note - 45.

(ii) Borrowing cost capitalized during the year is nil.

(iii) The Company had adopted deemed cost exemption i.e. to continue with the carry value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per previous GAAP, as per Para D7AA of Ind AS 101 'First-time Adoption of Indian Accounting Standards' on transition to Ind AS. Accordingly, carrying value of all of its property, plant and equipment as on transition date i.e. April 1, 2015 was deemed as gross block as on that date with accumulated depreciation as Nil. During the current year, the Company has restated its gross block of property, plant and equipment as on March 31, 2017, March 31, 2018 and March 31, 2019 with corresponding adjustment in accumulated depreciation, to give effect to the exemption cited above which the Company had adopted on transition to Ind AS. This restatement as stated above, has no impact on net block of property, plant and equipment for the aforesaid years.

(iv) A part of leasehold land, building and plant situated at Dahej, Gujarat has been leased out to group company Isgec Hitachi Zosen Limited for operation of its business.

The details of the assets lease out is given below:

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Gross carrying value | 13,533.09 | 13,590.19 |
| Accumulated depreciation | 10,566.16 | 10,121.73 |
| Net carrying value | 2,966.93 | 3,468.46 |

# Notes to Financial Statements

## NOTE 4 : RIGHT-OF-USE ASSETS

(₹ in lakhs)

| Particulars | Category of Right of Use asset | | |
|---|---|---|---|
| | Land (Leasehold) | Buildings | Total |
| **Gross carrying value** | | | |
| As at April 1, 2019 | - | - | - |
| Reclassified on account of adoption of Ind AS 116 | 2,216.28 | 1,300.45 | 3,516.73 |
| Additions | 736.07 | 218.47 | 954.54 |
| Deletions | - | - | - |
| **As at March 31, 2020** | **2,952.35** | **1,518.92** | **4,471.27** |
| | | | |
| **Accumulated depreciation** | | | |
| As at April 1, 2019 | - | - | - |
| Reclassified on account of adoption of Ind AS 116 | 291.72 | - | 291.72 |
| Charge for the year | 75.91 | 301.41 | 377.32 |
| Deletions | - | - | - |
| **As at March 31, 2020** | **367.63** | **301.41** | **669.04** |
| **Net carrying value as at March 31, 2020** | **2,584.72** | **1,217.51** | **3,802.23** |

**Note 4.1 : Adoption of Ind AS 116**

### Impact on the financial statements - lessee accounting

As indicated in note 4 above, the Company has adopted Ind AS 116 retrospectively from April 1, 2019, but has not restated comparatives for year ended March 31, 2019, as permitted under the specific transition provisions in the standard and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 1, 2019. The new accounting policies are disclosed in note 2.

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 8.25 %.

### (i) Practical expedients applied

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

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at April 1, 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

# Notes to Financial Statements

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 44, Leases of the Standalone financial statements forming part of the 2019 Annual Report and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

### (ii) Adjustments recognised in the balance sheet on April 1, 2019

The change in accounting policy affected the following items in the balance sheet on April 1, 2019:
right-of-use assets – increase by ₹ 1300.45 lakhs
prepayments – decrease by ₹ 28.50
lease liabilities – increase by ₹ 1271.95 lakhs
The net impact on retained earnings on 1 April 2019 was Nil

### (iii) Lessor accounting

The Company did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of Ind AS 116.

## NOTE 5 : INTANGIBLE ASSETS

(₹ in lakhs)

| Particulars | Software | Technical know how | Total |
|---|---|---|---|
| **Gross carrying value** | | | |
| As at April 1, 2018 | 1,803.60 | 5,794.88 | 7,598.48 |
| Additions | 217.07 | 312.36 | 529.43 |
| Disposals | - | - | - |
| As at March 31, 2019 | 2,020.67 | 6,107.24 | 8,127.91 |
| Additions | 174.88 | - | 174.88 |
| Disposals | - | - | - |
| **As at March 31, 2020** | **2,195.55** | **6,107.24** | **8,302.79** |
| | | | |
| **Accumulated amortisation** | | | |
| As at April 1, 2018 | 1,087.10 | 2,010.32 | 3,097.42 |
| Charge for the year | 341.39 | 857.33 | 1,198.72 |
| Disposals | - | - | - |
| As at March 31, 2019 | 1,428.49 | 2,867.65 | 4,296.14 |
| Charge for the year | 292.56 | 863.12 | 1,155.68 |
| Disposals | - | - | - |
| **As at March 31, 2020** | **1,721.05** | **3,730.77** | **5,451.82** |
| | | | |
| **Net carrying value** | | | |
| As at March 31, 2019 | 592.18 | 3,239.59 | 3,831.77 |
| **As at March 31, 2020** | **474.50** | **2,376.47** | **2,850.97** |

# Notes to Financial Statements

## NOTE 6 : NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Face Value(₹) | No. of Shares/ units | Value (₹ in lakhs) | Face Value(₹) | No. of Shares/ units | Value (₹ in lakhs) |
| **Investment in equity instruments (at cost)** | | | | | | |
| **a) Equity shares of subsidiary companies fully paid up (unquoted)** | | | | | | |
| Isgec Covema Limited | 10 | 2,000,000 | 200.00 | 10 | 2,000,000 | 200.00 |
| Isgec Exports Limited | 10 | 100,000 | 10.00 | 10 | 100,000 | 10.00 |
| Isgec Engineering & Projects Limited | 10 | 4,000,000 | 400.00 | 10 | 4,000,000 | 400.00 |
| Freelook Software Private Limited | 10 | 24,650 | 1,306.45 | 10 | 24,650 | 1,306.45 |
| Saraswati Sugar Mills Limited | 10 | 7,099,900 | 7,009.99 | 10 | 7,099,900 | 7,009.99 |
| Isgec Hitachi Zosen Limited | 10 | 51,000,000 | 5,100.00 | 10 | 51,000,000 | 5,100.00 |
| Isgec SFW Boilers Private Limited | 10 | 1,020,000 | 102.00 | 10 | 1,020,000 | 102.00 |
| Isgec Titan Metal Fabricators Private Limited | 10 | 510,000 | 51.00 | 10 | 510,000 | 51.00 |
| Isgec Redecam Enviro Solutions Private Limited | 10 | 1,020,000 | 102.00 | 10 | 1,020,000 | 102.00 |
| Eagle Press & Equipment Co. Limited, Canada | CAD1 | 4,500,000 | 2,643.05 | CAD1 | 4,500,000 | 2,643.05 |
| Isgec Investments PTE Ltd, Singapore | SGD1 | 10,000 | 5.20 | - | - | - |
| | | | **16,929.69** | | | **16,924.49** |
| **b) Others** | | | | | | |
| SVC Co-operative Bank Limited | - | - | - | 25 | 100 | 0.03 |
| **Total (a+b)** | | | **16,929.69** | | | **16,924.52** |
| | | | | | | |
| Aggregate amount of quoted investments: | | | - | | | - |
| Aggregate amount of unquoted investments: | | | 16,929.69 | | | 16,924.52 |
| Aggregate amount of impairment in value of investments: | | | - | | | - |

## NOTE 7 : NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Loans receivables considered good - Secured | | |
| - Loans to employees | 276.73 | 273.04 |
| Loans receivables considered good - Unsecured | | |
| - Loan to subsidiary company | 1,910.64 | - |
| - Security deposit * | 780.52 | 737.42 |
| - Loans to employees | 113.51 | 95.91 |
| **Total** | **3,081.40** | **1,106.37** |

* includes balances with related parties (refer note 49)

# Notes to Financial Statements

## NOTE 8 : NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Trade receivables considered good - secured | - | - |
| Trade receivables considered good - unsecured | 9,199.76 | 4,331.99 |
| Trade receivables which have significant increase in credit risk | - | - |
| Trade receivables - credit impaired | - | - |
| Allowance for credit losses | - | - |
| **Total** | **9,199.76** | **4,331.99** |

## NOTE 9 : NON-CURRENT FINANCIAL ASSETS - OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| Fixed deposits under lien held as margin money (for credit facility and bank guarantee) having maturity of more than twelve months | 1,469.05 | 1,370.00 |
| Interest accrued but not due on deposits | 54.03 | 52.76 |
| **Total** | **1,523.08** | **1,422.76** |

## NOTE 10 : OTHER NON-CURRENT ASSETS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Advances recoverable other than in cash** | | |
| **Considered good - Unsecured** | | |
| Capital advances | 123.76 | 193.46 |
| Prepayments | 125.27 | 219.43 |
| **Total** | **249.03** | **412.89** |

## NOTE 11 : INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Raw materials** | | |
| Raw materials | 13,503.31 | 17,046.75 |
| Raw materials in transit | 180.14 | 535.53 |
| **Work - in - progress** | | |
| Engineering goods | 29,692.43 | 33,213.95 |
| Ingots and steel castings | 2,583.60 | 3,390.56 |
| **Stock-in-trade** | | |
| Goods in transit | 1,518.72 | 3,813.16 |
| Goods at warehouse | 480.37 | 166.65 |
| Stores and spares | 2,424.57 | 2,888.73 |
| Stores & spares in transit | 657.06 | - |
| Loose tools | 65.06 | 57.98 |
| **Total** | **51,105.26** | **61,113.31** |

# Notes to Financial Statements

## NOTE 12 : CURRENT FINANCIAL ASSETS - INVESTMENTS

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No. of Shares/units | Amount (₹ in lakhs) | No. of Shares/units | Amount (₹ in lakhs) |
| **At fair value through profit or loss** | | | | |
| **a) Investments in bonds & debentures** | | | | |
| **-Quoted** | | | | |
| Canara Bank - 9.55% BD Perpetual (face value ₹ 10,00,000 each) | - | - | 50 | 500.00 |
| Citicorp Finance (India) Limited NCD Series-604 (face value ₹ 1,00,000 each) | - | - | 500 | 661.85 |
| Reliance Capital Limited NCD Series B/406 (face value ₹ 1,00,000 each) | - | - | 1,000 | 1,166.80 |
| 7.55% DHFL Bonds (face value ₹ 10,00,000 each) | - | - | 40 | 412.46 |
| | | **-** | | **2,741.11** |
| **b) Investments in mutual funds** | | | | |
| **-Unquoted** | | | | |
| Aditya Birla Sun Life Fixed Term Plan - Series OD (1145 days) - Growth Direct Plan | 5,000,000 | 620.30 | 5,000,000 | 578.22 |
| Aditya Birla Sun Life Fixed Term Plan - Series OH (1120 days) - Growth Direct Plan | 5,000,000 | 622.33 | 5,000,000 | 579.55 |
| PGIM India Fixed Duration Fund - Series AB - Direct Plan - Growth | 50,000 | 624.90 | 50,000 | 580.80 |
| PGIM India Fixed Duration Fund - Series AE - Direct Plan - Growth | 50,000 | 622.80 | 50,000 | 579.02 |
| HDFC FMP 1150D Feb 2017(1)-Direct-Growth-Series-37 | 8,000,000 | 994.19 | 8,000,000 | 925.38 |
| Nippon India Fixed Horizon Fund-XXX-Series 17-Direct Growth Plan | - | - | 5,000,000 | 631.60 |
| Nippon India Fixed Horizon Fund-XXX-Series-10-Direct Growth Plan | - | - | 5,000,000 | 637.96 |
| Nippon India Fixed Horizon Fund - XXXII - Series 10 - Direct Growth Plan | 10,000,000 | 1,105.90 | 10,000,000 | 1,174.10 |
| SBI Dual Advantage Fund-Series XII-Regular-Growth | - | - | 1,000,000 | 125.37 |
| SBI Debt Fund Series-B-34 (1131 Days)-Direct Growth | - | - | 10,000,000 | 1,263.71 |
| SBI Dual Advantage Fund-Series XV-Regular-Growth | - | - | 2,000,000 | 241.43 |
| SBI Premier Liquid Fund - Regular Plan - Growth | - | - | 65,232 | 1,902.37 |
| SBI Dual Advantage Fund-Series XIX-Regular-Growth | 1,000,000 | 118.61 | 1,000,000 | 112.04 |
| SBI Debt Fund Series-B-46 (1155 Days)-Direct Growth | 5,000,000 | 616.39 | 5,000,000 | 575.76 |
| SBI Debt Fund Series-B-49 (1170 Days)-Direct Growth | 5,000,000 | 620.05 | 5,000,000 | 577.08 |
| | | **5,945.47** | | **10,484.39** |

# Notes to Financial Statements

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No. of Shares/units | Amount (₹ in lakhs) | No. of Shares/units | Amount (₹ in lakhs) |
| **c) Other investments** | | | | |
| **-Unquoted** | | | | |
| Annuities in senior Secured Estate Transactions II Fund-Essel Finance | | 195.86 | | 195.86 |
| ASK Real Estate Special Opportunities Fund | | 605.76 | | 419.14 |
| ASK Real Estate Special Situations Fund | | 83.39 | | 83.49 |
| Edelweiss Real Estate Opportunities Fund (EROF) | | 176.16 | | 120.94 |
| IDFC Score Fund | | 160.07 | | 171.16 |
| India Whizdom Fund | | 70.81 | | 112.18 |
| Indiabulls High Yield Fund | | 213.76 | | 202.38 |
| Indiabulls Dual Advantage Commercial Asset Fund | | 375.00 | | 379.44 |
| Nippon India Yield Maximiser Fund Scheme-I | | 59.70 | | 141.95 |
| Nippon India Yield Maximiser Scheme-III | | 312.85 | | 493.83 |
| | | 2,253.36 | | 2,320.37 |
| **Total current investments (a + b + c)** | | **8,198.83** | | **15,545.87** |
| | | | | |
| **Aggregate value of investments :** | | | | |
| Aggregate amount of quoted investments | | - | | 2,741.11 |
| Market value of quoted investments | | - | | 2,741.11 |
| Aggregate amount of unquoted investments (accounted based on NAV) | | 8,198.83 | | 12,804.76 |
| Aggregate amount of impairment in value of investments | | - | | - |

## NOTE 13 : CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Trade receivables considered good - secured | - | - |
| Trade receivables considered good - unsecured * | 200,752.59 | 182,065.24 |
| Trade receivables which have significant increase in credit risk | - | - |
| Trade receivables - credit impaired | - | - |
| Allowance for expected credit losses | (1,709.05) | (1,684.32) |
| **Total** | **199,043.54** | **180,380.92** |

* includes balances with related parties (refer note 49)

# Notes to Financial Statements

## NOTE 14 : CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Balances with banks | | |
| - In current accounts | 12,724.67 | 4,953.80 |
| - In fixed deposit accounts with original maturity of less than three months | - | 2,607.59 |
| Cheques and drafts on hand | - | 14.41 |
| Cash on hand | 11.19 | 20.89 |
| **Total** | **12,735.86** | **7,596.69** |

## NOTE 15 : CURRENT FINANCIAL ASSETS - OTHER BANK BALANCES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Balance with banks: | | |
| - In fixed deposits accounts maturing within one year | - | 697.70 |
| - In fixed deposit under lien held as margin money (for bank guarantees) maturing within one year | 692.10 | 784.50 |
| Earmarked - unclaimed dividend accounts | 127.79 | 126.90 |
| **Total** | **819.89** | **1,609.10** |

## NOTE 16 : CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Loans receivables considered good - Secured** | | |
| Loans to employees | 101.03 | 100.07 |
| Security deposits | 54.00 | 23.68 |
| Interest accrued on security deposits | 10.42 | 9.97 |
| | | |
| **Loans receivables considered good - Unsecured** | | |
| Advances to employees | 676.11 | 753.87 |
| Security deposits | 902.28 | 1,034.28 |
| Other loans | 86.21 | 18.70 |
| Interest accrued on security deposits | 11.93 | 12.37 |
| Interest accrued but not due on loan to subsidiary company | 52.78 | - |
| **Total** | **1,894.76** | **1,952.94** |

## NOTE 17 : CURRENT FINANCIAL ASSETS - OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Derivatives** | | |
| Foreign exchange forward contract receivables | 1,295.18 | 1,678.35 |
| | | |
| **Others** | | |
| Interest accrued on fixed deposits | 110.06 | 116.56 |
| **Total** | **1,405.24** | **1,794.91** |

# Notes to Financial Statements

## NOTE 18 : OTHER CURRENT ASSETS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Advances other than capital advances** | | |
| Advances to suppliers * | 48,440.12 | 60,706.54 |
| | | |
| **Others** | | |
| Unbilled revenue | 23,270.87 | 9,004.40 |
| Prepayments | 1,076.71 | 1,168.14 |
| Balance with government authorities | 7,676.04 | 5,448.07 |
| Group gratuity fund (refer note 37) | - | 45.48 |
| Export Incentive receivable | 2,584.87 | 2,547.84 |
| Others | 333.55 | 533.53 |
| **Total** | **83,382.16** | **79,454.00** |

* includes balances with related parties (refer note 49)

## NOTE 19 : EQUITY SHARE CAPITAL

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number of shares | (₹ in lakhs) | Number of shares | (₹ in lakhs) |
| **Authorised share capital** | **85,000,000** | **850.00** | **85,000,000** | **850.00** |
| (Equity shares of ₹ 1/- each with voting rights) | | | | |
| (Previous year Equity shares of ₹ 1/- each with voting rights) | | | | |
| | | | | |
| **Issued, subscribed & paid up** | **73,529,510** | **735.29** | **73,529,510** | **735.29** |
| (Equity shares of ₹ 1/-each fully paid up with voting rights) | | | | |
| (Previous year Equity shares of ₹ 1/- each with voting rights) | | | | |
| **Total** | **73,529,510** | **735.29** | **73,529,510** | **735.29** |

**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 ₹ 1 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 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 the number of equity shares held by each of the equity share holders.

# Notes to Financial Statements

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

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number of shares | (₹ in lakhs) | Number of shares | (₹ in lakhs) |
| **Equity shares outstanding at the beginning of the Year** | 73,529,510 | 735.29 | 7,352,951 | 735.29 |
| Add: Issued during the year | - | - | - | - |
| Less: Shares bought back | - | - | - | - |
| Sub division of shares (from ₹ 10 to ₹ 1 per equity share) during the year * | - | - | 66,176,559 | - |
| **Equity shares outstanding at the end of the year** | 73,529,510 | 735.29 | 73,529,510 | 735.29 |

* During the previous year ended March 31, 2019, equity shares of ₹ 10 each were sub-divided into 10 equity shares of ₹ 1 each pursuant to an ordinary resolution passed by the shareholders by way of Postal Ballot on March 16, 2019.

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

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number of shares held | % Holding in that class of shares | Number of shares held | % Holding in that class of shares |
| Equity shares with voting rights | | | | |
| (i) The Yamuna Syndicate Limited | 33,034,904 | 44.93% | 32,965,260 | 44.83% |
| (ii) Mr. Ranjit Puri | 6,592,010 | 8.97% | 6,592,010 | 8.97% |
| (iii) Mr. Aditya Puri | 4,568,080 | 6.21% | 4,568,080 | 6.21% |

## NOTE 20 : OTHER EQUITY

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **(a) Capital reserve** | | |
| Balance outstanding at the beginning of the year | 0.01 | 0.01 |
| Add: Additions during the year | - | - |
| Less: Utilised during the year | - | - |
| Balance outstanding at the end of the year | 0.01 | 0.01 |
| | | |
| **(b) Capital redemption reserve** | | |
| Balance outstanding at the beginning of the year | 3.24 | 3.24 |
| Add: Additions during the year | - | - |
| Less: Utilised during the year | - | - |
| Balance outstanding at the end of the year | 3.24 | 3.24 |
| | | |
| **(c) Securities premium** | | |
| Balance outstanding at the beginning of the year | 450.22 | 450.22 |
| Add: Additions during the year | - | - |
| Less: Utilised during the year | - | - |
| Balance outstanding at the end of the year | 450.22 | 450.22 |

# Notes to Financial Statements

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **(d) General reserve** | | |
| Balance outstanding at the beginning of the year | 17,439.54 | 17,439.54 |
| Add: Additions during the year | - | - |
| Less: Utilised during the year | - | - |
| Balance outstanding at the end of the year | 17,439.54 | 17,439.54 |
| | | |
| **(e) Retained earnings** | | |
| Balance outstanding at the beginning of the year | 116,088.95 | 103,656.00 |
| Add: Net profit for the year | 15,309.52 | 12,831.74 |
| Add: Items of other comprehensive income recognised directly in retained earnings | | |
| -Remeasurement of post employment benefit obligation (net of tax) | 27.50 | 18.22 |
| (refer note 20.2) | | |
| Less: Appropriations | | |
| - Dividend for the year ended March 31, 2019 @ ₹ 1.50 per share of ₹ 1 each | 1,102.94 | - |
| (for the year ended March 31, 2018 @ ₹ NIL per share of ₹ 10 each) | | |
| - Interim Dividend during the year ended March 31, 2020 @ ₹ 2/- per share of ₹ 1 each | 1,470.59 | 367.65 |
| (during the year ended March 31, 2019 @ ₹ 5/- per share of ₹ 10 each) | | |
| - Dividend distribution tax | 429.82 | 49.36 |
| Balance outstanding at the end of the year | 128,422.62 | 116,088.95 |
| **Total** | **146,315.63** | **133,981.96** |

**Note 20.1:** During the previous year ended March 31, 2019, equity shares of ₹ 10 each were sub-divided into 10 equity shares of ₹ 1 each pursuant to an ordinary resolution passed by the shareholders by way of Postal Ballot on March 16, 2019.

**Note 20.2:** This is item of other comprehensive income arising from remeasurement of defined benefit obligation net of income tax, which is directly recognised in retained earning.

**Note 20.3 :** Nature and purpose of reserves

### Capital Reserve
400 equity shares of ₹ 1/- each are yet to be allotted by way of bonus shares on receipt of fractional certificates, value of which has been shown under capital reserve.

### Capital Redemption Reserve
Capital redemption reserve of ₹ 1.58 lakhs was created against the redemption of cumulative preference shares in financial year 1991-92 and ₹ 1.66 lakhs against the buy back of equity shares in financial year 2013-14.

### Securities Premium
Securities premium represents the premium on issue of equity shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

### General Reserve
This represents appropriation of profit after tax by the company.

### Retained Earnings
This comprise company's undistributed profit after taxes.

# Notes to Financial Statements

## NOTE 21 : NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Secured** | | |
| Term loan from bank (refer note 21.1) | 92.16 | - |
| **Total** | **92.16** | **-** |

**Note 21.1 :** Loans are taken against hypothecation of vehicles. The loans are repayable in 60 Equated Monthly Installment (EMI) and the rate of interest on these loans ranges from 8.90% to 9.20%. Last EMI of loan is payable in the month of October, 2024.

## NOTE 22 : NON-CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Security deposit under car loan scheme | 117.11 | 143.13 |
| Security deposit -Others | 11.16 | 5.80 |
| **Total** | **128.27** | **148.93** |

## NOTE 23 : LONG TERM PROVISIONS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Provision for employee benefits** | | |
| -Leave encashment | 2,144.03 | 2,203.10 |
| -Pension provision | 898.02 | 944.93 |
| | **3,042.05** | **3,148.03** |
| Provision for warranty (refer note 23.1 and 23.2) | 3,098.03 | 2,903.16 |
| **Total** | **6,140.08** | **6,051.19** |

**Note 23.1 : Provision for warranty**

Provision is made for the estimated warranty claims and after sales services in respect of products sold based on the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

## NOTE 23.2 : MOVEMENT OF PROVISION FOR WARRANTY

(₹ in lakhs)

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| **Movement of provision for performance warranties/after sales services** | | |
| Carrying amount at the beginning of the year | 12,204.35 | 14,766.23 |
| Additional provision made during the year | 4,439.79 | 4,349.53 |
| Amount used during the year | (2,400.06) | (2,137.85) |
| Amount reversed during the year | (553.46) | (4,869.15) |
| Adjustment due to discounting | 74.86 | 95.59 |
| **Carrying amount at the end of the year** | 13,765.48 | 12,204.35 |
| | | |
| **Break up of Carrying amount at the end of the year** | | |
| Long term provisions | 3,098.03 | 2,903.16 |
| Short term provisions (refer note 30) | 10,667.45 | 9,301.19 |

# Notes to Financial Statements

## NOTE 24 : DEFERRED TAX

### 24.1 : The balance comprises temporary differences attributable to:

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Employee benefits deductible in future years | 852.72 | 1,217.58 |
| Property, plant and equipment | (292.42) | (916.11) |
| Right of use assets | 11.32 | - |
| Provision for expected credit losses | 430.13 | 588.57 |
| Fair valuation of investments | (147.46) | (250.13) |
| Fair valuation of security deposits | 8.07 | (2.04) |
| Others | 52.86 | - |
| **Net deferred tax (Liabilities) / Assets** | **915.22** | **637.87** |

### 24.2 : Movement in deferred tax Liabilities/deferred tax assets

(₹ in lakhs)

| Particulars | Employee benefits deductible in future years | Property, plant and equipment | Right of use assets | Provision for expected credit losses | Lease rent | Fair valuation of investments | Fair valuation of security deposits | Others | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At March 31, 2018** | **1,146.36** | **(1,114.74)** | **-** | **203.15** | **16.54** | **(50.10)** | **(8.98)** | **-** | **192.23** |
| (Charged)/credited:- | | | | | | | | | |
| -to profit & loss | 81.01 | 198.63 | - | 385.42 | (16.54) | (200.03) | 6.94 | - | 455.43 |
| -to other comprehensive income | (9.79) | - | - | - | - | - | - | - | (9.79) |
| **At March 31, 2019** | **1,217.58** | **(916.11)** | **-** | **588.57** | **-** | **(250.13)** | **(2.04)** | **-** | **637.87** |
| (Charged)/credited:- | | | | | | | | | |
| -to profit & loss | (375.52) | 623.69 | 11.32 | (158.44) | - | 102.67 | 10.11 | 52.86 | 266.69 |
| -to other comprehensive income | 10.66 | - | - | - | - | - | - | - | 10.66 |
| **At March 31, 2020** | **852.72** | **(292.42)** | **11.32** | **430.13** | **-** | **(147.46)** | **8.07** | **52.86** | **915.22** |

## NOTE 25 : OTHER NON-CURRENT LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Advance from customers | 17,520.80 | 25,446.11 |
| **Total** | **17,520.80** | **25,446.11** |

# Notes to Financial Statements

## NOTE 26 : CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Loans repayable on demand** | | |
| **Secured** | | |
| From banks | | |
| Working capital demand loans (refer note 26.1 and 26.2) | 24,505.46 | - |
| Cash credit accounts (refer note 26.1 and 26.3) | 611.12 | 1,270.57 |
| Packing credit loans from banks (refer note 26.1 and 26.4) | | |
| In Indian rupees | 8,887.36 | 6,200.00 |
| **Total** | **34,003.94** | **7,470.57** |

**Note: 26.1** Secured by hypothecation of inventories and by a charge on book debts and other assets of the company, in favor of working capital consortium bankers on pari passu basis.

**Note: 26.2** Repayable on demand. Rates of Interest for working capital demand loans varied from 7.50% to 9.80% during the above periods.

**Note: 26.3** Repayable on demand. Rates of Interest for cash credit accounts varied from 8.70% to 10.60% during the above periods.

**Note: 26.4** Average rate of interest on Packing Credit Loans from Banks:

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| In Indian rupees | 8.08% | 8.32% |

## NOTE 27 : CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Total outstanding dues of Micro, Small and Medium Enterprises (refer note 27.1) | 1,574.61 | 984.08 |
| Total outstanding dues of creditors other than Micro, Small and Medium Enterprises * | 120,910.77 | 128,016.77 |
| **Total** | **122,485.38** | **129,000.85** |

* includes balances with related parties (refer note 49)

# Notes to Financial Statements

### Note 27.1 : Trade payables to micro and small enterprises

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:

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (a) the principal amount and interest due thereon remaining unpaid to any supplier as at the end of accounting year; | | |
| - principal | 1,574.61 | 984.08 |
| - interest | 9.54 | 0.87 |
| (b) the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| (c) the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid) | - | - |
| (d) the amount of interest accrued and remaining unpaid at the end of the accounting year | 10.41 | 0.87 |
| (e) the amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23. | - | - |

## NOTE 28 : CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Current maturities of long term debt (refer note 21.1) | 27.81 | - |
| Unclaimed dividends | 127.79 | 126.90 |
| Interest accrued but not due on borrowings | 134.39 | 22.15 |
| Security deposits received | 170.78 | 115.83 |
| Payable to employees | 2,629.83 | 2,157.17 |
| Foreign exchange forward contract payable | 1,295.18 | 1,678.35 |
| Capital creditors | 376.82 | 258.82 |
| Managerial /directors remuneration payable * | 2,281.18 | 2,444.73 |
| Expense payable | 539.30 | 582.82 |
| Other payables | 141.35 | 135.66 |
| **Total** | **7,724.43** | **7,522.43** |

* includes balances with related parties (refer note 49)

# Notes to Financial Statements

## NOTE 29 : OTHER CURRENT LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Advance from customers | 58,619.07 | 75,052.74 |
| Unearned revenue | 33,057.48 | 26,309.39 |
| Statutory dues payable | 1,476.56 | 1,488.18 |
| Government grant | 106.89 | 87.29 |
| Other payables | 2,207.80 | 2,615.76 |
| **Total** | **95,467.80** | **105,553.36** |

## NOTE 30 : SHORT TERM PROVISIONS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Provision for employee benefits | | |
| - Leave encashment | 219.13 | 203.73 |
| - Gratuity (refer note 37) | 437.76 | - |
| - Pension provision | 126.95 | 132.61 |
| - Superannuation | 0.38 | - |
| | **784.22** | **336.34** |
| Provision for warranty (refer note 23.1 and 23.2) | 10,667.45 | 9,301.19 |
| **Total** | **11,451.67** | **9,637.53** |

## NOTE 31 : CURRENT TAX LIABILITIES/(ASSETS) (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Provisions for income Tax | 6,362.27 | 8,241.06 |
| Less: Income Tax paid | 6,580.18 | 7,634.45 |
| **Total** | **(217.91)** | **606.61** |

## NOTE 32 : REVENUE FROM OPERATIONS

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Sale of products | 411,605.95 | 358,279.94 |
| Erection, commissioning and related services | 62,515.43 | 43,837.30 |
| Other operating revenue (refer note 32.1) | 15,249.49 | 10,774.86 |
| **Total** | **489,370.87** | **412,892.10** |

# Notes to Financial Statements

### Note 32.1 : Other operating revenues

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Export incentives | 5,705.69 | 4,030.32 |
| Packing receipts | 9.08 | 78.95 |
| Unclaimed balances / liabilities no longer required written back | 211.01 | 1,200.23 |
| Foreign exchange fluctuations | 3,963.89 | - |
| Fair value gain on derivatives | 1,140.44 | 825.18 |
| Bad debt written off now realised | - | 6.58 |
| Sale of scrap and waste | 1,284.75 | 1,435.17 |
| Lease rent receipts {refer note 46 (B)} | 2,895.23 | 2,835.00 |
| Miscellaneous income | 39.40 | 363.43 |
| **Total** | **15,249.49** | **10,774.86** |

### NOTE 33 : OTHER INCOME

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **(a) Interest income :** | | |
| On loans to subsidiary companies | 177.88 | - |
| On bank deposits | 193.45 | 432.89 |
| On other deposits and investments | 151.17 | 394.63 |
| On financial assets measured at amortised cost | 6.64 | 5.68 |
| **Total** | **529.14** | **833.20** |
| | | |
| **(b) Dividend income on equity investments :** | | |
| Subsidiary companies | | |
| - Saraswati Sugar Mills Limited | 355.00 | - |
| - Isgec Hitachi Zosen Limited | 76.50 | 127.50 |
| - Isgec Titan Metal Fabricators Private Limited | 25.50 | - |
| - Isgec Foster Wheeler Boilers Private Limited | 25.50 | - |
| Other companies | 0.33 | 1.84 |
| **Total** | **482.83** | **129.34** |
| | | |
| **(c) Net gain on sale of investments** | 302.34 | 1,638.26 |
| **Total** | **302.34** | **1,638.26** |
| | | |
| **(d) Other non operating income :** | | |
| Profit on sale of property, plant and equipment | 17.45 | 9.21 |
| Insurance claim receipts | 56.03 | 29.91 |
| Insurance claim receipts against property, plant & equipment | 81.50 | 2.42 |
| Gain on investments carried at fair value through profit or loss | 242.65 | 824.50 |
| Miscellaneous income | 146.15 | 222.54 |
| **Total** | **543.78** | **1,088.58** |
| **Grand Total** | **1,858.09** | **3,689.38** |

# Notes to Financial Statements

## NOTE 34 : COST OF MATERIALS CONSUMED

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Raw material consumed (refer note 34.1) | 59,086.20 | 68,521.48 |
| Store consumed | 4,108.70 | 3,248.73 |
| **Total** | **63,194.90** | **71,770.21** |

### Note 34.1 : Details of raw materials and components consumed

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Iron and steel | 14,022.29 | 21,540.50 |
| Alloys | 2,061.46 | 2,423.77 |
| Components and M.S. scrap | 43,002.45 | 44,557.21 |
| **Total** | **59,086.20** | **68,521.48** |

## NOTE 35 : PURCHASES OF STOCK-IN-TRADE

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Purchase of stock-in-trade | 211,489.79 | 180,260.79 |
| **Total** | **211,489.79** | **180,260.79** |

## NOTE 36 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK - IN - TRADE & WORK - IN - PROGRESS

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Opening stock** | | |
| Work - in - progress | 36,604.51 | 25,607.02 |
| **Total** | **36,604.51** | **25,607.02** |
| | | |
| **Closing stock** | | |
| Work - in - Progress | 32,276.03 | 36,604.51 |
| **Total** | **32,276.03** | **36,604.51** |
| **Changes in inventory** | **4,328.48** | **(10,997.49)** |

## NOTE 37 : EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Salaries & wages | 29,019.47 | 26,633.08 |
| Contribution to provident & other funds | 1,784.10 | 2,159.20 |
| Staff welfare expenses | 527.48 | 485.33 |
| **Total** | **31,331.05** | **29,277.61** |

# Notes to Financial Statements

## NOTE 38.1 : ADDITIONAL INFORMATION AS PER IND AS 19, EMPLOYEE BENEFITS

### (a) Defined contribution plan:

The Company has recognised, in the statement of profit and loss, expenses for the following defined contribution plans:

(₹ in lakhs)

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Provident fund | 1,476.83 | 1,359.36 |
| Employees state insurance | 12.90 | 26.08 |
| Superannuation fund | 52.15 | 51.38 |
| National pension scheme | 170.48 | 129.72 |
| Labour welfare fund | 7.96 | 3.08 |
| **Total** | **1,720.32** | **1,569.62** |

### (b) Defined Benefits Plan :

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

The obligations are as under:-

(₹ in lakhs)

| Particulars | | Gratuity (Funded) | |
|---|---|---|---|
| | | 2019-20 | 2018-19 |
| **i.** | **Change in present value of obligation** | | |
| a. | Present value of obligation at the beginning of the year | 6,291.14 | 5,874.39 |
| b. | Interest cost | 481.90 | 455.27 |
| c. | Current service cost | 551.56 | 514.94 |
| d. | Benefits paid | (401.10) | (502.94) |
| e. | Actuarial (gain) / loss | (81.64) | (50.52) |
| f. | Present value of obligation at the end of the year | 6,841.86 | 6,291.14 |
| | | | |
| **ii.** | **Change in the fair value of plan assets** | | |
| a. | Fair value of plan assets at the beginning of the year | 6,336.61 | 5,821.33 |
| b. | Expected interest income | 485.38 | 451.15 |
| c. | Actuarial gain/(loss) for the year on asset | (64.81) | (22.51) |
| d. | Contributions | 63.78 | 589.58 |
| e. | Mortality, admin and FMC charges | (15.76) | - |
| f. | Benefits paid | (401.10) | (502.94) |
| g. | Fair value of plan assets at the end of the year | 6,404.10 | 6,336.61 |
| | | | |
| **iii.** | **Reconciliation of fair value of assets and obligations** | | |
| a. | Fair value of plan assets at the end of the year | 6,404.10 | 6,336.61 |
| b. | Present value of obligation at the end of the year | 6,841.86 | 6,291.14 |
| c. | Amount recognised in the balance sheet | (437.76) | 45.48 |
| | - Current | (437.76) | 45.48 |

# Notes to Financial Statements

(₹ in lakhs)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2019-20 | 2018-19 |
| **iv. Expenses recognised in the statement of profit & loss** | | |
| a. Current service cost | 551.56 | 514.94 |
| b. Interest cost | 481.90 | 455.27 |
| c. Expected return on plan assets | (485.38) | (451.15) |
| d. Expenses recognised in the profit & loss | 548.08 | 519.06 |
| **v. Recognised in other comprehensive income for the year** | | |
| a. Net cumulative unrecognized actuarial gain/(loss) opening | (368.23) | (396.24) |
| b. Actuarial gain/(loss) for the year on present benefit obligation | 81.64 | 50.52 |
| c. Actuarial gain/(loss) for the year on assets | (64.80) | (22.51) |
| d. Unrecognized actuarial gain/(loss) at the end of the year | (351.39) | (368.23) |
| **vi. Actuarial assumptions** | | |
| a. Discount rate (per annum) | 6.80% | 7.66% |
| b. Rate of escalation in salary (per annum) | 6.50% | 7.50% |

### (c) Amounts for the current and previous period in respect of gratuity are as follows:

(₹ in lakhs)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2019-20 | 2018-19 |
| Defined benefit obligation | 6,841.86 | 6,291.14 |
| Plan assets | 6,404.10 | 6,336.61 |
| Surplus / (deficit) | (437.76) | 45.48 |

### (d) Maturity profile of defined benefit obligation

(₹ in lakhs)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2019-20 | 2018-19 |
| a. Within next twelve months | 1,081.10 | 881.92 |
| b. Between one to five years | 1,489.04 | 652.89 |
| c. Between five to ten years | 4,271.72 | 4,756.32 |

### (e) Sensitivity analysis of the defined benefit obligation

(₹ in lakhs)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2019-20 | 2018-19 |
| **(a) Impact of the change in discount rate** | | |
| Present value of obligation at the end of the period | 6,841.86 | 6,291.14 |
| (i) Impact due to increase of 0.50% | (282.93) | (267.30) |
| (ii) Impact due to decrease of 0.50% | 306.62 | 289.89 |
| **(b) Impact of the change in salary increase** | | |
| Present value of obligation at the end of the period | 6,841.86 | 6,291.14 |
| (i) Impact due to increase of 0.50% | 306.02 | 288.94 |
| (ii) Impact due to decrease of 0.50% | (284.98) | (268.88) |

# Notes to Financial Statements

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.

### (f) Major category of plan asset (as percentage of total plan asset)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2019-20 | 2018-19 |
| Fund managed by insurer | 100% | 100% |

### (g) Other long term employee benefits

**Long term compensated absences - Leave salary**

Principal assumptions for long term compensated absences

| Particulars | As at March 31, 2020 Rate (%) | As at March 31, 2019 Rate (%) |
|---|---|---|
| a) Discount rate | 6.80 | 7.66 |
| b) Future salary increase* | 6.50 | 7.50 |
| c) Retirement age (years) | 60 | 60 |
| d) Ages (withdrawal rate %) | | |
| Up to 30 Years | 3 | 3 |
| From 31 to 44 Years | 2 | 2 |
| Above 44 Years | 1 | 1 |

* The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

### (h) Mortality rate (gratuity and leave salary)

| | Age | Mortality rate | Age | Mortality rate | Age | Mortality rate |
|---|---|---|---|---|---|---|
| Mortality rate for specimen ages | 15 | 0.000698 | 45 | 0.002579 | 75 | 0.038221 |
| | 20 | 0.000924 | 50 | 0.004436 | 80 | 0.061985 |
| | 25 | 0.000931 | 55 | 0.007513 | 85 | 0.100979 |
| | 30 | 0.000977 | 60 | 0.011162 | 90 | 0.163507 |
| | 35 | 0.001202 | 65 | 0.015932 | 95 | 0.259706 |
| | 40 | 0.001680 | 70 | 0.024058 | 100 | 0.397733 |

## NOTE 38 : FINANCE COSTS

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Interest | 1,271.56 | 1,403.19 |
| Interest on lease liability | 110.36 | - |
| Other borrowing costs | 205.43 | 128.18 |
| **Total** | **1,587.35** | **1,531.37** |

# Notes to Financial Statements

## NOTE 39 : DEPRECIATION AND AMORTIZATION EXPENSE

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Depreciation of property plant & equipment | 5,837.63 | 5,394.10 |
| Depreciation / amortization of right-of-use-assets | 377.32 | - |
| Amortization of intangible assets | 1,155.68 | 1,198.72 |
| **Total** | **7,370.63** | **6,592.82** |

## NOTE 40 : OTHER EXPENSE

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Power & fuel | 2,777.82 | 2,766.77 |
| Other manufacturing expenses | 17,539.94 | 15,221.21 |
| Repairs & maintenance | | |
| - Plant and machinery | 1,014.39 | 1,203.05 |
| - Building | 475.56 | 509.14 |
| - Others | 116.37 | 192.32 |
| Rent | 412.47 | 623.35 |
| Insurance | 1,119.07 | 608.14 |
| Rates and taxes | 261.56 | 146.80 |
| Commission to selling agents and others | 3,447.62 | 1,802.68 |
| Bank charges | 1,750.73 | 1,781.00 |
| Royalty | 680.07 | 2,067.78 |
| Electricity and water charges | 525.93 | 398.50 |
| Donation | 4.12 | 1.57 |
| Office and miscellaneous expenses | 7,653.75 | 7,272.46 |
| Legal and professional charges | 4,581.60 | 4,599.63 |
| Adjustment of expected credit loss | 24.73 | 1,112.43 |
| Payment to auditors | | |
| - Statutory audit fees | 18.00 | 15.00 |
| - Other services including certification work | 8.54 | 7.49 |
| - For reimbursement of expenses | 3.05 | 3.34 |
| Packing, forwarding and transportation expenses | 17,078.80 | 16,965.40 |
| Design & technical expenses | 5,450.35 | 5,560.65 |
| Travelling expenses | 4,991.91 | 4,909.78 |
| Foreign exchange fluctuations | - | 580.16 |
| Fair value loss on derivatives | 1,140.44 | 825.18 |
| Managerial remuneration | 2,422.50 | 2,587.21 |
| Non executive directors' remuneration / sitting fee | 35.40 | 19.93 |
| Corporate social responsibility (CSR) expenses (refer note 40.1) | 407.85 | 445.88 |
| Loss on property, plant and equipment sold / written off | 29.21 | 326.80 |
| **Total** | **73,971.78** | **72,553.65** |

# Notes to Financial Statements

## NOTE 40.1: CORPORATE SOCIAL RESPONSIBILITY

### a) Contribution during the year ended March 31, 2020

Gross amount required to be spent by the Company during the year is ₹ 412.99 lakhs. The Company was required to spend the sum of ₹ 11.01 lakhs for the F.Y 2018-19 and ₹ 412.99 lakhs for the F.Y 2019-20 totalling to ₹ 424 lakhs. An amount of ₹ 407.85 lakhs has been spent. The balance amount of ₹ 16.15 lakhs will be spent in the next year.

### b) Amount spent during the year and payable as at March 31, 2020 :

(₹ in lakhs)

| Particulars | Spent | Yet to be spent |
|---|---|---|
| (i) On Construction / acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 407.85 | 16.15 |

### c) Details of related party transactions :

i) Contribution during the year ending March 31, 2020 - Nil (Previous year Nil)

ii) Payable as at March 31, 2020 - Nil (Previous year Nil)

## NOTE 41 : TAX EXPENSE

**Income Tax Expenses**

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **(a) Current Tax** | | |
| Current tax on profit for the year | 5,703.74 | 7,931.27 |
| Adjustments for current tax of prior periods | - | - |
| **Total Current Tax Expenses** | **5,703.74** | **7,931.27** |
| **(b) Deferred tax** | | |
| Decrease/(Increase) in Deferred Tax Assets | 459.67 | (449.89) |
| (Decrease)/Increase in Deferred Tax Liabilities | (726.36) | (5.54) |
| **Total Deferred Tax Expenses** | **(266.69)** | **(455.43)** |
| **Total Income Tax Expenses** | **5,437.05** | **7,475.84** |

**The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of 25.168% and the reported tax expense in Statement of Profit and Loss are as follows:**

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Accounting profit before income tax | 20,746.57 | 20,307.58 |
| Statutory income tax rate of 25.168% (March 31, 2019: 34.944%) | 5,221.50 | 7,096.28 |
| Additional deduction allowed in Income Tax Act for certain expenditure | - | (42.33) |
| Expenditure for which deduction is not allowed under Income Tax Act | 157.84 | 337.98 |
| Differential tax rate on fair value of investments | 71.88 | 653.48 |
| Differential tax rate on sale of investments | (157.79) | (483.63) |
| Tax on exempt income | (123.30) | (69.39) |
| Change in tax rate | 263.33 | - |
| Other deductions | 3.59 | (16.55) |
| **Total** | **5,437.05** | **7,475.84** |

**Note :**

The Company had elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 during the year ended March 31, 2020. Accordingly, the Company has recognised Provision for Income Tax and re-measured its Deferred Tax Assets on the basis of the rate prescribed in the said Section. The full impact of this change has been recognised in the statement of Profit & Loss and Other Comprehensive Income for the year ended March 31, 2020.

# Notes to Financial Statements

## NOTE 42 : EARNINGS PER SHARE

| Particulars | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| a) | Net profit available to equity shareholders (₹ in lakhs) | 15,309.52 | 12,831.74 |
| b) | Number of weighted average equity shares outstanding during the year for the purpose of calculation of earning per share | 73,529,510 | 73,529,510 |
| c) | Nominal value of equity share (in ₹) | 1.00 | 1.00 |
| d) | Basic earning per share (in ₹) | 20.82 | 17.45 |
| e) | Diluted earning per share (in ₹) | 20.82 | 17.45 |

**Note :**

During the previous year ended March 31, 2019, equity shares of ₹ 10 each were sub-divided into 10 equity shares of ₹ 1 each pursuant to an ordinary resolution passed by the shareholders by way of Postal Ballot on March 16, 2019.

## NOTE 43 : CONTINGENT LIABILITIES

(₹ in lakhs)

| Particulars | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **Contingent Liabilities:** | | | |
| (to the extend not provided for) | | | |
| a) | Claims against the company not acknowledged as debts | 1,660.28 | 41,463.50 |
| b) | Bonds executed in favour of President of India against Export Promotion Capital Goods license and advance authorisation and others * | 16,686.72 | 18,320.29 |
| | * includes bonds given on behalf of subsidiary company Isgec Hitachi Zosen Ltd. | - | - |

## NOTE 44 : CORPORATE GUARANTEES

(₹ in lakhs)

| Particulars | | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| a) | Corporate guarantees given to bank to secure credit facilities given to Isgec Hitachi Zosen Limited | 21,962.65 | 18,748.48 |
| b) | Corporate guarantees given to bank to secure credit facilities given to Isgec Titan Metal Fabricators Private Limited | 2,830.44 | 1,501.48 |
| c) | Corporate guarantees given to bank to secure credit facilities given to Isgec Redecam Enviro Solutions Private Limited | 574.65 | 436.50 |

## NOTE 45 : COMMITMENTS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Capital Commitments** | | |
| Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) | 783.17 | 1,363.69 |

# Notes to Financial Statements

## NOTE 46 : LEASES

### A. Company as a lessee

The Company has taken various residential /commercial premises and plant and machinery under under short 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:

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| a) Residential premises | 95.40 | 139.74 |
| b) Commercial premises | 309.57 | 479.24 |
| c) Plant and machinery | 7.50 | 4.37 |
| **Total** | **412.47** | **623.35** |

The balance sheet shows the following amounts relating to leases:

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 |
|---|---|
| **Right-of-use assets** | |
| Building | 1,217.51 |
| Land | 2,584.72 |
| Furniture, fittings and equipment | - |
| **Total** | **3,802.23** |

The break-up of current and non-current lease liabilities as at March 31, 2020 is as follows

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 |
|---|---|
| **Lease Liabilities** | |
| Current | 252.79 |
| Non-current | 1,009.70 |
| **Total** | **1,262.49** |

The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 |
|---|---|
| **Balance at the beginning of the year** | - |
| Additions | 1,481.61 |
| Finance cost accrued during the period | 110.36 |
| Expense relating to variable lease payments not included in the measurement of lease liabilities | - |
| Payment for leases | 329.48 |
| Translation Difference | - |
| **Balance at the end of the year** | **1,262.49** |

# Notes to Financial Statements

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

(₹ in lakhs)

| Particulars | As At March 31, 2020 |
|---|---|
| a) Less than one year | 347.55 |
| b) One to five years | 1,081.81 |
| c) More than five years | 131.99 |
| **Total** | **1,561.35** |

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.

Rental expense recorded for short-term leases was ₹ 412.47 lakhs for the year ended March 31, 2020.

### B. Company as a Lessor

The Company has given on lease factory, land and plant and machinery under operating lease. In accordance with Indian Accounting Standard (Ind AS-116) on 'Leases' disclosure of a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (i) Not later than one year | 2,904.72 | 2,894.30 |
| (ii) Later than one year and not later than five years | 2,924.22 | 5,691.00 |
| (iii) Later than five years | 5.04 | 10.08 |
| **Total** | **5,833.98** | **8,595.38** |

## NOTE 47 : SEGMENT INFORMATION

The Chief Operating Decision Maker (CODM) of the Company is monitoring the performance of the Company in the following Segments:-

a) Manufacturing of Machinery and Equipment Segment

b) Engineering, Procurement and Construction Segment

Composition of the Segments consists of:

**Manufacturing of Machinery & Equipment Segment** comprising manufacture of Process Plant Equipments, Presses, Castings, Boiler Tubes & Panels and Containers.

**Engineering, Procurement and Construction Segment** consists of Projects and Turnkey Solutions for Sugar Plants, Distilleries, Power Plants, Boilers, Air Pollution Control Equipments, Buildings and Factories.

The Segments reported are as per Ind AS 108 "Operating Segments" read with SEBI Circular dated 5th July, 2016. The identification of Operating Segments is consistent with performance assessment by the Management.

In respect of both these Segments for the Company, sales and margins do not accrue uniformly during the year.

# Notes to Financial Statements

## 1 Segment Revenue

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | | | Year ended March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | External | Inter Segment | Total | External | Inter Segment | Total |
| Manufacturing of Machinery & Equipment | 99,771.93 | 24,568.34 | 124,340.27 | 90,732.62 | 29,529.80 | 120,262.42 |
| Engineering, Procurement and Construction | 389,570.78 | 168.05 | 389,738.83 | 322,142.67 | - | 322,142.67 |
| Unallocated | 28.16 | - | 28.16 | 16.81 | - | 16.81 |
| Elimination | - | (24,736.39) | (24,736.39) | - | (29,529.80) | (29,529.80) |
| **Segment Total** | **489,370.87** | **-** | **489,370.87** | **412,892.10** | **-** | **412,892.10** |

## 2 Segment Result (Profit/(Loss) before interest and tax)

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Manufacturing of Machinery & Equipment | 9,038.59 | 13,169.52 |
| Engineering, Procurement and Construction | 15,044.08 | 11,660.07 |
| Unallocated | (1,325.14) | (85.66) |
| **Operating Profit Before Interest and Tax** | **22,757.53** | **24,743.93** |
| Less: Interest Expense | (1,381.92) | (1,403.19) |
| Inter Segment Interest | (1,158.18) | (3,866.36) |
| Add: Interest Income | 529.14 | 833.20 |
| **Profit Before Tax** | **20,746.57** | **20,307.58** |
| Tax Expense | (5,437.05) | (7,475.84) |
| **Profit after tax** | **15,309.52** | **12,831.74** |

## 3 Segment Assets and Liabilities

(₹ in lakhs)

| Particulars | Segment Assets | | Segment Liabilities | |
|---|---|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Manufacturing of Machinery & Equipment | 116,397.97 | 122,162.62 | 94,322.47 | 99,627.69 |
| Engineering, Procurement and Construction | 286,095.32 | 295,355.33 | 226,376.93 | 239,924.19 |
| Unallocated Corporate Assets | 101,825.42 | 67,081.71 | 36,568.39 | 10,330.53 |
| **Total** | **504,318.71** | **484,599.66** | **357,267.79** | **349,882.41** |
| Less: Inter Segment assets/liabilities | (60,990.77) | (58,444.83) | (60,990.77) | (58,444.83) |
| **Total** | **443,327.94** | **426,154.83** | **296,277.02** | **291,437.58** |

## 4 Other information

(₹ in lakhs)

| Particulars | Capital Expenditure | | Depreciation and Amortisation | |
|---|---|---|---|---|
| | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Manufacturing of Machinery & Equipment | 4,866.48 | 8,660.08 | 5,972.08 | 5,593.27 |
| Engineering, Procurement and Construction | 1,009.09 | 890.77 | 854.60 | 818.98 |
| Unallocated | 823.75 | 799.16 | 242.54 | 180.57 |

# Notes to Financial Statements

**5 Geographical Information**

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

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Revenue from external customers | | |
| - Within India | 372,407.10 | 300,501.66 |
| - Outside India | | |
| Indonesia | 28,722.32 | 20,248.47 |
| Spain | 29,553.18 | 7,295.43 |
| Nigeria | 13,820.14 | 31,718.55 |
| Philippines | 10,697.85 | 24,334.82 |
| Other countries | 34,170.28 | 28,793.17 |
| **Total** | **489,370.87** | **412,892.10** |

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

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Non-current assets | | |
| - Within India | 52,875.34 | 52,283.58 |
| - Outside India | - | - |
| **Total** | **52,875.34** | **52,283.58** |

c) Number of customers individually accounted for more than 10% of the revenue in the year ended March 31, 2020 - Nil (Previous year ended March 31, 2019 - 1)

## NOTE 48 : DISCLOSURE UNDER IND AS 115 "REVENUE FROM CONTRACTS WITH CUSTOMERS"

**a. Disaggregated revenue information**

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Type of Services or goods** | | |
| Revenue from Manufacturing of Machinery & Equipment | 124,340.27 | 120,262.42 |
| Revenue from Engineering, Procurement and Construction | 365,002.44 | 292,612.87 |
| Others | 28.16 | 16.81 |
| **Total revenue from sale of services or goods** | **489,370.87** | **412,892.10** |
| | | |
| **Revenue from Contracts with Customers** | | |
| Revenue from Customers based in India | 372,407.10 | 300,501.66 |
| Revenue from Customers based outside India | 116,963.77 | 112,390.44 |
| **Total Revenue from Contracts with Customers** | **489,370.87** | **412,892.10** |
| | | |
| **Timing of Revenue Recognition** | | |
| Goods and services transferred over time | 365,002.44 | 292,612.87 |
| Goods and services transferred at a point in time | 124,368.43 | 120,279.23 |
| | **489,370.87** | **412,892.10** |

# Notes to Financial Statements

### b. Trade receivables and Contract Customers

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Trade receivables | 2,08,243.30 | 1,84,712.91 |
| Contract Assets | 23,270.87 | 9,004.40 |
| Contract Liabilities | 1,09,197.35 | 1,26,808.24 |

Trade receivables are non-interest bearing and are generally on terms of 0 - 60 days. ₹ 1,709.05 lakhs was recognised as provision for expected credit losses on trade receivables.

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

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

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

Revenue for ongoing services at the reporting date yet to be invoiced is recorded as unbilled revenue.

### c. Set out below is the amount of revenue recognised from:

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Amounts included in contract liabilities at the beginning of the year | 126,808.24 | 71,432.92 |
| Amount received against contract liability during the year | 122,265.21 | 181,842.25 |
| Performance obligations satisfied during the year | 139,876.10 | 126,466.93 |
| Amounts included in contract liabilities at the end of the year | 109,197.35 | 126,808.24 |

### d. Performance obligation and remaining performance obligation

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Disclosure of the entity's remaining performance obligations: | | |
| (a) the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period; and | 533,987.79 | 678,897.07 |
| (b) When the entity expects to recognise as revenue | | |
| Within one year | 60.29% | 55.71% |
| Within two years | 34.53% | 39.36% |
| Within five years | 5.18% | 4.93% |
| Thereafter | - | - |

# Notes to Financial Statements

## NOTE 49 : DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 24 RELATED PARTY DISCLOSURES

### A. List of Related Party

| S.no | Name of the Related Party | Country of Incorporation | % of Equity interest As at March 31, 2020 | % of Equity interest As at March 31, 2019 |
|---|---|---|---|---|
| **(i)** | **Holding Company** | None | | |
| **(ii)** | **Subsidiaries** | | | |
| 1 | Saraswati Sugar Mills Limited | India | 100 | 100 |
| 2 | Isgec Covema Limited | India | 100 | 100 |
| 3 | Isgec Exports Limited | India | 100 | 100 |
| 4 | Isgec Engineering & Projects Limited | India | 100 | 100 |
| 5 | Freelook Software Private Limited | India | 100 | 100 |
| 6 | Eagle Press & Equipment Co. Limited | Canada | 100 | NIL |
| 7 | Isgec Investments PTE Ltd | Singapore | 100 | NIL |
| 8 | Isgec Hitachi Zosen Limited | India | 51 | 51 |
| 9 | Isgec SFW Boilers Private Limited | India | 51 | 51 |
| 10 | Isgec Titan Metal Fabricators Private Limited | India | 51 | 51 |
| 11 | Isgec Redecam Enviro Solutions Private Limited | India | 51 | 51 |
| | **Stepdown subsidiaries of :** | | | |
| | **- Eagle Press & Equipment Co. Limited** | | | |
| a) | Eagle Press America Inc. | | | |
| b) | 21917375 Ontario Inc. | | | |
| | **- Isgec Investments PTE Ltd** | | | |
| a) | Bioeq Energy Holdings One | | | |
| b) | Bioeq Energy Pte. Ltd. | | | |
| c) | Bioeq Energy B.V | | | |
| d) | Bioeq Energy Holdings Corp. | | | |
| e) | Bukid Verde Inc. | | | |
| f) | Cavite Biofuels Producers Inc. | | | |
| | | | | |
| **(iii)** | **Associates** | | | |
| | **Stepdown associate of Bioeq Energy Holdings Corp.** | | | |
| 1 | Penwood Project Land Corp. | | | |
| | | | | |
| **(iv)** | **Entities over which key management personnel can exercise significant influence** | | | |
| 1 | Yamuna Syndicate Ltd. | | | |
| 2 | Kamla Puri Charitable Trust | | | |
| 3 | Kamla Puri Charitable Foundation | | | |
| 4 | Blue Water Enterprises | | | |
| | | | | |
| **(v)** | **Key Management Personnel** | **Designation** | | |
| 1 | Mr. Aditya Puri | Managing Director | | |
| 2 | Mrs. Nina Puri | Whole-time Director | | |
| 3 | Mr. Ranjit Puri | Chairman | | |

# Notes to Financial Statements

| S.no | Name of the Related Party | Country of Incorporation | % of Equity interest As at March 31, 2020 | % of Equity interest As at March 31, 2019 |
|---|---|---|---|---|
| 4 | Mr. Vinod Kumar Nagpal | Non Executive Director | | |
| 5 | Mr. Tahir Hasan | Non Executive Director | | |
| 6 | Mr. Arun Kathpalia | Non Executive Director | | |
| 7 | Mr. Vinod Kumar Sachdeva | Non Executive Director | | |
| 8 | Mr. Sidharth Prasad | Non Executive Director | | |
| 9 | Mr. Vishal Kirti Keshav Marwaha | Non Executive Director | | |
| 10 | Mrs. Shivani Hazari | Non Executive Director | | |
| 11 | Mr. Sudershan Kumar Khorana | Company Secretary | | |
| 12 | Mr. Kishore Chatnani | Chief Financial Officer | | |
| | | | | |
| **(vi)** | **Trust for post employment benefit** | **Principal place of operation /Country of incorporation** | **Principal Activities** | |
| 1 | The Saraswati Sugar Syndicate Limited Employee Provident Fund Trust | India | Company's employee provident fund trust | |
| 2 | Isgec Employees Group Gratuity cum Life Assurance Scheme | India | Company's employee gratuity trust | |
| 3 | Uttar Pradesh Steels Employees Group Gratuity cum Life Assurance Scheme | India | Company's employee gratuity trust | |
| 4 | The Saraswati Syndicate Employees Group Gratuity cum Life Assurance Scheme | India | Company's employee gratuity trust | |
| 5 | The Saraswati Industrial Syndicate Limited Employees Group Gratuity Scheme | India | Company's employee gratuity trust | |
| 6 | Saraswati Industrial Syndicate Limited Superannuation Scheme | India | Company's employee superannuation trust | |
| 7 | Isgec John Thompson Staff Provident Fund | India | Company's employee provident fund trust | |

# Notes to Financial Statements

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

(₹ in lakhs)

| S.no | Nature of Transaction/Relationship | 2019-20 | 2018-19 |
|---|---|---|---|
| 1 | **Purchase of goods** | | |
| | **– Subsidiaries** | | |
| | Saraswati Sugar Mills Limited | - | 3.36 |
| | Isgec Hitachi Zosen Limited | 564.44 | 899.66 |
| | Isgec Titan Metal Fabricators Pvt. Ltd. | 386.66 | 156.96 |
| | Isgec Redecam Enviro Solutions Pvt. Ltd. | 1,401.71 | 406.00 |
| | **– Entities over which key management personnel can exercise significant influence** | | |
| | Yamuna Syndicate Ltd. | 97.45 | 80.99 |
| | **Total** | **2,450.26** | **1,546.97** |
| | | | |
| 2 | **Sale of goods** | | |
| | **– Subsidiaries** | | |
| | Saraswati Sugar Mills Limited | 10.94 | 168.80 |
| | Isgec Hitachi Zosen Limited | 14.37 | 43.96 |
| | Isgec Titan Metal Fabricators Pvt. Ltd. | 221.80 | 3.36 |
| | Eagle Press & Equipment Co. Limited | 284.24 | - |
| | **Total** | **531.35** | **216.12** |
| | | | |
| 3 | **Purchase of fixed assets** | | |
| | **– Subsidiary** | | |
| | Freelook Software Private Limited | 736.07 | - |
| | Isgec Hitachi Zosen Limited | - | 10.61 |
| | **Total** | **736.07** | **10.61** |
| | | | |
| 4 | **Rendering of services** | | |
| | **– Subsidiaries** | | |
| | Saraswati Sugar Mills Limited | 15.32 | 101.04 |
| | Isgec Hitachi Zosen Limited | 350.14 | 330.46 |
| | Isgec SFW Boilers Pvt. Ltd. | 84.19 | 124.45 |
| | Isgec Titan Metal Fabricators Pvt. Ltd. | 382.68 | 325.72 |
| | Isgec Redecam Enviro Solutions Pvt. Ltd. | 109.41 | 109.28 |
| | Eagle Press & Equipment Co. Limited | 62.17 | - |
| | **– Entities over which key management personnel can exercise significant influence** | | |
| | Yamuna Syndicate Ltd. | 12.25 | 12.30 |
| | **Total** | **1,016.16** | **1,003.25** |
| | | | |
| 5 | **Services received** | | |
| | **– Subsidiaries** | | |
| | Saraswati Sugar Mills Limited | 5.20 | 5.68 |
| | Isgec Hitachi Zosen Limited | 629.43 | 407.09 |
| | Isgec SFW Boilers Pvt. Ltd. | 52.55 | 11.72 |
| | Isgec Titan Metal Fabricators Pvt. Ltd. | 7.53 | 50.55 |
| | **– Entities over which key management personnel can exercise significant influence** | | |
| | Yamuna Syndicate Ltd. | 0.34 | 0.11 |
| | **Total** | **695.05** | **475.15** |

# Notes to Financial Statements

(₹ in lakhs)

| S.no | Nature of Transaction/Relationship | 2019-20 | 2018-19 |
|---|---|---|---|
| 6 | **Rent received** | | |
| | **– Subsidiaries** | | |
| | Isgec Hitachi Zosen Limited | 2,835.00 | 2,835.00 |
| | Isgec Titan Metal Fabricators Pvt. Ltd. | 60.00 | 50.00 |
| | **– Entities over which key management personnel can exercise significant influence** | | |
| | Yamuna Syndicate Ltd. | 3.00 | 1.67 |
| | **Total** | **2,898.00** | **2,886.67** |
| | | | |
| 7 | **Rent paid** | | |
| | **– Subsidiary** | | |
| | Isgec Engineering & Projects Limited | 8.64 | 8.64 |
| | **– Entities over which key management personnel can exercise significant influence** | | |
| | Blue Water Enterprises | 63.62 | 63.62 |
| | **– Key Management Personnel** | | |
| | Mrs. Nina Puri | 4.13 | - |
| | **Total** | **76.39** | **72.26** |
| | | | |
| 8 | **Interest received** | | |
| | **– Subsidiary** | | |
| | Saraswati Sugar Mills Limited | 125.10 | - |
| | Isgec Investments PTE Ltd | 27.53 | - |
| | Eagle Press & Equipment Co. Limited | 25.25 | - |
| | **Total** | **177.88** | **-** |
| | | | |
| 9 | **Loans given** | | |
| | **– Subsidiary** | | |
| | Isgec Investments PTE Ltd | 1,089.72 | - |
| | Eagle Press & Equipment Co. Limited | 812.58 | - |
| | Saraswati Sugar Mills Limited | 4,550.00 | - |
| | **Total** | **6,452.30** | **-** |
| | | | |
| 10 | **Refund of loan** | | |
| | **– Subsidiary** | | |
| | Saraswati Sugar Mills Limited | 4,550.00 | - |
| | **Total** | **4,550.00** | **-** |
| | | | |
| 11 | **Key management personnel compensation *** | | |
| | Mr. Aditya Puri | 1,211.25 | 1,294.00 |
| | Mrs. Nina Puri | 1,211.25 | 1,294.00 |
| | Mr. Sudershan Kumar Khorana | 133.84 | 128.55 |
| | Mr. Kishore Chatnani | 95.06 | 88.00 |
| | **Total** | **2,651.40** | **2,804.55** |

# Notes to Financial Statements

(₹ in lakhs)

| S.no | Nature of Transaction/Relationship | 2019-20 | 2018-19 |
|---|---|---|---|
| 12 | **Key management personnel remuneration / sitting fees** | | |
| | Mr. Ranjit Puri | 5.45 | 2.95 |
| | Mr. Vinod Kumar Nagpal | 5.65 | 3.25 |
| | Mr. Tahir Hasan | 5.25 | 2.75 |
| | Mr. Arun Kathpalia | 1.35 | 1.65 |
| | Mr. Vinod Kumar Sachdeva | 5.45 | 3.05 |
| | Mr. Sidharth Prasad | 4.75 | 2.50 |
| | Mr. Vishal Kirti Keshav Marwaha | 4.25 | 2.75 |
| | Mrs. Shivani Hazari | 3.25 | 1.03 |
| | **Total** | **35.40** | **19.93** |
| | | | |
| 13 | **Contribution to trust for post employment benefit** | | |
| | **Name of trust** | | |
| a | The Saraswati Sugar Syndicate Limited Employee Provident Fund Trust | 1,047.32 | 939.60 |
| b | Isgec Employees Group Gratuity cum Life Assurance Scheme | 87.98 | 542.60 |
| c | Uttar Pradesh Steels Employees Group Gratuity cum Life Assurance Scheme | 3.08 | 47.09 |
| d | The Saraswati Syndicate Employees Group Gratuity cum Life Assurance Scheme | 0.20 | 0.18 |
| e | The Saraswati Industrial Syndicate Limited Employees Group Gratuity Scheme | 0.10 | 0.09 |
| f | Saraswati Industrial Syndicate Limited Superannuation Scheme | 54.68 | 54.38 |

* The post employment benefits exclude provision for gratuity and leave encashment which can not be separately identified from the composite amount as advised by the actuary.

## C. Amount due to / from related parties

(₹ in lakhs)

| S.no | Nature of Transaction/Relationship | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| 1 | **Amount payable as at year end** | | |
| | **– Subsidiaries** | | |
| | Isgec Hitachi Zosen Limited | 24.02 | 31.56 |
| | Isgec Titan Metal Fabricators Pvt. Ltd. | 6.59 | 136.46 |
| | Isgec Redecam Enviro Solutions Pvt. Ltd. | 332.56 | 352.20 |
| | Isgec SFW Boilers Pvt. Ltd. | 7.73 | - |
| | | | |
| | **– Entities over which key management personnel can exercise significant influence** | | |
| | Yamuna Syndicate Ltd. | 3.43 | 8.90 |
| | | | |
| | **– Key management personnel** | | |
| | Mr. Aditya Puri (Managing Director) | 1,138.02 | 1,219.38 |
| | Mrs. Nina Puri (Wholetime Director) | 1,141.36 | 1,223.74 |
| | Mr. Ranjit Puri (Chairman) | 0.23 | 0.23 |
| | Mr. Vinod Kumar Nagpal | 0.23 | 0.23 |
| | Mr. Tahir Hasan | 0.23 | 0.23 |
| | Mr. Arun Kathpalia | 0.23 | 0.23 |
| | Mr. Vinod Kumar Sachdeva | 0.23 | 0.23 |
| | Mr. Sidharth Prasad | 0.23 | 0.23 |
| | Mr. Vishal Kirti Keshav Marwaha | 0.23 | 0.23 |
| | Mrs. Shivani Hazari | 0.23 | 0.03 |
| | **Total** | **2,655.55** | **2,973.88** |

# Notes to Financial Statements

(₹ in lakhs)

| S.no | Nature of Transaction/Relationship | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| 2 | **Amount receivable as at year end** | | |
| | **– Subsidiaries** | | |
| | Saraswati Sugar Mills Limited | 3.20 | 215.28 |
| | Isgec Hitachi Zosen Limited | 184.60 | 298.91 |
| | Isgec SFW Boilers Pvt. Ltd. | 48.26 | 18.71 |
| | Isgec Titan Metal Fabricators Pvt. Ltd. | 562.02 | 146.81 |
| | Isgec Redecam Enviro Solutions Pvt. Ltd. | 244.60 | 317.32 |
| | Eagle Press & Equipment Co. Limited | 354.31 | - |
| | Isgec Covema Limited | 16.71 | - |
| | Cavite Biofuels Producers Inc. | 25,391.90 | - |
| | | | |
| | **– Entities over which key management personnel can exercise significant influence** | | |
| | Blue Water Enterprises | 15.90 | 15.90 |
| | Yamuna Syndicate Ltd. | 0.20 | - |
| | **Total** | **26,821.70** | **1,012.93** |
| | | | |
| 3 | **Investment as at year end** | | |
| | **– Subsidiaries** | | |
| | Saraswati Sugar Mills Limited | 7,009.99 | 7,009.99 |
| | Isgec Covema Limited | 200.00 | 200.00 |
| | Isgec Exports Limited | 10.00 | 10.00 |
| | Isgec Engineering & Projects Limited | 400.00 | 400.00 |
| | Freelook Software Private Limited | 1,306.45 | 1,306.45 |
| | Eagle Press & Equipment Co. Limited | 2,643.05 | 2,643.05 |
| | Isgec Investments PTE Ltd | 5.20 | - |
| | Isgec Hitachi Zosen Limited | 5,100.00 | 5,100.00 |
| | Isgec SFW Boilers Private Limited | 102.00 | 102.00 |
| | Isgec Titan Metal Fabricators Private Limited | 51.00 | 51.00 |
| | Isgec Redecam Enviro Solutions Private Limited | 102.00 | 102.00 |
| | **Total** | **16,929.69** | **16,924.49** |

## D. 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 are unsecured and the settlement will occur in cash.

## E. Particulars in respect of loans and advances in the nature of loans to related parties as required by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(₹ in lakhs)

| S.no | Name of the Company | Balance as at | | Maximum outstanding during the year ended | |
|---|---|---|---|---|---|
| | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | **Loans and advances in the nature of loans given to subsidiaries:** | | | | |
| 1 | Isgec Investments PTE Ltd | 1,089.72 | - | 1,089.72 | - |
| 2 | Eagle Press & Equipment Co. Limited | 812.58 | - | 812.58 | - |
| 3 | Saraswati Sugar Mills Limited | - | - | 4,550.00 | - |

# Notes to Financial Statements

## NOTE 50 : FAIR VALUE MEASUREMENT

**Financial instruments by category**

(₹ in lakhs)

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Amortised Cost | FVTPL * | FVTOCI # | Amortised Cost | FVTPL * | FVTOCI # |
| **Financial Asset** | | | | | | |
| **Investments** | | | | | | |
| - Investments in debentures or bonds | - | - | - | - | 2,741.11 | - |
| - Investments in mutual funds | - | 5,945.47 | - | - | 10,484.39 | - |
| - Other investments | - | 2,253.36 | - | - | 2,320.37 | - |
| Trade receivables - current | 199,043.54 | - | - | 180,380.92 | - | - |
| Trade receivables - non current | 9,199.76 | - | - | 4,331.99 | - | - |
| Loans | 4,976.16 | - | - | 3,059.31 | - | - |
| Cash and cash equivalents | 12,735.86 | - | - | 7,596.69 | - | - |
| Bank balances | 819.89 | - | - | 1,609.10 | - | - |
| Foreign currency forward contracts | - | 1,295.18 | - | - | 1,678.35 | - |
| Others financial assets | 1,633.14 | - | - | 1,539.32 | - | - |
| **Total Financial Assets** | **228,408.35** | **9,494.01** | **-** | **198,517.33** | **17,224.22** | **-** |
| | | | | | | |
| **Financial Liabilities** | | | | | | |
| Borrowings | 34,123.91 | - | - | 7,470.57 | - | - |
| Trade payables | 122,485.38 | - | - | 129,000.85 | - | - |
| Forward contracts | - | 1,295.18 | - | - | 1,678.35 | - |
| Lease liability | 1,262.49 | - | - | - | - | - |
| Other financial liabilities | 6,529.71 | - | - | 5,993.01 | - | - |
| **Total Financial Liabilities** | **164,401.49** | **1,295.18** | **-** | **142,464.43** | **1,678.35** | **-** |

* FVTPL - Fair value through profit or loss

# FVTOCI - Fair value through other comprehensive income

### (i) Fair value hierarchy

This section explains the judgments 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 fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

# Notes to Financial Statements

The following table provides the fair value measurement hierarchy of the 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.

(₹ in lakhs)

| Particulars | Fair Value Measurement using | | | |
|---|---|---|---|---|
| | Carrying Value March 31, 2019 | Quoted price in Active Market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **(A) Financial assets and liabilities at fair value through profit or loss** | | | | |
| **Financial assets** | | | | |
| **Investments** | | | | |
| -Investments in debentures or bonds | 2,741.11 | - | 2,741.11 | - |
| -Investments in mutual funds | 10,484.39 | 10,484.39 | - | - |
| -Other investments | 2,320.37 | - | 2,320.37 | - |
| Foreign currency forward contracts | 1,678.35 | - | 1,678.35 | - |
| **Total** | **17,224.22** | **10,484.39** | **6,739.83** | **-** |
| **Financial liabilities** | | | | |
| Forward contracts | 1,678.35 | - | 1,678.35 | - |
| **Total** | **1,678.35** | **-** | **1,678.35** | **-** |
| | | | | |
| **(B) Financial assets and liabilities measured at amortised cost for which fair values are disclosed at March 31, 2019** | | | | |
| **Financial Assets** | | | | |
| Loan to Employees | 368.95 | - | - | 368.95 |
| Security Deposit | 737.42 | - | - | 737.42 |
| **Total** | **1,106.37** | **-** | **-** | **1,106.37** |
| **Financial Liabilities** | | | | |
| Borrowings | 7,470.57 | - | - | 7,470.57 |
| Lease liability | - | - | - | - |
| Other financial liabilities | 148.93 | - | - | 148.93 |
| **Total** | **7,619.50** | **-** | **-** | **7,619.50** |

# Notes to Financial Statements

(₹ in lakhs)

| Particulars | Fair Value Measurement using | | | |
|---|---|---|---|---|
| | Carrying Value March 31, 2020 | Quoted price in Active Market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **(A) Financial assets at fair value through profit or loss** | | | | |
| **Financial assets** | | | | |
| **Investments** | | | | |
| -Investments in debentures or bonds | - | - | - | - |
| -Investments in mutual funds | 5,945.47 | 5,945.47 | - | - |
| -Other investments | 2,253.36 | - | 2,253.36 | - |
| Foreign currency forward contracts | 1,295.18 | - | 1,295.18 | - |
| **Total** | **9,494.01** | **5,945.47** | **3,548.54** | **-** |
| **Financial liabilities** | | | | |
| Forward contracts | 1,295.18 | - | 1,295.18 | - |
| **Total** | **1,295.18** | **-** | **1,295.18** | **-** |
| | | | | |
| **(B) Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed at March 31, 2020** | | | | |
| **Financial Assets** | | | | |
| Loan to Employees | 390.24 | - | - | 390.24 |
| Security Deposit | 780.52 | - | - | 780.52 |
| **Total** | **1,170.76** | **-** | **-** | **1,170.76** |
| **Financial Liabilities** | | | | |
| Borrowings | 34,123.91 | - | - | 34,123.91 |
| Lease liability | 1,262.49 | - | - | 1,262.49 |
| Other financial liabilities | 128.27 | - | - | 128.27 |
| **Total** | **35,514.67** | **-** | **-** | **35,514.67** |

### (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 borrowings 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 fair value.

# Notes to Financial Statements

## NOTE 51 : FINANCIAL RISK MANAGEMENT

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

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

### I. 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, investments, and derivative financial instruments.

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

### (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 Company borrowings to interest rate changes at the end of reporting period are as follows:

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Variable rate borrowings | 611.12 | 1,270.57 |
| Fixed rate borrowings | 9,007.33 | 6,200.00 |
| **Total** | **9,618.45** | **7,470.57** |

#### (ii) As at the end of reporting period, the company had the following variable rate borrowings outstanding:

(₹ in lakhs)

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Weighted average interest rate (%) | Balance | % of total borrowings | Weighted average interest rate (%) | Balance | % of total borrowings |
| Loans repayable on demand (Cash Credit) | 9.78 | 611.12 | 6.35 | 10.14 | 1,270.57 | 17.01 |
| Net exposure to cash flow interest rate risk | | 611.12 | | | 1,270.57 | |

#### (iii) Sensitivity

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

(₹ in lakhs)

| Particulars | Increase/ Decrease in Basis Points | | Impact on Profit before Tax | |
|---|---|---|---|---|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| INR | +50 | +50 | 3.06 | 6.35 |
| | - 50 | - 50 | -3.06 | -6.35 |

# Notes to Financial Statements

**(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 management policy approved by the Board.

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

(₹ in lakhs)

| Particulars | Against exposure in | | | |
|---|---|---|---|---|
| **Foreign currency exposure as at March 31, 2020** | **USD** | **Euro** | **Others** | **Total** |
| Trade receivables | 52,322.58 | 3,733.00 | 179.61 | 56,235.19 |
| Other receivables * | 15,376.03 | - | - | 15,376.03 |
| Loans and other advances | - | - | 1,963.42 | 1,963.42 |
| Bank balances in current accounts and term deposits accounts | 1.41 | 0.01 | 18.96 | 20.38 |
| Trade payables | 4,639.78 | 760.77 | 1.05 | 5,401.60 |
| Hedged Portion | 40,593.18 | 4,318.17 | 1.05 | 44,912.40 |
| Net Exposure to foreign currency risk | 31,746.62 | 175.61 | 2,161.99 | 34,084.22 |
| **Foreign currency exposure as at March 31, 2019** | **USD** | **Euro** | **Others** | **Total** |
| Trade receivables | 54,356.43 | 2,233.39 | 8.96 | 56,598.78 |
| Other receivables | - | - | - | - |
| Loans and other advances | - | - | - | - |
| Bank balances in current accounts and term deposits accounts | 48.68 | 0.01 | 2.66 | 51.35 |
| Trade payables | 2,200.82 | 536.55 | 2.75 | 2,740.12 |
| Hedged Portion | 52,114.51 | 2,768.87 | 2.75 | 54,886.13 |
| Net Exposure to foreign currency risk | 4,491.42 | 1.08 | 11.62 | 4,504.12 |

* This amount is recoverable against refund of Bank Guarantee invoked by a customer, Cavite Biofuel Producers Inc (CBPI). Subsequently, CBPI has been acquired by one of our subsidiary companies on 3rd October 2019.

**Foreign currency sensitivity**

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

(₹ in lakhs)

| Particulars | 2019-20 | | 2018-19 | |
|---|---|---|---|---|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| USD | 317.42 | -317.42 | 44.91 | -44.91 |
| Euro | 1.76 | -1.76 | 0.01 | -0.01 |
| Others | 21.62 | -21.62 | 0.12 | -0.12 |

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

**(c) Price Risk**

The Company's exposure to price risk arises from the investment held by the Company. To manage its price risk arising from investments in marketable securities, the Company diversifies its portfolio and is done in accordance with the Company policy. The Company's major investments are actively traded in markets and are held for short period of time. Therefore no sensitivity is provided for the same.

# Notes to Financial Statements

**II. 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

The Company's major exposure is from trade receivables, which are unsecured and contractually due from external customers. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted securities and certificates of deposit which are funds deposited at a bank for a specified time period. Other loans are mainly provided to the subsidiaries and to employees which have very minimal risk because of the nature of such loans.

**Expected credit loss for trade receivable on simplified approach :**

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

(₹ in lakhs)

| Particulars | Not Due | Less than 6 months | 6-12 months | More than 12 months | Total |
|---|---|---|---|---|---|
| **As at March 31, 2018** | | | | | |
| Gross Carrying Amount | 74,331.35 | 23,268.91 | 6,567.43 | 10,735.48 | 114,903.17 |
| Expected Credit Loss | - | 16.12 | 204.02 | 361.22 | 581.36 |
| Carrying Amount (net of impairment) | 74,331.35 | 23,252.79 | 6,363.41 | 10,374.26 | 114,321.81 |
| | | | | | |
| **As at March 31, 2019** | | | | | |
| Gross Carrying Amount | 114,176.39 | 31,415.24 | 17,736.23 | 23,069.37 | 186,397.23 |
| Expected Credit Loss | - | 26.60 | 474.38 | 1,183.34 | 1,684.32 |
| Carrying Amount (net of impairment) | 114,176.39 | 31,388.64 | 17,261.85 | 21,886.03 | 184,712.91 |
| | | | | | |
| **As at March 31, 2020** | | | | | |
| Gross Carrying Amount | 118,395.83 | 43,140.66 | 6,005.20 | 42,410.66 | 209,952.35 |
| Expected Credit Loss | - | - | 52.13 | 1,656.92 | 1,709.05 |
| Carrying Amount (net of impairment) | 118,395.83 | 43,140.66 | 5,953.07 | 40,753.74 | 208,243.30 |

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 default 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.

# Notes to Financial Statements

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

(₹ in lakhs)

| Particulars | ECL for Trade Receivables |
|---|---:|
| **As at March 31, 2018** | **581.36** |
| Provided during the year | 1,102.96 |
| Amounts written off | - |
| Reversal of provisions | - |
| **As at March 31, 2019** | **1,684.32** |
| Provided during the year | 24.73 |
| Amounts written off | - |
| Reversal of provisions | - |
| **As at March 31, 2020** | **1,709.05** |

## III. Liquidity Risk

Liquidity risk is defined as the risk that the 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:

(₹ in lakhs)

| As at March 31, 2020 | Carrying Amount | On Demand | Less than 12 months | More than 12 months | Total |
|---|---:|---:|---:|---:|---:|
| Borrowings | 34,123.91 | 611.12 | 33,420.63 | 92.16 | 34,123.91 |
| Trade payables | 122,485.38 | - | 122,485.38 | - | 122,485.38 |
| Lease liability | 1,262.49 | - | 252.79 | 1,009.70 | 1,262.49 |
| Other Liabilities | 7,824.89 | - | 7,696.62 | 128.27 | 7,824.89 |
| **Total** | **165,696.67** | **611.12** | **163,855.42** | **1,230.13** | **165,696.67** |

(₹ in lakhs)

| As at March 31, 2019 | Carrying Amount | On Demand | Less than 12 months | More than 12 months | Total |
|---|---:|---:|---:|---:|---:|
| Borrowings | 7,470.57 | 1,270.57 | 6,200.00 | - | 7,470.57 |
| Trade payables | 129,000.85 | - | 129,000.85 | - | 129,000.85 |
| Other Liabilities | 7,671.36 | - | 7,522.43 | 148.93 | 7,671.36 |
| **Total** | **144,142.78** | **1,270.57** | **142,723.28** | **148.93** | **144,142.78** |

### Financing arrangements

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

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---:|---:|
| Bank overdraft and other facilities | 30,501.52 | 30,529.43 |

# Notes to Financial Statements

## NOTE 52 : CAPITAL MANAGEMENT

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

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Debt | 34,031.75 | 7,470.57 |
| Less: Cash & cash equivalent | 12,735.86 | 7,596.69 |
| Net Debt | 21,295.89 | (126.12) |
| Total Equity | 147,050.92 | 134,717.25 |
| Total Equity and Net Debt | 168,346.81 | 134,591.13 |
| **Net debt to equity plus debt ratio (Gearing Ratio)** | **12.7%** | **-0.1%** |

**Notes-**

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

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

### (b) Loan Covenants

In order to achieve this overall objective, the company'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 year and the previous years.

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

### (C) Dividends

(₹ in lakhs)

| Particulars | Recognized in the year ending | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| **(i) Dividends Recognized** | | |
| Dividend for the year ended March 31, 2019 ₹ 1.50 per equity share of ₹ 1/- each | 1,102.94 | - |
| (for the year ended March 31, 2018 ₹ NIL/- per equity share of ₹ 10/- each) | | |
| Interim dividend during the year ended March 31, 2020 ₹ 2/- per equity share of ₹ 1/- each | 1,470.59 | 367.65 |
| (during the year ended March 31, 2019 ₹ 5/- per equity share of ₹ 10/- each) | | |
| **(ii) Dividend proposed but not recognised in the books of accounts *** | | |
| The Board in order to conserve the resources did not recommend any final dividend | NIL | 1102.94 |
| (March 31, 2019 ₹ 1.50 per equity share of ₹ 1/- each) | | |

**Note :**

During the previous year ended March 31, 2019, equity shares of ₹ 10/- each were sub-divided into 10 equity shares of ₹ 1/- each pursuant to an ordinary resolution passed by the shareholders by way of Postal Ballot on March 16, 2019.

# Notes to Financial Statements

## NOTE 53 : PARTICULARS OF LOANS, GUARANTEES AND INVESTMENT UNDER SECTION 186 OF COMPANIES ACT 2013 AS AT MARCH 31, 2020

₹ in lakhs

| Sr. No. | Nature of the transaction (Loans given/Guarantee given/Security Provided/Investments made) | Purpose for which the loan/guarantee/security is utilised by the recipient | Amount |
|---|---|---|---|
| 1 | Guarantees to Banks for Isgec Hitachi Zosen Limited | Corporate Guarantees to Secure Working Capital Bank facility | 52,189.47 |
| 2 | Guarantees to Banks for Isgec Titan Metal Fabricators Pvt. Ltd. | Corporate Guarantees to Secure Working Capital Bank facility | 4,450.00 |
| 3 | Guarantees to Banks for Isgec Redecam Enviro Solutions Pvt. Ltd. | Corporate Guarantees to Secure Working Capital Bank facility | 2,000.00 |
| 4 | Security provided to HSBC Bank for Loans to Eagle Press & Equipment Co. Ltd., Canada | To secure Term Loan and credit facilities to Eagle Press & Equipment Co. Ltd., Canada | 7,872.12 |
| 5 | **Loans to Subsidiaries :** | | |
| | Isgec Investments PTE Ltd., Singapore | | 1,089.72 |
| | Eagle Press & Equipment Co. Ltd., Canada | | 812.58 |
| | **Total :** | | **68,413.89** |

| 6 | Investment | Face Value ₹ per Share/Unit | No. of Shares/Units | Amount |
|---|---|---|---|---|
| | **Equity Shares of Subsidiary Companies (At cost) :** | | | |
| | Isgec Covema Limited | 10 | 20,00,000 | 200.00 |
| | Isgec Exports Limited | 10 | 1,00,000 | 10.00 |
| | Isgec Engineering & Projects Limited | 10 | 40,00,000 | 400.00 |
| | Saraswati Sugar Mills Limited | 10 | 70,99,900 | 7,009.99 |
| | Free Look Software Private Limited | 10 | 24,650 | 1,306.45 |
| | Eagle Press & Equipment Co. Ltd. | CAD 1 | 45,00,000 | 2,643.05 |
| | Isgec Investments PTE Ltd. | SGD 1 | 10,000 | 5.20 |
| | Isgec Hitachi Zosen Limited | 10 | 5,10,00,000 | 5,100.00 |
| | Isgec SFW Boilers Pvt. Limited | 10 | 10,20,000 | 102.00 |
| | Isgec Titan Metal Fabricators Pvt. Limited | 10 | 5,10,000 | 51.00 |
| | Isgec Redecam Enviro Solutions Pvt. Limited | 10 | 10,20,000 | 102.00 |
| | **Total :** | | | **16,929.69** |
| | **Grand Total :** | | | **85,343.58** |

## NOTE 54 : REVENUE EXPENDITURE ON RESEARCH & DEVELOPMENT

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Salaries & wages | 165.89 | 146.69 |
| Contribution to Provident & other Funds | 9.33 | 8.06 |
| Others | 42.48 | 36.81 |
| **Total** | **217.70** | **191.56** |

# Notes to Financial Statements

**Note 55 : As per General Circular no.15/2011 dated April 11, 2011 issued by Ministry of Corporate Affairs, Government of India, the required information is as under :-**

| Sr. No. | Particulars | Description | |
|---|---|---|---|
| a) | **Products covered for Cost Audit** | Ingots and Manufactured items of Engineering Machinery | |
| b) | **Full Particulars of Cost Auditor** | M/s K. C. Kohli & Co. | |
| | | Cost Accountants | |
| | | B-92, Subhadra Colony, | |
| | | Sarai Rohilla, Delhi - 110 035 | |
| c) | **Filing of Cost Audit Report** | **Year ended March 31, 2020** | **Year ended March 31, 2019** |
| | i) Due Date of Filing of Cost Audit Report | 27.09.2020 | 27.09.2019 |
| | ii) Actual Date of Filing Cost Audit Report | Not Yet Due | 30.08.2019 |

## NOTE 56 : IMPACT OF COVID 19 (GLOBAL PANDEMIC)

The Company has evaluated the impact of COVID–19 resulting from (i) the possibility of constraints to fulfil its performance obligations under the contract with customers; (ii) revision of estimations of costs to complete the contract because of additional efforts; (iii) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID–19 is not material on long term basis based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the recoverability of receivables including unbilled receivables, contract assets and contract costs, intangible assets, and investments and other financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial results has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future demand of its products and services. The Company has performed analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

**Note 57 :** Contribution to political parties during the year 2019-20 is ₹ Nil (previous year: ₹ Nil)

As per our report of the even date
For **S C V & Co. LLP.**
*Chartered Accountants*
Firm Regn. No.000235N / N500089

**Sanjay Kumar**
*General Manager*

**Kishore Chatnani**
*Chief Financial Officer*

**For & on behalf of the Board of Directors**

**CA. Abhinav Khosla**
*Partner*
M. No. 087010

**S.K. Khorana**
*Executive Director & Company Secretary*
M.No.1872

**Aditya Puri**
*Managing Director*
DIN: 00052534

**Vinod Kumar Nagpal**
*Director*
DIN: 00147777

**Shivani Hazari**
*Director*
DIN: 00694121

Place: Noida
Dated : June 26, 2020

# Independent Auditor's Report

To the Members of
Isgec Heavy Engineering Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying consolidated Ind AS Financial Statements of **Isgec Heavy Engineering Limited** (hereinafter referred to as "the Holding Company") and its Subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associate, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including the Statement of Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows 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 consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and other financial information of subsidiaries and associate, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31st March, 2020, of its consolidated profit and other comprehensive income, the consolidated changes in equity and its consolidated cash flows for the year then ended.

### BASIS FOR OPINION

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs) 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 Consolidated Ind AS Financial Statements* section of our report. We are independent of the Group 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 consolidated 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 opinion on the consolidated Ind AS financial statements.

### EMPHASIS OF MATTER

We draw attention to Note 55 to the consolidated Ind AS financial statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Group's operations, carrying amounts of investments, recoverability of receivables and other assets and management's evaluation of the future performance of the Group. Our opinion is not modified in respect of this matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matters | Auditor's Response |
|---|---|---|
| 1 | **Revenue recognition for construction contracts**<br><br>The Holding Company's significant portion of business is undertaken through construction contracts. Revenue from these contracts is recognized over a period of time in accordance with the requirements of Ind AS 115, "Revenue from Contracts with Customers". Due to the nature of the contracts, revenue recognition involves usage of percentage of completion method which is determined based on proportion of contract costs incurred to date compared to estimated total contract costs.<br><br>The determination of revenues and margin relating to construction contracts depends on total cost at completion estimated by the management. These estimates are reviewed on a quarterly basis or more frequently in the event of any major development during the progress of projects.<br><br>This method involves significant judgments, identification of contractual obligations and the Company's rights to receive payments for performance completed till date, changes in scope and consequential revised contract price and recognition of the liability for loss making contracts.<br><br>Refer Note 3.5 to the consolidated Ind AS financial statements. | **Principal Audit Procedures**<br><br>In the context of our work, the procedures set up in terms of contribution to revenues of construction contracts consisted of :<br><br>• Considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of Ind AS 115.<br><br>• Performing testing of the design and implementation of controls over revenue recognition with specific focus on controls over determination of progress of completion, recording of costs incurred and estimation of costs to complete the remaining contract obligations.<br><br>• Performing tests of details, on a sample basis, and verifying the underlying customer contracts, performing review of actual costs incurred with estimated costs to identify significant variations and assess whether those variations have been considered in estimating the remaining costs to complete and consequential determination of stage of completion, which formed the basis of revenue recognition under the input method. We reviewed the management's evaluation process to recognize revenue over a period of time, status of completion for projects and total cost estimates. We reviewed and tested the estimated cost of contracts, on test check basis, arising from contract modifications and analysed current on-going negotiations and settlements that may impair the profitability of such contracts.<br><br>• Examining contracts with exceptions including contracts with low or negative margins, loss making contracts, contracts with significant changes in planned cost estimates to determine the level of provisioning required.<br><br>• Verifying the contractual positions and revenue for the year are appropriately presented and disclosed in the consolidated Ind AS financial statements. |

| Sr. No. | Key Audit Matters | Auditor's Response |
|---|---|---|
| 2 | The Group applied Ind AS -116 'Leases', which replaced Ind AS-17 'Leases' and the measurement, presentation and disclosure from the date of its initial application of 1st April, 2019, that resulted in change in accounting policy.<br><br>The Group has adopted Ind AS-116 with modified retrospective approach from 1st April, 2019 and has not restated comparative figures in accordance with the transitional provisions contain within Ind AS -116.<br><br>We have considered this as a key audit matter because the adoption and implementation of Ind AS-116 resulted in significant changes to the consolidated Ind AS financial statements of the Group, along with changes to processes, systems and controls, degree of judgements, which have been applied, and the estimates made in determining the impact of Ind AS-116. | Our audit procedures in this area included the following:<br>• Obtained an understanding and evaluated the Holding Company's implementation process, including the review of the updated accounting policy in accordance with Ind AS- 116.<br>• We evaluated Holding Company's management assumptions, specifically the assumptions used to determine the discount rate, lease terms and measurement principals with the assistance of our internal experts.<br>• Tested the factual inputs and calculation of the right-of-use asset and lease liability calculated by the Holding Company's management for each material lease contract.<br>• Obtained an understanding and evaluated the key controls associated with the relevant process for leases and performed substantive procedures on the consolidated statement of profit or loss and balances of assets and liabilities that were subject to the effect of Ind AS-116.<br>• Assessed the modified retrospective application and adequacy of the Group's disclosures of the impact of the new standard in the consolidated Ind AS financial statements. |

## INFORMATION OTHER THAN THE CONSOLIDATED IND AS FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

Our opinion on the consolidated 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 consolidated 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 consolidated 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 CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

In preparing the consolidated Ind AS financial statements, the respective Management and the Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and of its associate.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 holding 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 the Management and Board of Directors 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 ability of the Group and its associate 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 consolidated 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 Group and its associate to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group and its associate of which we are the independent auditors and whose financial statements we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated Ind AS financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTER

We did not audit the financial statements and other financial information in respect of Eighteen subsidiaries, whose financial statement reflect total assets of Rs 3,06,076 Lakhs as at March 31,2020, the total revenues of Rs 48,028 Lakhs, total net loss after tax of ₹ 2,160 Lakhs, total comprehensive loss of ₹ 454 Lakhs and net cash inflows of ₹ 3,452 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 10 Lakhs for the year ended 31st March, 2020, as considered in the consolidated Ind AS financial statements, in respect of one associate, whose financial statements and other financial information have not been audited by us. These financial statements and other financial information have been audited by other auditors whose auditor's reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far it relates to the amounts and disclosures included in respect of these subsidiaries and associate and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of the other auditors.

Certain of the above mentioned subsidiaries and associate are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries and associate located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and associate located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of reports of other auditors on separate financial statements and other financial information of subsidiaries and associate, as noted in the 'other matter' paragraph, we report, to the extent applicable 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 of the aforesaid consolidated Ind AS financial statements.

   (b) In our opinion, proper books of account, as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of other auditors.

   (c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and Consolidated Cash

Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation for consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

(e) On the basis of written representations received from the Directors of the holding company as on March 31, 2020 taken on record by the Board of Directors of the holding company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of Group Companies incorporated in India, is disqualified as on 31st March 2020 from being appointed as a Director in terms of Section 164(2) of the Companies Act, 2013.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based upon the reports of other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the Other matter paragraph,:

a) The consolidated Ind AS financial statements disclose the impact of pending litigation on its consolidated financial position of the Group and its associate- Refer Note 42 to the consolidated Ind AS financial statements.

b) Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

2. 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 Companies Act, 2013, as amended:

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other statutory auditors of subsidiary companies incorporated in India, the remuneration for the year ended March 31, 2020 has been paid/provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.

For **SCV & Co. LLP**
*Chartered Accountants*
Firm Reg. No: 000235N/ N500089

**Abhinav Khosla**
*Partner*
Membership No.: 087010
ICAI UDIN:20087010AAAABK2318

Place: Noida
Dated: June 26th, 2020

# Annexure - A To The Independent Auditor's Report

Referred to in Paragraph (1)(f) 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report of even date to the members of **Isgec Heavy Engineering Limited** on the Consolidated Ind AS Financial Statements for the year ended March 31, 2020

**Report on the Internal Financial Controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of Isgec Heavy Engineering Limited as of and for the year ended 31st March, 2020, We have audited the internal financial controls over financial reporting of Isgec Heavy Engineering Limited (hereinafter referred to as "the Holding Company") and its Subsidiaries which are companies incorporated in India, as of that date.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's and its subsidiary companies', which are companies incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, issued by the Institute of Chartered Accountants of India 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 issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls 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 consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS 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 Holding Company and its Subsidiaries, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31$^{st}$ March, 2020, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiaries, which are incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## OTHER MATTERS

Our aforesaid report under section 143(3)(i) of the Companies Act, 2013 on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to eight Subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For **SCV & Co. LLP**
*Chartered Accountants*
Firm Reg. No: 000235N/ N500089

**Abhinav Khosla**
*Partner*
Membership No.: 087010
ICAI UDIN:20087010AAAABK2318

Place: Noida
Dated: June 26$^{th}$, 2020

# Consolidated Balance Sheet

## as at March 31, 2020

(₹ in lakhs)

| Particulars | Notes | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Non - current assets** | | | |
| (a) Property, Plant and Equipment | 4 | 70,436.92 | 67,181.51 |
| (b) Right-of-use assets | 4A | 5,513.39 | - |
| (c) Capital work - in - progress | | 78,925.17 | 1,875.58 |
| (d) Goodwill | 5 | 2,124.76 | 2,091.63 |
| (e) Other intangible assets | 5 | 4,687.68 | 5,581.04 |
| (f) Biological assets other than bearer plants | 4 | 413.47 | - |
| (g) Investments accounted for using equity method | 6A | 1,019.48 | - |
| (h) Financial assets | | | |
| (i) Investments | 6 | - | 0.63 |
| (ii) Loans | 7 | 1,291.54 | 1,219.71 |
| (iii) Trade receivables | 8 | 9,235.62 | 4,398.25 |
| (iv) Other financial assets | 9 | 1,708.39 | 1,548.60 |
| (i) Deferred tax assets | 10 | 1,641.75 | 680.78 |
| (j) Other non - current assets | 11 | 1,266.85 | 612.65 |
| **Total non-current assets** | | **178,265.02** | **85,190.38** |
| **(2) Current assets** | | | |
| (a) Inventories | 12 | 119,646.64 | 120,873.35 |
| (b) Financial assets | | | |
| (i) Investments | 13 | 8,198.84 | 15,545.87 |
| (ii) Trade receivables | 14 | 179,308.90 | 189,273.81 |
| (iii) Cash and cash equivalents | 15 | 17,973.48 | 10,844.13 |
| (iv) Bank balances other than (iii) above | 16 | 3,462.80 | 3,193.66 |
| (v) Loans | 17 | 1,952.73 | 2,002.17 |
| (vi) Other financial assets | 18 | 6,915.60 | 2,688.60 |
| (c) Current tax assets | 19 | 372.77 | 736.21 |
| (d) Other current assets | 20 | 87,245.68 | 82,478.41 |
| **Total current assets** | | **425,077.44** | **427,636.21** |
| **Total assets** | | **603,342.46** | **512,826.59** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity Share capital | 21 | 735.29 | 735.29 |
| (b) Other Equity | 22 | 187,393.14 | 150,784.67 |
| **Equity attributable to owners of Parent** | | 188,128.43 | 151,519.96 |
| Non Controlling Interest | | 5,402.59 | 7,164.98 |
| **Total equity** | | **193,531.02** | **158,684.94** |
| **LIABILITIES** | | | |
| **(1) Non - current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 23 | 38,593.58 | 5,597.64 |
| (ii) Lease liabilities | | 2,701.90 | - |
| (iii) Other financial liabilities | 24 | 162.38 | 175.83 |
| (b) Provisions | 25 | 6,841.37 | 6,926.35 |
| (c) Deferred tax liabilities | 10 | 1,796.77 | 767.59 |
| (d) Other non - current liabilities | 26 | 18,648.63 | 25,483.16 |
| **Total non-current liabilities** | | **68,744.63** | **38,950.57** |
| **(2) Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 27 | 55,232.37 | 24,772.51 |
| (ii) Lease liabilities | | 519.77 | - |
| (iii) Trade payables | 28 | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | 1,659.07 | 1,138.54 |
| (b) Total outstanding dues of creditors other than micro enterprises and small Enterprises | | 139,210.07 | 147,090.15 |
| (iv) Other financial liabilities | 29 | 11,919.38 | 11,224.70 |
| (b) Other current liabilities | 30 | 119,946.70 | 119,860.83 |
| (c) Provisions | 31 | 12,577.04 | 10,361.90 |
| (d) Current tax liabilities | 19 | 2.41 | 742.45 |
| **Total current liabilities** | | **341,066.81** | **315,191.08** |
| **Total equity & liabilities** | | **603,342.46** | **512,826.59** |

The accompanying notes from 1 to 56 form an integral part of the financial statements

**As per our report of the even date**
For **S C V & Co. LLP.**
*Chartered Accountants*
Firm Regn. No.000235N / N500089

**Sanjay Kumar**
*General Manager*

**Kishore Chatnani**
*Chief Financial Officer*

**For & on behalf of the Board of Directors**

**CA. Abhinav Khosla**
*Partner*
M. No. 087010

**S.K. Khorana**
*Executive Director & Company Secretary*
M.No.1872

**Aditya Puri**
*Managing Director*
DIN: 00052534

**Vinod Kumar Nagpal**
*Director*
DIN: 00147777

**Shivani Hazari**
*Director*
DIN: 00694121

Place: Noida
Dated : June 26, 2020

# Consolidated Statement of Profit and Loss

## for the year ended March 31, 2020

(₹ in lakhs)

| | Particulars | Note No. | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|---|
| I | Revenue from operations | 32 | 585,214.79 | 505,065.89 |
| II | Other Income | 33 | 6,198.28 | 6,875.82 |
| **III** | **Total income (I + II)** | | **591,413.07** | **511,941.71** |
| | | | | |
| **IV** | **Expenses** | | | |
| | Cost of materials consumed | 34 | 140,165.41 | 150,316.81 |
| | Purchase of Stock-in-Trade | | 215,000.31 | 181,158.45 |
| | Erection and commissioning expenses | | 76,913.88 | 44,888.65 |
| | Changes in inventories of finished goods, Stock - in - Trade and work - in - progress | 35 | (6,084.30) | (20,378.84) |
| | Employee benefits expense | 36 | 42,196.98 | 37,549.10 |
| | Finance costs | 37 | 4,114.11 | 2,554.65 |
| | Depreciation and amortization expense | 38 | 9,903.11 | 8,248.16 |
| | Other expenses | 39 | 87,555.07 | 84,910.59 |
| | **Total expenses** | | **569,764.57** | **489,247.57** |
| | | | | |
| **V** | **Profit / (loss) before share of an associate and exceptional items (III - IV)** | | **21,648.50** | **22,694.14** |
| **VI** | Share of profit / (loss) of an associate | | 10.57 | - |
| **VI** | **Profit / (loss) before tax (V + VI)** | | **21,659.07** | **22,694.14** |
| **VII** | Tax expense | 40 | | |
| | (1) Current tax | | 7,069.91 | 8,713.56 |
| | (2) Deferred tax | | (484.09) | (421.00) |
| | (3) MAT credit entitlement | | - | - |
| | **Total tax expense** | | **6,585.82** | **8,292.56** |
| **VIII** | **Profit / (loss) for the year (VI -VII)** | | **15,073.25** | **14,401.58** |
| **IX** | **Other comprehensive income** | | | |
| | A (i) Items that will not be reclassified to profit or loss | | | |
| | a) Remeasurements of post employment benefits obligations | | (106.10) | 10.20 |
| | b) Equity instruments through other comprehensive income | | - | (217.49) |
| | c) Income tax relating to items that will not be reclassified to profit or loss | | 49.67 | (41.40) |
| | B (ii) Items that will be reclassified to profit or loss | | | |
| | a) Change in fair value of cross currency interest rate swap | | - | - |
| | b) Reclassified to profit or loss | | - | 4.26 |
| | c) Exchange difference on translation of foreign operation | | 1,742.79 | (177.50) |
| | **Total other comprehensive income** | | **1,686.36** | **(421.93)** |
| **X** | **Total comprehensive income (VIII + IX) (Comprising Profit and Other Comprehensive Income for the year)** | | **16,759.61** | **13,979.65** |
| | | | | |
| | **Profit for the year** | | **15,073.25** | **14,401.58** |
| | **Attributable to:** | | | |
| | Owners of the parent | | 14,641.76 | 14,276.44 |
| | Non-controlling interests | | 431.49 | 125.14 |
| | **Other comprehensive for the year** | | **1,686.36** | **(421.93)** |
| | **Attributable to:** | | | |
| | Owners of the parent | | 1,699.75 | (426.12) |
| | Non-controlling interests | | (13.39) | 4.19 |
| | **Total comprehensive income of the year:** | | **16,759.61** | **13,979.65** |
| | **Attributable to:** | | | |
| | Owners of the parent | | 16,341.51 | 13,850.32 |
| | Non-controlling interests | | 418.10 | 129.33 |
| **XI** | **Earnings per equity share (nominal value of ₹ 1/- each) for Profit attributable to Owners of the Parent** | 41 | | |
| | Basic (₹) | | 19.91 | 19.42 |
| | Diluted (₹ ) | | 19.91 | 19.42 |

The accompanying notes from 1 to 56 form an integral part of the financial statements

**As per our report of the even date**
For **S C V & Co. LLP.**
*Chartered Accountants*
Firm Regn. No.000235N / N500089

**Sanjay Kumar**
*General Manager*

**Kishore Chatnani**
*Chief Financial Officer*

**For & on behalf of the Board of Directors**

**CA. Abhinav Khosla**
*Partner*
M. No. 087010

**S.K. Khorana**
*Executive Director & Company Secretary*
M.No.1872

**Aditya Puri**
*Managing Director*
DIN: 00052534

**Vinod Kumar Nagpal**
*Director*
DIN: 00147777

**Shivani Hazari**
*Director*
DIN: 00694121

Place: Noida
Dated : June 26, 2020

# Consolidated Cash Flow Statement

## for the year ended March 31, 2020

(₹ in lakhs)

| | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| A | **Cash flow from operating activities** | | |
| | **Profit before tax** | 21,659.07 | 22,694.14 |
| | **Adjustments :** | | |
| | Depreciation and amortization expenses | 9,903.11 | 8,248.16 |
| | (Profit)/Loss on diminution in value of stores and investments | 10.33 | 8.36 |
| | (Gain)/Loss on disposal of property, plant and equipment | 51.35 | 324.77 |
| | (Gain)/loss on sale of financial instruments | (368.58) | (1,794.89) |
| | Change in fair value of financial instruments (investment) | (242.65) | (824.50) |
| | Income from investments - dividends | (0.33) | (1.84) |
| | Adjustment of expected credit loss | 24.13 | 1,110.69 |
| | Bad debts written off | - | 0.04 |
| | Liability no longer required written back | (1,368.05) | (2,262.49) |
| | Interest income | (573.47) | (1,253.49) |
| | Finance/interest costs | 4,114.11 | 2,554.65 |
| | Unreallised foreign exchange (gain)/loss | (3,489.04) | 66.88 |
| | Adjustment due to discounting in warranty provision | 74.61 | 95.23 |
| | **Cash flow before working capital adjustments** | **29,794.59** | **28,965.71** |
| | **Working capital adjustments** | | |
| | Increase/(decrease) in trade receivables | 8,977.51 | (75,879.18) |
| | (Increase)/decrease in current financial assets | (8,904.86) | (31,161.57) |
| | (Increase)/decrease in inventories | 1,277.05 | (36,742.97) |
| | Increase/(decrease) in financial liabilities | (15,542.32) | 1,02,363.81 |
| | Increase/(decrease) in provision /other payables | 1,922.98 | (2,344.99) |
| | **Cash flow after working capital requirements** | **17,524.95** | **(14,799.19)** |
| | | | |
| | Income Tax paid (net of refund) | (7,204.33) | (8,963.64) |
| | **Net cash from / (used in) operating activities** | **10,320.62** | **(23,762.83)** |
| B | **Cash flow from Investing activities** | | |
| | Proceeds from sale of property, plant and equipment | 460.65 | 82.09 |
| | Purchase of property, plant and equipment including capital work-in-progress | (43,866.19) | (12,042.73) |
| | Payment towards acquisition of business, net of cash acquired | 38.51 | (4,664.44) |
| | Purchase of intangible assets | (307.12) | (539.19) |
| | Sale/(Purchase) of equity shares/mutual funds | 7,958.89 | 23,979.01 |
| | Proceeds from sale of financial instruments | (159.79) | (1,160.38) |
| | Interest income received | 555.97 | 1,357.18 |
| | Dividend received | 0.33 | 1.84 |
| | **Net cash flow from / (used in) investing activities** | **(35,318.75)** | **7,013.38** |

# Consolidated Cash Flow Statement
## for the year ended March 31, 2020

(₹ in lakhs)

| | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **C** | **Cash flow from Financing activities** | | |
| | Dividend paid on equity shares | (2,670.64) | (531.83) |
| | Dividend tax paid | (554.18) | (100.74) |
| | Payments for lease liability | (460.96) | - |
| | Finance/interest cost - long term/short term | (3,777.86) | (2,998.06) |
| | Proceeds/(repayment) from borrowings | 38,450.43 | 12,961.44 |
| | **Net cash flow from / (used in) financing activities** | **30,986.79** | **9,330.81** |
| | | | |
| | **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **5,988.66** | **(7,418.64)** |
| | Cash and cash equivalents at the beginning of the year | 10,844.13 | 17,968.23 |
| | Effect of Foreign currency translation | 1,140.69 | 294.54 |
| | Cash and cash equivalents at the end of the year | **17,973.48** | **10,844.13** |
| | | | |
| | **Components of cash and cash equivalents** | | |
| | Cash, Cheques and Drafts on hand | 14.38 | 57.25 |
| | Balance with Scheduled Banks | 16,756.04 | 8,138.39 |
| | Bank term deposits | 1,203.06 | 2,648.49 |
| | **Cash and cash equivalents** | **17,973.48** | **10,844.13** |

**Notes:**

1 Reconciliation of liabilities arising from financing activities:

(₹ in lakhs)

| Particulars | Total borrowing | |
|---|---|---|
| | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Opening balance | 30,370.15 | 17,408.71 |
| Non-cash changes due to | | |
| - Interest expense | - | - |
| - Others | 25,174.91 | - |
| Cash flows during the year | 38,450.43 | 12,961.44 |
| **Closing balance** | **93,995.49** | **30,370.15** |

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

3 Figures in brackets indicate cash outgo.

**As per our report of the even date**
For **S C V & Co. LLP.**
*Chartered Accountants*
Firm Regn. No.000235N / N500089

**Sanjay Kumar**
*General Manager*

**Kishore Chatnani**
*Chief Financial Officer*

**For & on behalf of the Board of Directors**

**CA. Abhinav Khosla**
*Partner*
M. No. 087010

**S.K. Khorana**
*Executive Director & Company Secretary*
M.No.1872

**Aditya Puri**
*Managing Director*
DIN: 00052534

**Vinod Kumar Nagpal**
*Director*
DIN: 00147777

**Shivani Hazari**
*Director*
DIN: 00694121

Place: Noida
Dated : June 26, 2020

# Consolidated Statement of Changes in Equity

## for the year ended March 31, 2020

### A. EQUITY SHARE CAPITAL

(₹ in lakhs)

| Particulars | Amount |
|---|---|
| As at April 1, 2018 | 735.29 |
| Changes in equity share capital | - |
| As at March 31, 2019 | 735.29 |
| Changes in equity share capital | - |
| **As at March, 2020** | **735.29** |

### B. OTHER EQUITY

(₹ in lakhs)

| Particulars | Attributable to Owners of the Parent | | | | | | | | Total Other Equity | Non Controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves and Surplus | | | | | Items of other comprehensive income | | | | | |
| | Capital reserve | Securities premium | Capital redemption reserve | General reserve | Retained earnings | Equity Instruments through Other Comprehensive Income | Effective Portion of Cash Flow Hedges | Foreign currency translation reserve | | | |
| **Balance as at April 1, 2018** | **0.01** | **450.22** | **3.24** | **18,816.93** | **117,772.60** | **326.61** | **7.96** | **-** | **137,377.57** | **7,183.32** | **144,560.89** |
| Profit for the year | - | - | - | - | 14,276.44 | - | - | - | 14,276.44 | 125.14 | 14,401.58 |
| Cash flow hedge reserve reversal | - | - | - | - | - | - | 4.26 | - | 4.26 | - | 4.26 |
| Other comprehensive income for the year | - | - | - | - | (35.39) | (217.49) | - | (177.50) | (430.38) | 4.19 | (426.19) |
| Total comprehensive income for the year | - | - | - | - | 14,241.05 | (217.49) | 4.26 | (177.50) | 13,850.32 | 129.33 | 13,979.65 |
| Dividend paid | - | - | - | - | (367.65) | - | - | - | (367.65) | (122.50) | (490.15) |
| Dividend distribution tax | - | - | - | - | (75.57) | - | - | - | (75.57) | (25.17) | (100.74) |

# Consolidated Statement of Changes in Equity
## for the year ended March 31, 2020

(₹ in lakhs)

| Particulars | Attributable to Owners of the Parent | | | | | | | | | Non Controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves and Surplus | | | | | Items of other comprehensive income | | | Total Other Equity | | |
| | Capital reserve | Securities premium | Capital redemption reserve | General reserve | Retained earnings | Equity Instruments through Other Comprehensive Income | Effective Portion of Cash Flow Hedges | Foreign currency translation reserve | | | |
| **Balance as at March 31, 2019** | **0.01** | **450.22** | **3.24** | **18,816.93** | **131,570.43** | **109.12** | **12.22** | **(177.50)** | **150,784.67** | **7,164.98** | **157,949.65** |
| Addition from Business Combination | 23,369.49 | - | - | - | - | - | - | - | 23,369.49 | (2,032.81) | 21,336.68 |
| Profit for the year | - | - | - | - | 14,631.19 | - | - | - | 14,631.19 | 431.49 | 15,062.68 |
| Share of profit/(loss) of an associate | - | - | - | - | 10.57 | - | - | - | 10.57 | - | 10.57 |
| Other comprehensive income for the year | - | - | - | - | (43.04) | - | - | 1,742.79 | 1,699.75 | (13.39) | 1,686.36 |
| Total comprehensive income for the year | 23,369.49 | - | - | - | 14,598.72 | - | - | 1,742.79 | 39,711.00 | (1,614.71) | 38,096.29 |
| Dividend paid | - | - | - | - | (2,573.53) | - | - | - | (2,573.53) | (122.50) | (2,696.03) |
| Dividend distribution tax | - | - | - | - | (529.00) | - | - | - | (529.00) | (25.18) | (554.18) |
| **Balance as at March 31, 2020** | **23,369.50** | **450.22** | **3.24** | **18,816.93** | **143,066.62** | **109.12** | **12.22** | **1,565.29** | **187,393.14** | **5,402.59** | **192,795.73** |

**As per our report of the even date**
For **S C V & Co. LLP.**
*Chartered Accountants*
Firm Regn. No.000235N / N500089

**CA. Abhinav Khosla**
*Partner*
M. No. 087010

Place: Noida
Dated : June 26, 2020

**Sanjay Kumar**
*General Manager*

**Kishore Chatnani**
*Chief Financial Officer*

**For & on behalf of the Board of Directors**

**S.K. Khorana**
*Executive Director & Company Secretary*
M.No.1872

**Aditya Puri**
*Managing Director*
DIN: 00052534

**Vinod Kumar Nagpal**
*Director*
DIN: 00147777

**Shivani Hazari**
*Director*
DIN: 00694121

# Notes to the Consolidated Financial Statements

## NOTE 1 : CORPORATE INFORMATION

Isgec Heavy Engineering Limited (the "Company" or the "Parent Company") is a public limited company incorporated and domiciled in India, whose shares are listed on the Bombay Stock Exchange (BSE). The registered office of the Company is situated at Radaur Road, Yamunanagar-135001, Haryana, India.

The Company is a Heavy Engineering Company having two segments i.e. manufacturing of machinery & equipment and engineering, procurement & construction. Manufacture of machinery & equipment comprise manufacture of process plant equipments, mechanical and hydraulic presses, alloy steel, ferrous castings, boiler tubes & panels and containers. Engineering, procurement & construction comprise contract manufacturing and execution of projects for setting up boilers, sugar plants, power plants, material handling equipments and air pollution control equipment for customers in India and abroad.

One subsidiary is engaged in manufacture of sugar and its by-products.

The Company together with its subsidiaries is hereinafter referred to as "the Group".

## NOTE 2 : BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2020. Control is achieved when the Company is exposed, or has right, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee ( i.e. existing rights that give it the current ability to direct the relevant activities of the investee )
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The Company re-assesses whether or not it controls an investee if facts and circumstances indicates that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company losses control of the subsidiary. Assets, Liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statement in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e. year ended on 31 March.

Profit or loss, each component of other comprehensive income (OCI) is attributed to the equity holders of the Company and to the non-controlling interests, even if the results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

**Consolidation Procedure:**

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows to the Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiaries are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

# Notes to the Consolidated Financial Statements

(b) Offset (eliminate) the carrying amount of the Company's investment in each subsidiary and the Company's portion of equity of each subsidiary. Business combination policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intra group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra group losses may indicate an impairment that requires recognition in the consolidated financial statement. Ind AS 12 Income tax applies to temporary differences that arise from the elimination of profits and losses resulting from intra group transactions.

## NOTE 3 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of Preparation and Statement of Compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis (except certain Financial Instruments which are measured at fair value), the provisions of the Companies Act , 2013 (`Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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 and all values are rounded to the nearest lakhs and two decimals thereof, except otherwise stated. The financial statements were authorized for issue by the Group's Board of Directors on 26$^{th}$ June 2020.

### 3.2 Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis Indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS.

# Notes to the Consolidated Financial Statements

Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an Indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### 3.3 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.

### 3.4 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

# Notes to the Consolidated Financial Statements

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

### 3.5 Revenue Recognition

The Group recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time.

Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring goods or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price.

#### A. Sale of products

Revenue from the sale of products are recognised when control of the goods has passed to the buyer i.e. at the point of sale / delivery to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Sale is net of sales returns, discounts and goods & services tax.

Revenue is measured at the transaction price. Revenue is reduced for returns, trade allowances for deduction, rebates, value added taxes and amounts collected on behalf of third parties.

#### B. Revenue from Construction Contracts

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

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

# Notes to the Consolidated Financial Statements

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

For contracts where the aggregate of contract cost incurred to date plus recognised profits (or minus recognised losses as the case may be) exceeds the progress billing, the surplus is shown as contract asset and termed as "Unbilled revenue". For contracts where progress billing exceeds the aggregate of contract costs incurred to-date plus recognised profits (or minus recognised losses, as the case may be), the surplus is shown as contract liability and termed as "Unearned Revenue". Amounts received before the related work is performed are disclosed in the Balance Sheet as contract liability and termed as "Advances from customer".

**C.** Other operational revenue represents income earned from the activities incidental to the business and is recognised when the performance obligation is satisfied and right to receive the income is established as per the terms of the contract.

**D. Rental Income**

Rental income from operating leases is recognized on straight line basis over lease term.

**E. Other Income**

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

(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) Dividend

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

## 3.6 Inventories

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

**Finished goods and work in progress** are valued at lower of cost and net realizable value. Cost includes cost of direct materials and applicable direct manufacturing and administrative overheads but exclude borrowing costs. Cost is determined on weighted average basis.

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

**Traded Good** includes cost of purchase and other cost incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

## 3.7 Property, Plant & Equipment

**Recognition**

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

# Notes to the Consolidated Financial Statements

Cost includes its purchase price (including import duties and non-refundable purchase taxes), 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.

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 Group and the costs of the item can be measured reliably.

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

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

**De-recognition**

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 de-recognition 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 asset's residual values, useful life and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

### 3.8 Intangible Assets

An intangible asset recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group; 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 amortisation and accumulated impairment losses.

The cost of an 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 recognised in the statement of profit or loss when the asset is derecognised.

### 3.9 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.

Assets costing not more than ₹ 5,000/- are fully depreciated in the year of their acquisition.

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

Leasehold land is amortised on the straight line basis over the period of lease term.

Leasehold improvements are written off over the shorter of its useful life or over the period of lease.

# Notes to the Consolidated Financial Statements

### 3.10 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 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.

### 3.11 Employee Benefits

**(i) Provident Fund**

The Group operates a provident fund trust for its employees where contributions are deposited and is recognized as an expense on the basis of services rendered by the employees which is a defined contribution plan in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952.

**(ii) Gratuity**

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

The liability determined by actuarial valuation using projected credit method is recognised 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 Group treats the accumulated leave as short term employee benefits and accordingly, any gains and losses on actuarial valuation are recognised as expense in the statement of profit and loss.

**(iv) Retirement Benefits**

National Pension Scheme Contributions towards pension is made to various funds such benefit are classified as defined contribution scheme as the Group does not carry any further obligations, apart from the contributions made on the monthly/yearly basis.

**(v) Pension**

Liability on account of pension payable to employees covered under Group's erstwhile Pension scheme (since discontinued) has been accounted for on accrual basis.

**(vi) Superannuation Benefit**

The Group makes contribution to superannuation fund, for the employees who have opted for this scheme, which is a post employment benefit in the nature of a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

# Notes to the Consolidated Financial Statements

**(vii) Other Short Term Benefits**

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

## 3.12 Leases

**As a Lessee**

The Group has lease contracts for various items of building, plant, machinery, vehicles and other equipment. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group, otherwise it was classified as an operating lease. Finance lease were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized, and the lease payments were recognized as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under prepayments and trade and other payables, respectively..

Effective 1 April 2019, the Group has adopted Ind AS 116, "Leases" ("IND AS 116"). As a result, the Group has changed its accounting policy for accounting of leasing arrangements, which has been detailed below.

The Group applied the "Modified Retrospective Approach" on the date of initial application (1 April 2019). Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. The most significant effects of this new standard on the Group relate to the recognition of new right-of-use ("ROU") assets and lease liabilities on its financial position for various operating leases.

In the statement of financial position, lease liability is included under other financial liability and ROU assets is included in property, plant and equipment's and the payment of principal portion of lease liabilities has been classified as financing cash flows.

The Group assesses whether a contract contains a lease at the inception of the 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 Group assesses whether: (1) the contract involves the use of an identified asset, (2) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease, and (3) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a ROU asset and a corresponding lease liability for all lease arrangements under which it is a lessee, except for short-term leases and low value leases.

For short-term leases and low value leases, the Group recognizes the lease payments as an expense on a straight-line basis over the term of the lease. The lease arrangements include options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The ROU 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 incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced

# Notes to the Consolidated Financial Statements

by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the fixed payments (including in substance fixed), variable payments based on an index or 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.

**As a Lessor**

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases either operating or finance lease using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor.

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Lease income from operating leases where the group is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

## 3.13 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. Current income tax is charged at the end of reporting period to statement of profit & loss.

**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 at the reporting date.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at 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.

Deferred tax relating to items recognized in Other Comprehensive Income is recognized Other Comprehensive Income.

## 3.14 Borrowing Cost

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

# Notes to the Consolidated Financial Statements

### 3.15 Provisions, Contingent Liabilities and Contingent Assets

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

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 Group; or

(b) a 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 Group.

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

### 3.16 Cash dividend to equity holders

The Companies in the Group recognized a liability to make cash distribution to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

### 3.17 Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Group 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 Group 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).

### 3.18 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 Group 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

# Notes to the Consolidated Financial Statements

are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

**Subsequent measurement**

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

**A. Non-derivative financial instruments**

**(i) Debt instrument carried at amortized cost**

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

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

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

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

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

**(iv) Financial liabilities**

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

**B. Derivative financial instruments**

**(i) Initial recognition and subsequent measurement**

The Group 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.

# Notes to the Consolidated Financial Statements

**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 Group 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 Group 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.

### 3.19 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.

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.

### 3.20 Impairment of Financial Assets

The Group 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.

### 3.21 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and allattached conditions will be complied with. When the grant relates to an expense item, it is recognised 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.

### 3.22 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 Group 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.

# Notes to the Consolidated Financial Statements

### 3.23 Research and Development Expenses

Research expenditure is charged to the consolidated statement of profit and loss. Development costs of products are also charged to the consolidated statement of profit and loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. Tangible assets used in research and development are capitalised.

### 3.24 Fair Value Measurement

The Group measures financial instruments 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 Group 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 Group 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.

### 3.25 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.

# Notes to the Consolidated Financial Statements

## NOTE 4 : PROPERTY, PLANT & EQUIPMENT

(₹ in lakhs)

| Particulars | Land (Free Hold) | Land (Leasehold) | Buildings | Plant & equipment | Furniture & fixtures | Vehicles | Office equipment | Sub-total | Biological assets other than bearer plants | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value** | | | | | | | | | | |
| **As at April 1, 2018** | **12,546.62** | **2,952.35** | **15,359.43** | **41,879.10** | **999.90** | **1,197.11** | **2,545.71** | **77,480.22** | **-** | **77,480.22** |
| Additions | 104.26 | - | 4,216.96 | 7,867.35 | 89.75 | 354.15 | 684.45 | 13,316.92 | - | 13,316.92 |
| Additions - Business Combinations | 248.62 | - | 2,531.43 | 1,031.01 | - | - | 108.90 | 3,919.96 | - | 3,919.96 |
| Disposals | - | - | 385.71 | 308.92 | 4.56 | 113.12 | 37.28 | 849.59 | - | 849.59 |
| Translation difference | (16.82) | - | (171.22) | (70.14) | - | - | (6.83) | (265.01) | - | (265.01) |
| **As at March 31, 2019** | **12,882.68** | **2,952.35** | **21,550.89** | **50,398.40** | **1,085.09** | **1,438.14** | **3,294.95** | **93,602.50** | **-** | **93,602.50** |
| Additions | - | - | 2,229.25 | 7,465.49 | 79.36 | 405.41 | 998.38 | 11,177.89 | - | 11,177.89 |
| Additions - Business Combinations | - | - | 826.15 | 2,208.88 | - | - | - | 3,035.03 | 418.78 | 3,453.81 |
| Disposals | - | - | 71.84 | 929.23 | 4.52 | 118.56 | 37.39 | 1,161.54 | - | 1,161.54 |
| Reclassified on account of adoption of Ind AS 116 | - | (2,952.35) | - | - | - | - | - | (2,952.35) | - | (2,952.35) |
| Translation difference | 5.51 | - | 131.23 | 344.97 | 2.27 | - | 2.32 | 486.30 | 17.98 | 504.28 |
| **As at March 31, 2020** | **12,888.19** | **-** | **24,665.68** | **59,488.51** | **1,162.20** | **1,724.99** | **4,258.26** | **1,04,187.83** | **436.76** | **1,04,624.59** |
| **Accumulated depreciation** | | | | | | | | | | |
| **As at April 1, 2018** | **-** | **218.83** | **3,533.38** | **13,361.73** | **627.36** | **540.06** | **1,614.15** | **19,895.51** | **-** | **19,895.51** |
| Charge for the year | - | 72.89 | 1,307.55 | 4,742.40 | 97.99 | 242.47 | 513.06 | 6,976.36 | - | 6,976.36 |
| Disposals | - | - | 90.42 | 251.62 | 3.44 | 64.40 | 34.32 | 444.20 | - | 444.20 |
| Translation difference | - | - | (2.21) | (3.97) | - | - | (0.50) | (6.68) | - | (6.68) |
| **As at March 31, 2019** | **-** | **291.72** | **4,748.30** | **17,848.54** | **721.91** | **718.13** | **2,092.39** | **26,420.99** | **-** | **26,420.99** |
| Charge for the year | - | - | 1,461.96 | 5,632.75 | 96.08 | 285.64 | 610.08 | 8,086.51 | 36.67 | 8,123.18 |
| Disposals | - | - | 52.74 | 476.91 | 3.86 | 91.08 | 24.95 | 649.54 | - | 649.54 |
| Reclassified on account of adoption of Ind AS 116 | - | (291.72) | - | - | - | - | - | (291.72) | - | (291.72) |
| Translation difference | - | - | 11.54 | 170.68 | 2.27 | - | 0.18 | 184.67 | (13.38) | 171.29 |
| **As at March 31, 2020** | **-** | **-** | **6,169.06** | **23,175.06** | **816.40** | **912.69** | **2,677.70** | **33,750.91** | **23.29** | **33,774.20** |
| **Net carrying value** | | | | | | | | | | |
| **As at March 31, 2019** | **12,882.68** | **2,660.63** | **16,802.59** | **32,549.86** | **363.18** | **720.01** | **1,202.56** | **67,181.51** | **-** | **67,181.51** |
| **As at March 31, 2020** | **12,888.19** | **-** | **18,496.62** | **36,313.45** | **345.80** | **812.30** | **1,580.56** | **70,436.92** | **413.47** | **70,850.39** |

(i) Contractual commitment towards purchase of property, plant and equipment, refer note 42.

(ii) Borrowing cost capitalized during the period is ₹ 145.89 lakhs.

(iii) The Group had adopted deemed cost exemption i.e. to continue with the carry value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per previous GAAP, as per Para D7AA of Ind AS 101 'First-time Adoption of Indian Accounting Standards' on transition to Ind AS. Accordingly, carrying value of all of its property, plant and equipment as on transition date i.e. April 1, 2015 was deemed as gross block as on that date with accumulated depreciation as Nil. During the current year, the Company has restated its gross block of property, plant and equipment as on March 31, 2017, March 31, 2018 and March 31, 2019 with corresponding adjustment in accumulated depreciation, to give effect to the exemption cited above which the Company had adopted on transition to Ind AS. This restatement as stated above, has no impact on net block of property, plant and equipment for the aforesaid years.

# Notes to the Consolidated Financial Statements

## NOTE 4A : RIGHT-OF-USE ASSETS

(₹ in lakhs)

| Particulars | Category of Right of Use asset | | |
|---|---|---|---|
| | Land (Leasehold) | Buildings | Total |
| **Gross carrying value** | | | |
| As at April 1, 2019 | - | - | - |
| Reclassified on account of adoption of Ind AS 116 | 2,952.35 | 1,556.20 | 4,508.55 |
| Additions-Business Combination | 55.76 | 1,418.18 | 1,473.94 |
| Additions | - | 246.07 | 246.07 |
| Deletions | - | 3.84 | 3.84 |
| Translation difference | 6.50 | 127.21 | 133.71 |
| **As at March 31, 2020** | **3,014.61** | **3,343.82** | **6,358.43** |
| | | | |
| **Accumulated depreciation** | | | |
| As at April 1, 2019 | - | - | - |
| Reclassified on account of adoption of Ind AS 116 | 291.72 | - | 291.72 |
| Charge for the year | 80.24 | 460.92 | 541.16 |
| Deletions | - | 8.91 | 8.91 |
| Translation difference | 2.30 | 18.77 | 21.07 |
| **As at March 31, 2020** | **374.26** | **470.78** | **845.04** |
| **Net carrying value as at March 31, 2020** | **2,640.35** | **2,873.04** | **5,513.39** |

**Note 4A.1 : Adoption of Ind AS 116**

### Impact on the financial statements - lessee accounting

As indicated in note 4A above, the Group has adopted Ind AS 116 retrospectively from April 1, 2019, but has not restated comparatives for year ended March 31, 2019, as permitted under the specific transition provisions in the standard and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 1, 2019. The new accounting policies are disclosed in note 3.

On adoption of Ind AS 116, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 8.25 - 8.80%.

### (i) Practical expedients applied

In applying Ind AS 116 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at April 1, 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases

# Notes to the Consolidated Financial Statements

- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 disclosed under Note 43, Leases of the Consolidated financial statements forming part of the 2019 Annual Report and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

**(ii) Lessor accounting**

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of Ind AS 116.

## NOTE 5 : GOODWILL AND OTHER INTANGIBLE ASSETS

(₹ in lakhs)

| Particulars | Software | Technical know how | Total (other intangible assets) | Goodwill | Total |
|---|---|---|---|---|---|
| **Gross carrying value** | | | | | |
| As at April 1, 2018 | 2,174.75 | 5,794.88 | 7,969.63 | 530.07 | 8,499.70 |
| Additions | 226.83 | 312.35 | 539.18 | 165.25 | 704.43 |
| Additions - Business Combinations | - | 1,662.15 | 1,662.15 | 1,497.60 | 3,159.75 |
| Translation difference | - | (112.42) | (112.42) | (101.29) | (213.71) |
| **As at March 31, 2019** | **2,401.58** | **7,656.96** | **10,058.54** | **2,091.63** | **12,150.17** |
| Additions | 284.90 | - | 284.90 | - | 284.90 |
| Additions - Business Combinations | 22.22 | - | 22.22 | - | 22.22 |
| Translation difference | - | 36.78 | 36.78 | 33.13 | 69.91 |
| **As at March 31, 2020** | **2,708.70** | **7,693.74** | **10,402.44** | **2,124.76** | **12,527.20** |
| | | | | | |
| **Accumulated depreciation** | | | | | |
| As at April 1, 2018 | 1,195.38 | 2,010.32 | 3,205.70 | - | 3,205.70 |
| Charge for the year | 414.46 | 857.34 | 1,271.80 | - | 1,271.80 |
| **As at March 31, 2019** | **1,609.84** | **2,867.66** | **4,477.50** | **-** | **4,477.50** |
| Charge for the year | 375.64 | 863.13 | 1,238.77 | - | 1,238.77 |
| Translation difference | (1.51) | - | (1.51) | - | (1.51) |
| **As at March 31, 2020** | **1,983.97** | **3,730.79** | **5,714.76** | **-** | **5,714.76** |
| **Net carrying value** | | | | | |
| **As at March 31, 2019** | **791.74** | **4,789.30** | **5,581.04** | **2,091.63** | **7,672.67** |
| **As at March 31, 2020** | **724.73** | **3,962.95** | **4,687.68** | **2,124.76** | **6,812.44** |

# Notes to the Consolidated Financial Statements

## NOTE 6 : NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number | Amount (₹ in lakhs) | Number | Amount (₹ in lakhs) |
| **Investments in equity instruments** | | | | |
| **a) Investments in government or trust securities (Unquoted)** | | | | |
| Post Office Saving Account | - | - | - | 0.60 |
| | | | | |
| **b) Others** | | | | |
| SVC Co-operative Bank Limited (Face value of ₹ 25 /-each) | - | - | 100 | 0.03 |
| **Total investments** | | **-** | | **0.63** |
| | | | | |
| **i) Aggregate Value of Investments:** | | | | |
| Aggregate amount of quoted investments: | | - | | - |
| Aggregate amount of unquoted investments: | | - | | 0.63 |
| Aggregate amount of impairment in value of investments: | | - | | - |

ii) Investment in Post Office Saving Account have been pledged as security with Cane Commissioner, Haryana

### Note 6A : Investments accounted for using equity method

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| | Amount (₹ in lakhs) | Amount (₹ in lakhs) |
| **Investment in equity instruments of associate company** | | |
| Penwood Project Land Corporation (PPLC) | 1,019.48 | - |
| **Total investments** | **1,019.48** | **-** |
| | | |
| **Aggregate Value of Investments:** | | |
| Aggregate amount of quoted investments: | - | - |
| Aggregate amount of unquoted investments: | 1,019.48 | - |
| Aggregate amount of impairment in value of investments: | - | - |

# Notes to the Consolidated Financial Statements

## NOTE 7 : NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Loans receivables considered good - Secured | | |
| - Loans to employees | 310.10 | 311.36 |
| Loans receivables considered good - Unsecured | | |
| - loans to employees | 133.90 | 117.49 |
| - Security deposit (other than Government)* | 847.54 | 790.86 |
| **Total** | **1,291.54** | **1,219.71** |

* Includes balances with related parties (refer note 45)

## NOTE 8 : NON-CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Trade receivable considered good - secured | - | - |
| Trade receivable considered good - unsecured | 9,242.38 | 4,405.61 |
| Trade receivable which have significant increase in credit risk | - | - |
| Trade receivable - credit impaired | - | - |
| Allowance for expected credit losses | (6.76) | (7.36) |
| **Total** | **9,235.62** | **4,398.25** |

## NOTE 9 : NON-CURRENT FINANCIAL ASSETS - OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Unsecured, considered good** | | |
| - Fixed deposits with banks having maturity of more than twelve months | - | 125.84 |
| - Fixed deposits under lien held as margin money (for credit facility and bank guarantee) having maturity of more than twelve months | 1,654.36 | 1,370.00 |
| - Interest accrued but not due on deposits | 54.03 | 52.76 |
| **Total** | **1,708.39** | **1,548.60** |

## NOTE 10 : DEFERRED TAX ASSETS / LIABILITIES (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Deferred tax assets ( refer note 10.1 ) | 1,641.75 | 680.78 |
| Deferred tax liabilities ( refer note 10.2 ) | 1,796.77 | 767.59 |

# Notes to the Consolidated Financial Statements

### Note 10.1 : The balance comprises temporary differences attributable to:

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **(a) Deferred tax assets** | | |
| Employee benefits | 859.71 | 1,221.27 |
| Fair valuation of investments | (137.35) | (250.13) |
| Property, plant & equipment | (795.77) | (915.82) |
| Brought forward business losses | 1,167.54 | 35.23 |
| Provision for expected credit losses | 430.13 | 588.57 |
| Other items | 117.49 | 1.66 |
| **Total deferred tax assets/(liabilities)** | **1,641.75** | **680.78** |

**Movement in Deferred tax Assets**

(₹ in lakhs)

| Particulars | Employee benefits deductible in future years | Fair valuation of investments | Property, Plant & Equipment | B/F Business Losses | Provision for expected credit losses | Other items | Total |
|---|---|---|---|---|---|---|---|
| **As at April 1, 2018** | **1,208.99** | **(50.10)** | **(1,428.95)** | **34.25** | **203.15** | **27.45** | **(5.21)** |
| **(Charged)/credited:-** | | | | | | | |
| - to profit & loss | 22.07 | (200.03) | 513.13 | 0.98 | 385.42 | (25.79) | 695.78 |
| - to other comprehensive income | (9.79) | - | - | - | - | - | (9.79) |
| **As at March 31, 2019** | **1,221.27** | **(250.13)** | **(915.82)** | **35.23** | **588.57** | **1.66** | **680.78** |
| **(Charged)/credited:-** | | | | | | | |
| - to profit & loss | (372.16) | 112.78 | 120.05 | 1,132.31 | (158.44) | 119.21 | 953.75 |
| - to other comprehensive income | 10.60 | - | - | - | - | - | 10.60 |
| - to translation difference | - | - | - | - | - | (3.38) | (3.38) |
| **As at March 31, 2020** | **859.71** | **(137.35)** | **(795.77)** | **1,167.54** | **430.13** | **117.49** | **1,641.75** |

### Note 10.2 : The balance comprises temporary differences attributable to:

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **(a) Deferred Tax Liabilities** | | |
| Defined benefit obligation | 168.29 | 170.00 |
| Provisions | - | - |
| Property, plant & equipment | (1,532.71) | (1,237.70) |
| Other items | (436.53) | 109.61 |
| **Net deferred tax assets/(liabilities)** | **(1,800.95)** | **(958.10)** |
| **(b) MAT credit entitlement (refer note 10.3)** | 4.18 | 190.51 |
| **Net deferred tax assets/(liabilities)** | **(1,796.77)** | **(767.59)** |

# Notes to the Consolidated Financial Statements

## Movement in deferred tax liabilities

(₹ in lakhs)

| Particulars | Defined Benefit Obligation/ Employee Benefits | Property, Plant & Equipment | Other items | Total |
|---|---|---|---|---|
| **As at April 1, 2018** | 110.07 | (895.80) | 123.13 | (662.60) |
| **(Charged)/credited:-** | | | | |
| - to profit & loss | 63.94 | (341.90) | 3.19 | (274.78) |
| - to other comprehensive income | (4.01) | - | (16.71) | (20.72) |
| **As at March 31, 2019** | **170.00** | **(1,237.70)** | **109.61** | **(958.10)** |
| Additions - business combinations | - | - | (359.79) | (359.79) |
| (Charged)/credited:- | | | | |
| - to profit & loss | (22.23) | (295.01) | (152.42) | (469.66) |
| - to other comprehensive income | 20.52 | - | - | 20.52 |
| - to translation difference | - | - | (33.93) | (33.93) |
| **As at March 31, 2020** | **168.29** | **(1,532.71)** | **(436.53)** | **(1,800.95)** |

## Note 10.3 : Movement in MAT credit entitlement

(₹ in lakhs)

| Particulars | Amount |
|---|---|
| **As at April 1, 2018** | 274.22 |
| (Charged)/credited:- | |
| - to profit & loss | - |
| - to other comprehensive income | - |
| - adjusted in current tax | (83.71) |
| **As at March 31, 2019** | **190.51** |
| (Charged)/credited:- | |
| - to profit & loss | - |
| - to other comprehensive income | - |
| - adjusted in current tax | (186.33) |
| **As at March 31, 2020** | **4.18** |

## NOTE 11 : OTHER NON-CURRENT ASSETS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Advances recoverable other than in cash** | | |
| **Considered good - Unsecured** | | |
| Capital advances | 152.07 | 349.47 |
| WCT receivables | 17.23 | 24.90 |
| Service tax on input services | 15.47 | 15.47 |
| Prepayments | 159.26 | 222.61 |
| Others | 922.82 | 0.20 |
| **Total** | **1,266.85** | **612.65** |

# Notes to the Consolidated Financial Statements

## NOTE 12 : INVENTORIES (LOWER OF COST OR NET REALISABLE VALUE)

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Raw materials** | | |
| Raw materials | 17,333.24 | 21,664.54 |
| Raw materials in transit | 670.84 | 1,732.40 |
| **Work - in - progress** | | |
| Engineering goods | 50,655.30 | 48,844.99 |
| Ingots and steel castings | 2,583.60 | 3,390.56 |
| Sugar | 111.68 | 148.42 |
| **Finished goods** | | |
| Engineered goods | - | 453.51 |
| Sugar | 41,321.74 | 36,698.45 |
| Molasses | 1,087.36 | 139.45 |
| **Stock-in-Trade** | | |
| Goods in transit | 1,518.72 | 3,890.36 |
| Goods at warehouse | 480.79 | 166.65 |
| | | |
| Stores & spares | 3,160.17 | 3,637.37 |
| Stores & spares in transit | 657.06 | 47.92 |
| Loose tools & others | 66.14 | 58.73 |
| **Total** | **119,646.64** | **120,873.35** |

For inventories hypothecated/pledged as security, please refer note 27.

## NOTE 13 : CURRENT FINANCIAL ASSETS - INVESTMENTS

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No. of Shares/units | Amount (₹ in lakhs) | No. of Shares/units | Amount (₹ in lakhs) |
| **At fair value through profit or loss** | | | | |
| **a) Investments in bonds & debentures** | | | | |
| **- Quoted** | | | | |
| Canara Bank - 9.55% BD Perpetual (face value ₹ 1,000,000 each) | - | - | 50 | 500.00 |
| Citicorp Finance (India) Limited NCD Series-604 (face value ₹ 100,000 each) | - | - | 500 | 661.85 |
| Reliance Capital Limited NCD Series B/406 (face value ₹ 100,000 each) | - | - | 1,000 | 1,166.80 |
| 7.55% DHFL Bonds (face value ₹ 1,000,000 each) | - | - | 40 | 412.46 |
| | | - | | **2,741.11** |
| **b) Investments in mutual funds** | | | | |
| **- Unquoted** | | | | |
| Aditya Birla Sun Life Fixed Term Plan - Series OD (1145 days) - Growth Direct Plan | 5,000,000 | 620.30 | 5,000,000 | 578.22 |
| Aditya Birla Sun Life Fixed Term Plan - Series OH (1120 days) - Growth Direct Plan | 5,000,000 | 622.33 | 5,000,000 | 579.55 |

# Notes to the Consolidated Financial Statements

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No. of Shares/units | Amount (₹ in lakhs) | No. of Shares/units | Amount (₹ in lakhs) |
| PGIM India Fixed Duration Fund - Series AB - Direct Plan - Growth | 50,000 | 624.90 | 50,000 | 580.80 |
| PGIM India Fixed Duration Fund - Series AE - Direct Plan - Growth | 50,000 | 622.80 | 50,000 | 579.02 |
| HDFC FMP 1150D Feb 2017(1)-Direct-Growth-Series-37 | 8,000,000 | 994.19 | 8,000,000 | 925.38 |
| Nippon India Fixed Horizon Fund-XXX-Series 17-Direct Growth Plan | - | - | 5,000,000 | 631.60 |
| Nippon India Fixed Horizon Fund-XXX-Series-10-Direct Growth Plan | - | - | 5,000,000 | 637.96 |
| Nippon India Fixed Horizon Fund - XXXII - Series 10 - Direct Growth Plan | 10,000,000 | 1,105.90 | 10,000,000 | 1,174.10 |
| SBI Dual Advantage Fund-Series XII-Regular-Growth | - | - | 1,000,000 | 125.37 |
| SBI Debt Fund Series-B-34 (1131 Days)-Direct Growth | - | - | 10,000,000 | 1,263.71 |
| SBI Dual Advantage Fund-Series XV-Regular-Growth | - | - | 2,000,000 | 241.43 |
| SBI Premier Liquid Fund - Regular Plan - Growth | - | - | 65,232 | 1,902.37 |
| SBI Dual Advantage Fund-Series XIX-Regular-Growth | 1,000,000 | 118.61 | 1,000,000 | 112.04 |
| SBI Debt Fund Series-B-46 (1155 Days)-Direct Growth | 5,000,000 | 616.39 | 5,000,000 | 575.76 |
| SBI Debt Fund Series-B-49 (1170 Days)-Direct Growth | 5,000,000 | 620.06 | 5,000,000 | 577.08 |
| | | **5,945.48** | | **10,484.39** |
| **c) Other investments** | | | | |
| **-Unquoted** | | | | |
| Annuities in senior Secured Estate Transactions II Fund-Essel Finance | | 195.86 | | 195.86 |
| ASK Real Estate Special Opportunities Fund | | 605.76 | | 419.14 |
| ASK Real Estate Special Situations Fund | | 83.39 | | 83.49 |
| Edelweiss Real Estate Opportunities Fund (EROF) | | 176.16 | | 120.94 |
| IDFC Score Fund | | 160.07 | | 171.16 |
| India Whizdom Fund | | 70.81 | | 112.18 |
| Indiabulls High Yield Fund | | 213.76 | | 202.38 |
| Indiabulls Dual Advantage Commercial Asset Fund | | 375.00 | | 379.44 |
| Nippon India Yield Maximiser Fund Scheme-I | | 59.70 | | 141.95 |
| Nippon India Yield Maximiser Scheme-III | | 312.85 | | 493.83 |
| | | **2,253.36** | | **2,320.37** |
| **Total current investments (a + b + c)** | | **8,198.84** | | **15,545.87** |
| | | | | |
| **Aggregate value of investments :** | | | | |
| Aggregate amount of quoted investments | | - | | 2,741.11 |
| Market value of quoted investments | | - | | 2,741.11 |
| Aggregate amount of unquoted investments (accounted based on NAV) | | 8,198.84 | | 12,804.76 |
| Aggregate amount of impairment in value of investments | | - | | - |

# Notes to the Consolidated Financial Statements

## NOTE 14 : CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Trade receivable considered good - secured | - | - |
| Trade receivable considered good - unsecured * | 181,098.76 | 191,038.69 |
| Trade receivable which have significant increase in credit risk | - | - |
| Trade receivables - credit impaired | - | - |
| Allowance for expected credit losses | (1,789.86) | (1,764.88) |
| **Total** | **179,308.90** | **189,273.81** |

*For trade receivables hypothecated/pledged as security, refer note 27.

## NOTE 15 : CURRENT FINANCIAL ASSETS - CASH & CASH EQUIVALENTS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Balances with banks | | |
| - In current accounts | 16,756.04 | 8,138.39 |
| - In fixed deposit accounts with original maturity of less than three months | 1,203.06 | 2,648.49 |
| Cheques and drafts on hand | - | 31.09 |
| Cash on hand | 14.38 | 26.16 |
| **Total** | **17,973.48** | **10,844.13** |

## NOTE 16 : CURRENT FINANCIAL ASSETS - OTHER BANK BALANCES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Balance with banks: | | |
| - In fixed deposits accounts maturing within one year | 1,613.72 | 1,523.22 |
| - In fixed deposit under lien held as margin money (for bank guarantees) maturing within one year | 1,688.43 | 1,543.54 |
| Earmarked Accounts | 8.36 | - |
| Earmarked - Unclaimed dividend accounts | 152.29 | 126.90 |
| **Total** | **3,462.80** | **3,193.66** |

## NOTE 17 : CURRENT FINANCIAL ASSETS - LOANS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Loans receivables considered good - Secured** | | |
| Loans to employees | 109.27 | 108.91 |
| Security deposits | 62.84 | 23.68 |
| Other loans | 20.84 | - |
| Interest accrued on security deposits | 10.42 | 9.97 |
| **Loans receivables considered good - Unsecured** | | |
| Advances to employees | 723.67 | 792.52 |
| Security deposits * | 902.30 | 1,034.28 |
| Other loans | 111.46 | 18.70 |
| Interest accrued on security deposits | 11.93 | 14.11 |
| **Total** | **1,952.73** | **2,002.17** |

*includes balances with related parties (refer note 45)

# Notes to the Consolidated Financial Statements

## NOTE 18 : CURRENT FINANCIAL ASSETS - OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Derivatives** | | |
| Foreign exchange forward contract receivables | 1,463.26 | 2,491.12 |
| | | |
| **Others** | | |
| Interest accrued on fixed deposit | 214.98 | 197.48 |
| Government subsidy recoverable | 4,847.45 | - |
| Interest subvention on term loan recoverable | 389.91 | - |
| **Total** | **6,915.60** | **2,688.60** |

## NOTE 19 : CURRENT TAX (ASSETS)/LIABILITIES (NET)

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Prepaid income taxes | 14,268.81 | 7,178.30 |
| Less: provisions for income tax | 13,896.04 | 6,442.09 |
| **Net current tax assets** | **372.77** | **736.21** |
| | | |
| Provisions for income- tax | 13.43 | 8,478.58 |
| Less: Prepaid income taxes | 11.02 | 7,736.13 |
| **Net current tax liabilities** | **2.41** | **742.45** |

## NOTE 20 : OTHER CURRENT ASSETS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Advances other than capital advances** | | |
| Advances to suppliers * | 49,306.95 | 60,871.86 |
| | | |
| **Others** | | |
| Prepayments | 1,379.11 | 1,390.75 |
| Balance with government authorities | 9,740.95 | 7,514.83 |
| Group gratuity fund (refer note 36) | 212.16 | 346.99 |
| Export incentive receivable | 2,683.75 | 2,728.20 |
| Unbilled revenue | 23,292.33 | 9,012.09 |
| Others | 630.43 | 613.69 |
| **Total** | **87,245.68** | **82,478.41** |

* includes balances with related parties (refer note 45)

# Notes to the Consolidated Financial Statements

## NOTE 21 : SHARE CAPITAL

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number of shares | (₹ in lakhs) | Number of shares | (₹ in lakhs) |
| **Authorised share capital** | **85,000,000** | **850.00** | **85,000,000** | **850.00** |
| (Equity shares of ₹ 1/- each with voting rights) | | | | |
| (Previous year Equity shares of ₹ 1/- each with voting rights) | | | | |
| | | | | |
| **Issued, subscribed & paid up** | **73,529,510** | **735.29** | **73,529,510** | **735.29** |
| (Equity shares of ₹ 1/- each with voting rights) | | | | |
| (Previous year Equity shares of ₹ 1/- each with voting rights) | | | | |
| **Total** | | **735.29** | | **735.29** |

**Notes:**

**(a) The rights, preferences and restrictions attaching 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 ₹ 1 per share (previous year ₹ 1 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 share holders 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.

**(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, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number of shares | (₹ in lakhs) | Number of shares | (₹ in lakhs) |
| **Equity shares outstanding at the beginning of the year** | 73,529,510 | 735.29 | 7,352,951 | 735.29 |
| Add: Issued during the year | - | - | - | - |
| Less: Shares bought back during the year | - | - | - | - |
| Sub division of shares (from ₹ 10 to ₹ 1 per equity share) during the year * | - | - | 66,176,559 | - |
| **Equity shares outstanding at the end of the year** | 73,529,510 | 735.29 | 73,529,510 | 735.29 |

* During the Previous year, equity shares of ₹ 10 each were sub-divided into 10 equity shares of ₹ 1 each pursuant to an ordinary resolution passed by the shareholders by way of Postal Ballot on March 16, 2019.

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

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Number of shares held | % Holding in that class of shares | Number of shares held | % Holding in that class of shares |
| Equity shares with voting rights | | | | |
| (i) Yamuna Syndicate Ltd. | 33,034,904 | 44.93% | 32,965,260 | 44.83% |
| (ii) Mr. Ranjit Puri | 6,592,010 | 8.97% | 6,592,010 | 8.97% |
| (iii) Mr. Aditya Puri | 4,568,080 | 6.21% | 4,568,080 | 6.21% |

# Notes to the Consolidated Financial Statements

## NOTE 22 : OTHER EQUITY

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **(a) Capital reserve** | | |
| Balance outstanding at the beginning of the year | 0.01 | 0.01 |
| Add: Additions during the year | - | - |
| Add: Additions-Business Combinations | 23,369.49 | - |
| Less: Utilised during the year | - | - |
| Balance outstanding at the end of the year (refer note 22.3) | 23,369.50 | 0.01 |
| | | |
| **(b) Capital redemption reserve** | | |
| Balance outstanding at the beginning of the year | 3.24 | 3.24 |
| Add: Additions during the year | - | - |
| Less: Utilised during the year | - | - |
| Balance outstanding at the end of the year (refer note 22.3) | 3.24 | 3.24 |
| | | |
| **(c) Securities premium** | | |
| Balance outstanding at the beginning of the year | 450.22 | 450.22 |
| Add: Additions during the year | - | - |
| Less: Utilised during the year | - | - |
| Balance outstanding at the end of the year (refer note 22.3) | 450.22 | 450.22 |
| | | |
| **(d) General reserve** | | |
| Balance outstanding at the beginning of the year | 18,816.93 | 18,816.93 |
| Add: Additions during the year | - | - |
| Less: Utilised during the year | - | - |
| Balance outstanding at the end of the year (refer note 22.3) | 18,816.93 | 18,816.93 |
| | | |
| **(e) Surplus in statement of profit and loss** | | |
| Balance outstanding at the beginning of the year | 131,570.43 | 117,772.60 |
| Profit for the year | 14,631.19 | 14,276.44 |
| Share of profit/(loss) of an associate | 10.57 | - |
| Items of other comprehensive income recognised directly in retained earnings | | |
| - Remeasurements of Post Employment Benefits Obligations (refer note 22.2) | (43.04) | (35.39) |
| Appropriations | | |
| - Dividend | (1,102.94) | - |
| - Interim dividend | (1,470.59) | (367.65) |
| - Dividend distribution tax | (529.00) | (75.57) |
| Balance outstanding at the end of the year | 143,066.62 | 131,570.43 |
| | | |
| **(f) Other comprehensive income (specify nature)** | | |
| (i) Equity Instruments through Other Comprehensive Income | | |
| - Balance outstanding at the beginning of the year | 109.12 | 326.61 |
| - Other comprehensive income for the year | - | (217.49) |
| - Balance outstanding at the end of the year (refer note 22.3) | 109.12 | 109.12 |

# Notes to the Consolidated Financial Statements

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (ii) Effective Portion of Cash Flow Hedges | | |
| - Balance outstanding at the beginning of the year | 12.22 | 7.96 |
| - Other comprehensive income for the year | - | 4.26 |
| - Balance outstanding at the end of the year (refer note 22.3) | 12.22 | 12.22 |
| | | |
| (iii) Foreign currency translation reserve | | |
| - Balance outstanding at the beginning of the year | (177.50) | - |
| - Other comprehensive income for the year | 1742.79 | (177.50) |
| - Balance outstanding at the end of the year | 1,565.29 | (177.50) |
| **Total** | **187,393.14** | **150,784.67** |

**Note 22.1 :** During the previous year, equity shares of ₹ 10 each were sub-divided into 10 equity shares of ₹ 1 each pursuant to an ordinary resolution passed by the shareholders by way of Postal Ballot on March 16, 2019.

**Note 22.2 :** This is item of other comprehensive income arising from remeasurement of defined benefit obligation net of income tax, which is directly recognised in retained earning.

**Note 22.3 : Nature and purpose of reserves**

### Capital reserve
400 equity shares of ₹ 1/- each are yet to be allotted by way of bonus shares on receipt of fractional certificates , value of which has been shown under capital reserve.

Capital reserve of ₹ 23,369.49 lakhs generated during the current year ended March, 31 2020 on acquisition of Cavite Biofuels Producers Inc., Philippines (refer note - 53).

### Capital redemption reserve
Capital redemption reserve of ₹ 1.58 lakhs was created against the redemption of cumulative preference shares in financial year 1991-92 and ₹ 1.66 lakhs against the buy back of equity shares in financial year 2013-14.

### Securities premium
Securities premium represents the premium on issue of equity shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

### General reserve
This represents appropriation of profit after tax by the Group.

### Retained earnings
This comprise group's undistributed profit after taxes.

### Cash flow hedge reserve
The group uses hedging instrument as part of its management of foreign currency risk associated with borrowing in foreign exchange. For hedging the foreign currency risk, the group uses cross currency interest rate swap which is designated as cash flow hedge. Amounts recognised in cash flow hedge reserve is reclassified to profit and loss, when the hedge item affects profit and loss.

### FVOCI Equity Investment
The group has elected to recognise changes in fair value of certain investments in equity securities through OCI as other reserves. The group transfers amount from this reserves to retained earnings when the relevant investment is sold and realised.

# Notes to the Consolidated Financial Statements

## NOTE 23 : NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakhs)

| Particulars | Non-current portion | | Current maturities | |
|---|---|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| **Secured** | | | | |
| **Term loans from bank** | | | | |
| Indian rupee loan | 1,750.00 | - | 250.00 | - |
| (refer note 23.1) | | | | |
| Foreign currency loan (refer note 23.2 and 23.3) | 31,966.11 | 5,597.64 | 141.73 | - |
| | | | | |
| **Other loans** | | | | |
| Soft loan from bank (refer note 23.4) | 4,785.31 | - | 1,608.50 | - |
| Under Central Government Scheme of Soft Loan to sugar mills to facilitate payment of cane dues for the sugar season 2018-19(Net of Unamortised Processing Charges of ₹ 40.19 Lakhs (Previous Year ₹ Nil) | | | | |
| Vehicle Loan from Bank | 92.16 | - | 27.81 | - |
| (refer note- 23.5) | | | | |
| | **38,593.58** | **5,597.64** | **2,028.04** | **-** |
| Amount disclosed under the head "current financial liabilities excluding provisions - Others" (refer note 29) | - | - | 2,028.04 | - |
| **Total** | **38,593.58** | **5,597.64** | **-** | **-** |

### Note 23.1

**(a): Terms of repayment of borrowings are as follows:**

(₹ in lakhs)

| Initial Loan Amount | Loan Outstanding As at March 31,2020 | Current maturity | Rate of Interest | Term of Repayment |
|---|---|---|---|---|
| 2,000.00 | 2,000.00 | 250.00 | MCLR 1Y + 0.80% p.a. | 5 Year (Initial year being moratorium Period). Payable in 16 equal quarterly installments in subsequent 4 years. |

**(b): Security Details**

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

### Note 23.2

Term loan of ₹ 5,012.22 lakhs (previous year ₹ 5,597.64 lakhs) with current maturities of ₹ nil (previous year ₹ nil). The loan payable is secured by a registered general security agreement on the property of the Eagle press & Equipment Co. Ltd including accounts receivable and equipment and SBLC by bankers of Isgec Heavy Engineering Limited. Repayments commence on December 17, 2020 at the rate of Canadian dollar 675,000 quarterly principal only with a termination date of August 19, 2024. The loan payable bears interest at Bank's prime rate - 4.042% per annum.

### Note 23.3

Term loan of ₹ 26,953.89 lakhs (previous year ₹ nil) with current maturities of ₹ 141.73 lakhs (previous year ₹ nil). Repayable in 12 years in equal and successive semi-annually installments. Interest rate is 5.73%.

# Notes to the Consolidated Financial Statements

Secured by mortgage of plant under construction of Cavite Biofuels Producers Inc. (Philippines), Biological assets in the sugarcane plantation of Bukid Verde Inc. (Philippines) and land of Penwood Project Land Corp (Philippines).

**Note 23.4**

**(a): Terms of repayment of borrowings are as follows:**

(₹ in lakhs)

| Title | Term Loan outstanding as on 31 March, 2020 | Current maturity of Long Term Debts | Net | Rate of Interest and Terms of Repayment |
|---|---|---|---|---|
| Soft Loan State Bank of India | 4695.00 | 1173.75 | 3521.25 | Rate of Interest@10.75%. The loan is repayable in 16 equal quarterly installments, after moratorium period of 1 year. Installment of ₹ 293.44 lakh each will start from June, 2020 and will be ended in March, 2024. |
| Soft Loan From Corporation Bank | 1739.00 | 434.75 | 1304.25 | Rate of Interest@13%. The loan is repayable in 16 equal quarterly installments, after moratorium period of 1 year. Installment of ₹ 108.69 lakh each will start from June, 2020 and will be ended in March, 2024. |
| Total | 6434.00 | 1608.50 | 4825.50 | The Government will bear interest burden up to 7% simple interest or actual rate of interest charge by the bank which ever is less for maximum period of one year by way of interest subvention. |
| (Previous Year) | (Nil) | (Nil) | (Nil) | |

**(b): Security Details**

Soft Loan is secured by way of first pari passu charge on fixed assets including plant & machinery, furniture & fixtures, office equipments etc. and by way of equitable mortgage of immovable properties including land and building situated at Yamunanagar, and second pari passu charge by way of hypothecation on entire current assets of the Group, present and future.

(₹ in lakhs)

| Initial Loan Amount | Loan Outstanding As at March 31,2020 | Current maturity | Rate of Interest | Term of Repayment |
|---|---|---|---|---|
| 132.46 | 92.16 | 27.81 | 8.90 to 9.20% p.a. | Loans are taken against hypothecation of vehicles. The loans are repayable in 60 Equated Monthly Installment (EMI). Last EMI of loan is payable in the month of October, 2024. |

# Notes to the Consolidated Financial Statements

## NOTE 24 : NON-CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Security deposit under car loan scheme | 131.10 | 153.54 |
| Security deposit - Others | 31.28 | 22.29 |
| **Total** | **162.38** | **175.83** |

## NOTE 25 : LONG TERM PROVISIONS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Provision for employee benefits** | | |
| -Gratuity (refer note 36) | 11.66 | 6.25 |
| -Leave encashment | 2,263.94 | 2,321.11 |
| -Pension provision | 1,076.52 | 1,115.34 |
| | **3,352.12** | **3,442.70** |
| Provision for warranty (refer note 25.1 & 25.2) | 3,489.25 | 3,483.65 |
| **Total** | **6,841.37** | **6,926.35** |

### Note 25.1 : Provision for warranty

Provision is made for the estimated warranty claims and after sales services in respect of products sold based on the historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

### Note 25.2 : Movement of provision for warranty

(₹ in lakhs)

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| **Movement of provision for performance warranties/after sales services** | | |
| | | |
| Carrying amount at the beginning of the Year | 13,174.49 | 15,599.84 |
| Additional provision made during the year | 4,733.38 | 4,562.23 |
| Amount used during the year | (2,404.84) | (2,213.66) |
| Amount reversed during the year | (707.43) | (4,869.15) |
| Adjustment due to discounting | 74.61 | 95.23 |
| **Carrying amount at the end of the year** | **14,870.21** | **13,174.49** |
| | | |
| **Break up of carrying amount at the end of the year** | | |
| Long term provisions | 3,489.25 | 3,483.65 |
| Short term provisions (refer note 31) | 11,380.96 | 9,690.84 |

# Notes to the Consolidated Financial Statements

## NOTE 26 : OTHER NON-CURRENT LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Advance from customers | 17,523.35 | 25,450.53 |
| Interest accrued but not due | 1,095.61 | - |
| Deferred government grant (refer note 26.1) | 29.67 | 32.63 |
| **Total** | **18,648.63** | 25,483.16 |

**Note : 26.1**

"Moist Heat Air Treatment" (MHAT) plant and other agricultural implements for cane development worth ₹ 44.50 Lakhs received free of cost under a scheme of Haryana Government. There are no unfulfilled conditions or other contingencies attached to these grants.

## NOTE 27 : CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Soft loan from bank (refer note 27.1) | 228.58 | - |
| (Under Central Government Scheme of Soft Loan to sugar mills to facilitate payment of cane dues for the sugar season 2018-19) | | |
| Working capital demand loan (WCDL)(refer note 27.2 & 27.3) | 40,046.20 | 6,949.72 |
| Cash credit (refer note 27.2 & 27.4) | 3,670.23 | 11,622.79 |
| Packing credit loan from banks (refer note 27.5) | | |
| -In Indian rupees | 11,287.36 | 6,200.00 |
| **Total** | **55,232.37** | **24,772.51** |

**27.1** (i) Soft Loan was disbursed by Punjab National Bank @10.75% p.a. under Central Government Scheme of Soft Loan to sugar mills to facilitate payment of cane dues for the sugar season 2018-19. Tenure of the soft loan is one year. Repayment is due on 30th June, 2020.

(ii) Soft Loan was carved out by the Bank within the sanctioned Cash Credit limit.

(iii) The Government will bear interest burden up to 7% simple interest or actual rate of interest charge by the bank which ever is less for maximum period of one year by way of interest subvention.

**27.2** Secured by hypothecation/pledge of inventories and by way of a charge on book debts and other assets, on pari passu basis to working capital consortium bankers.

**27.3** WCDL is taken as sub limit under Cash Credit limit. Detail of WCDLs is given below:

Rate of interest varied from 8% to 10.60% during the above periods.

**27.4** Repayable on demand. Rate of interest varied from 8.70% to 10.60% during the above periods.

**27.5** Average rate of interest on packing credit loans from Banks is 8.08 % p.a.( previous year 8.32% )

# Notes to the Consolidated Financial Statements

## NOTE 28: CURRENT FINANCIAL LIABILITIES - TRADE PAYABLE

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Total outstanding dues of Micro and Small Enterprises (refer note 28.1) | 1,659.07 | 1,138.54 |
| Total outstanding dues of creditors other than Micro and Small Enterprises * | 1,39,210.07 | 1,47,090.15 |
| **Total** | **1,40,869.14** | **1,48,228.69** |

* includes balances with related parties (refer note 45)

### Note 28.1

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 group, on the basis of information and records available with the group. 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:

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (a) the principal amount and interest due thereon remaining unpaid to any supplier as at the end of accounting year; | | |
| - principal | 1,659.07 | 1,138.54 |
| - interest | 9.54 | 0.87 |
| (b) the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | | - |
| (c) the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act,2006 not paid) | - | - |
| (d) the amount of interest accrued and remaining unpaid at the end of the accounting year | 10.41 | 0.87 |
| (d) the amount of further interest due and payable even in the succeeding year, untill such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23. | - | - |

## NOTE 29 : CURRENT FINANCIAL LIABILITIES EXCLUDING PROVISIONS - OTHERS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Current maturities of long term debt (refer note 23.3) | 2,028.04 | - |
| Interest accrued but not due on borrowings | 189.44 | 26.70 |
| Unclaimed dividends | 152.29 | 126.90 |
| Security deposit received | 723.14 | 584.21 |
| Expense payable | 1,138.09 | 1,934.94 |
| Capital creditors | 564.68 | 667.28 |
| Foreign exchange forwards contracts payable | 1,457.16 | 2,456.42 |
| Payable to employees | 3,206.02 | 2,846.52 |
| Managerial /directors remuneration payable * | 2,281.18 | 2,444.73 |
| Other payables | 179.34 | 137.00 |
| **Total** | **11,919.38** | **11,224.70** |

* includes balances with related parties (refer note 45)

# Notes to the Consolidated Financial Statements

## NOTE 30 : OTHER CURRENT LIABILITIES

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Statutory dues payable | 2,195.16 | 2,157.35 |
| Unearned revenue | 33,858.25 | 27,031.89 |
| Advance from customers | 81,300.69 | 87,652.43 |
| Deferred Government grants (refer note 26.1) | 2.97 | 2.97 |
| Others | 2,589.63 | 3,016.19 |
| **Total** | **119,946.70** | **119,860.83** |

## NOTE 31 : CURRENT LIABILITIES - PROVISIONS

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Provision for employee benefits | | |
| - Gratuity (refer note 36) | 525.04 | 60.09 |
| - Leave encashment | 458.65 | 402.94 |
| - Pension provision | 158.71 | 163.08 |
| - Superannuation | 0.38 | - |
| | **1,142.78** | **626.11** |
| Provision for CSR (refer note 39.1) | 53.30 | 44.95 |
| Provision for warranty (refer note 25.1 & 25.2) | 11,380.96 | 9,690.84 |
| **Total** | **12,577.04** | **10,361.90** |

## NOTE 32 : REVENUE FROM OPERATIONS

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Sale of products | 505,264.10 | 449,193.99 |
| Erection, commissioning and related services | 65,250.81 | 45,903.27 |
| Other operating revenue (refer note 32.1) | 14,699.88 | 9,968.63 |
| **Total** | **585,214.79** | **505,065.89** |

# Notes to the Consolidated Financial Statements

### Note 32.1 : Other operating revenue

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Export incentives | 5,816.59 | 4,381.37 |
| Packing receipts | 9.08 | 78.95 |
| Unclaimed balances / liabilities no longer required written back | 1,368.05 | 2,262.49 |
| Bad bebt written off now realised | - | 6.58 |
| Sale of scrap and waste | 1,615.45 | 1,925.67 |
| Lease rent receipts (refer note 43) | 0.23 | 2.29 |
| Foreign exchange fluctuations | 4,504.29 | 6.97 |
| Fair value gain on derivatives | 1,338.37 | 825.18 |
| Miscellaneous income | 47.82 | 479.13 |
| **Total** | **14,699.88** | 9,968.63 |

## NOTE 33 : OTHER INCOME

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **(a) Interest income :** | | |
| On bank deposits | 337.38 | 572.67 |
| On other deposits and investments | 228.84 | 675.14 |
| On financial assets measured at amortised cost | 7.25 | 5.68 |
| **Total** | **573.47** | **1,253.49** |
| | | |
| **(b) Dividend income on equity investments :** | **0.33** | **1.84** |
| | | |
| **(c) Net gain on sale of investments** | **368.58** | **1,794.89** |
| | | |
| **(d) Other non operating income :** | | |
| Gain on investments carried at fair value through profit or loss | 242.65 | 824.50 |
| Government grant (revenue) | 4,723.53 | 2,613.76 |
| Government grant-gain on fair valuation of loans received at concessional/nil rate | - | 63.98 |
| Profit on sale of property, plant and equipment | 20.07 | - |
| Miscellaneous income | 269.65 | 323.36 |
| **Total** | **6,198.28** | **6,875.82** |

## NOTE 34 : COST OF MATERIALS CONSUMED

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Raw material and component consumed | 135,614.99 | 146,861.32 |
| Stores consumed | 4,550.42 | 3,455.49 |
| **Total** | **140,165.41** | 150,316.81 |

# Notes to the Consolidated Financial Statements

## NOTE 35 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK - IN - TRADE & WORK - IN - PROGRESS

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Opening stock** | | |
| Finished goods | 37,291.41 | 25,300.00 |
| Work-in-progress | 52,383.97 | 33,530.99 |
| **Total** | **89,675.38** | **58,830.99** |
| Additions - business combinations | - | 10,465.55 |
| **Total** | **89,675.38** | **69,296.54** |
| | | |
| **Closing stock** | | |
| Finished goods | 42,409.10 | 37,291.41 |
| Work in progress | 53,350.58 | 52,383.97 |
| **Total** | **95,759.68** | **89,675.38** |
| **Changes in inventory** | **(6,084.30)** | **(20,378.84)** |

## NOTE 36 : EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Salaries & wages | 39,333.17 | 34,381.14 |
| Contribution to provident & other funds | 2,197.26 | 2,565.98 |
| Staff welfare expenses | 666.55 | 601.98 |
| **Total** | **42,196.98** | **37,549.10** |

## NOTE 36.1 : ADDITIONAL INFORMATION AS PER IND AS 19, EMPLOYEE BENEFITS

**(a) Defined contribution plan:**

The Company has recognised, in the statement of profit and loss, expenses for the following Defined Contribution Plans:

(₹ in lakhs)

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Provident fund | 1,844.22 | 1,684.02 |
| Employees state insurance | 13.22 | 26.67 |
| Superannuation fund | 52.15 | 51.38 |
| Group Gratuity Fund | 90.62 | 637.78 |
| Labour welfare fund | 7.96 | 3.08 |
| National pension scheme | 189.09 | 163.05 |
| **Total** | **2,197.26** | **2,565.98** |

# Notes to the Consolidated Financial Statements

### (b) Defined Benefits Plan :

The liability for Employee Gratuity is determined on actuarial valuation using projected unit credit method.

The obligations are as under:-

(₹ in lakhs)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2019-20 | 2018-19 |
| **i. Change in present value of obligation** | | |
| a. Present value of obligation at the beginning of the year | 7,662.09 | 7,219.31 |
| b. Interest cost | 583.30 | 558.06 |
| c. Current service cost | 656.35 | 605.99 |
| d. Benefits paid | (622.92) | (664.36) |
| e. Actuarial (gain) / loss | 24.16 | (56.91) |
| f. Present value of obligation at the end of the year | 8,302.98 | 7,662.09 |
| | | |
| **ii. Change in the fair value of plan assets** | | |
| a. Fair value of plan assets at the beginning of the year | 7,942.74 | 7,441.38 |
| b. Actual return on plan assets | 610.62 | 555.12 |
| c. Contributions | 149.97 | 637.78 |
| d. Mortality, admin and FMC charges | (20.03) | (4.61) |
| e. Benefits paid | (622.92) | (664.42) |
| f. Actuarial gain / (loss) on plan assets | (81.94) | (22.51) |
| g. Fair value of plan assets at the end of the year | 7,978.44 | 7,942.74 |
| | | |
| **iii. Reconciliation of fair value of assets and obligations** | | |
| a. Fair value of plan assets at the end of the year | 7,978.44 | 7,942.74 |
| b. Present value of obligation at the end of the year | 8,302.98 | 7,662.09 |
| c. Amount recognised in the balance sheet | (324.54) | 280.65 |
| - Current liability | 525.04 | 60.09 |
| - Non current liability | 11.66 | 6.25 |
| - Current asset | 212.16 | 346.99 |
| | | |
| **iv. Expenses recognised in the statement of profit & loss** | | |
| a. Current service cost | 656.35 | 606.05 |
| b. Interest cost | 465.70 | 434.50 |
| c. Expected return on plan assets | (485.38) | (451.15) |
| d. Actuarial (gain) / loss | - | - |
| e. Expenses recognised in the profit & loss | 636.67 | 589.40 |
| | | |
| **v. Recognised in other comprehensive income for the year** | | |
| a. Actuarial gain/(loss) for the year on present benefit obligation | (24.16) | 56.90 |
| b. Actuarial gain/(loss) for the year on assets | (81.94) | (46.70) |
| | (106.10) | 10.20 |
| | | |
| **vi. Actuarial assumptions** | | |
| a. Discount rate (per annum) | 6.76% - 6.90% | 7.32% - 7.66% |
| b. Rate of escalation in salary (per annum) | 6.50% | 6.50% - 7.50% |

# Notes to the Consolidated Financial Statements

### (c) Amounts for the current and previous period in respect of Gratuity is as follows:

(₹ in lakhs)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2019-20 | 2018-19 |
| Defined benefit obligation | 8,302.98 | 7,662.09 |
| Plan assets | 7,978.44 | 7,942.74 |
| Surplus / (Deficit) | (324.54) | 280.65 |

### (d) Maturity profile of defined benefit obligation

(₹ in lakhs)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2019-20 | 2018-19 |
| a. Within next twelve months | 1,224.71 | 1,047.74 |
| b. Between one to five years | 2,168.02 | 1,013.49 |
| c. Between five to ten years | 4,910.26 | 5,600.88 |

### (e) Sensitivity analysis of the defined benefit obligation

(₹ in lakhs)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2019-20 | 2018-19 |
| **(a) Impact of the change in discount rate** | | |
| Present value of obligation at the end of the period | 8,302.98 | 7,662.09 |
| (i) Impact due to increase of 0.50% | (334.96) | (312.60) |
| (ii) Impact due to decrease of 0.50% | 362.83 | 338.56 |
| | | |
| **(b) Impact of the change in salary increase** | | |
| Present value of obligation at the end of the period | 8,302.98 | 7,662.09 |
| (i) Impact due to increase of 0.50% | 362.14 | 337.84 |
| (ii) Impact due to decrease of 0.50% | (337.40) | (314.79) |

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.

### (f) Major category of plan asset (as percentage of total plan asset)

| Particulars | Gratuity (Funded) | |
|---|---|---|
| | 2019-20 | 2018-19 |
| Fund managed by insurer | 100% | 100% |

# Notes to the Consolidated Financial Statements

## (g) Other long term employee benefits

**Long term compensated absences - Leave salary**

Principal assumptions for long term compensated absences

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| a) Discount rate | 6.76%-6.90% | 7.32%-7.66% |
| b) Future salary increase* | 6.50% | 6.50%-7.50% |
| c) Retirement age (years) | 60 | 60 |
| d) Ages (withdrawal rate %) | | |
| Up to 30 Years | 3 | 3 |
| From 31 to 44 Years | 2 | 2 |
| Above 44 Years | 1 | 1 |

* The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

## (h) Mortality rate (gratuity and leave salary)

| | Age | Mortality rate | Age | Mortality rate | Age | Mortality rate |
|---|---|---|---|---|---|---|
| Mortality rate for specimen ages | 15 | 0.000614 | 45 | 0.002874 | 75 | 0.039637 |
| | 20 | 0.000888 | 50 | 0.004946 | 80 | 0.060558 |
| | 25 | 0.000984 | 55 | 0.007888 | 85 | 0.091982 |
| | 30 | 0.001056 | 60 | 0.011534 | 90 | 0.138895 |
| | 35 | 0.001282 | 65 | 0.017009 | 95 | 0.208585 |
| | 40 | 0.001803 | 70 | 0.025855 | 100 | 0.311628 |

## NOTE 37 : FINANCE COSTS

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Interest | 3,620.95 | 2,283.82 |
| Other borrowing costs | 319.65 | 270.83 |
| Interest on lease liability | 173.51 | - |
| **Total** | **4,114.11** | **2,554.65** |

## NOTE 38 : DEPRECIATION AND AMORTIZATION EXPENSE

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Depreciation on property, plant & equipment | 8,123.18 | 6,976.36 |
| Amortisation of intangible assets | 1,238.77 | 1,271.80 |
| Depreciation/amortisation of right-of-use assets | 541.16 | - |
| **Total** | **9,903.11** | 8,248.16 |

# Notes to the Consolidated Financial Statements

## NOTE 39 : OTHER EXPENSE

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Power & Fuel | 3,907.02 | 3,721.89 |
| Other manufacturing expenses | 23,569.65 | 19,595.91 |
| Rent | 504.93 | 626.02 |
| Repairs to: | | |
| - Plant and machinery | 1,672.90 | 1,849.73 |
| - Building | 719.77 | 761.49 |
| - Others | 316.05 | 275.23 |
| Insurance | 1,429.84 | 744.26 |
| Rates and taxes | 357.41 | 230.92 |
| Commission to selling agents and others | 3,549.59 | 2,049.74 |
| Royalty | 680.07 | 2,067.78 |
| Bad debts written off | - | 0.04 |
| Rebates and discounts | 13.46 | 106.98 |
| Electricity and water expenses | 691.01 | 507.80 |
| Travelling and conveyance | 5,475.58 | 5,378.00 |
| Packing, forwarding & transportation expenses | 18,335.89 | 18,686.50 |
| Design & technical expenses | 5,457.95 | 5,568.67 |
| Advertising and sales promotion | 203.26 | 154.50 |
| Office & maintenance expenses | 9,286.35 | 9,783.83 |
| Legal and professional charges | 4,829.21 | 4,767.42 |
| Adjustment of expected credit loss | 24.13 | 1,110.69 |
| Bank charges | 1,968.27 | 1,929.34 |
| Net loss / (gain) on foreign currency transactions | 81.87 | 587.37 |
| Loss on property, plant and equipment sold / written off | 71.42 | 335.81 |
| Loss on sales/diminution in value of stores | 10.33 | 8.36 |
| Non executive director's remuneration / sitting fee | 35.85 | 20.57 |
| Fair value loss on derivatives | 1,338.37 | 825.18 |
| Donation | 4.12 | 1.57 |
| Payment to auditor | | |
| - as statutory auditor | 40.97 | 27.53 |
| - for taxation matters | 0.25 | 0.32 |
| - for other services | 8.56 | 7.49 |
| - for reimbursement of expenses | 4.07 | 4.34 |
| Managerial remuneration | 2,422.50 | 2,587.21 |
| Corporate social responsibility expenses (refer note 39.1) | 544.42 | 588.10 |
| **Total** | **87,555.07** | **84,910.59** |

### Note 39.1 : Corporate social responsibility

**a) Contribution during the year ended March 31, 2020**

Gross amount required to be spent by the group during the year is ₹ 559.03 lakhs. The group was required to spend the sum of ₹ 55.95 lakhs for the F.Y 2018-19 and ₹ 559.03 lakhs for the F.Y 2019-20 totalling to ₹ 614.98. An amount of ₹ 544.42 lakhs has been spent. The balance amount of ₹ 70.56 lakhs will be spent in the next year.

# Notes to the Consolidated Financial Statements

**b) Amount spent during the year and payable as at March 31, 2020 :**

(₹ in lakhs)

| Particulars | Spent | Yet to be spent |
|---|---|---|
| (i) On Construction / acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | 544.42 | 70.56 |

**c) Details of related party transactions :**

i) Contribution during the year ending March 31, 2020 - Nil (Previous year Nil)

ii) Payable as at March 31, 2020 - Nil (Previous year Nil)

## NOTE 40 : TAX EXPENSE

**Income Tax Expenses**

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **(i) Current Tax** | | |
| Current tax on profit for the period | 7,069.91 | 8,714.15 |
| Adjustments for current tax of prior periods | - | (0.02) |
| Tax of earlier years | - | (0.57) |
| **Total Current tax expense** | **7,069.91** | **8,713.56** |
| | | |
| **(ii) Deferred tax expenses** | (484.09) | (421.00) |
| | | |
| **(iii) MAT credit entitlement** | - | - |
| **Total Income tax Expense** | **6,585.82** | **8,292.56** |

**The major components of income tax expense and the reconciliation of expense based on the domestic effective tax rate of 34.944% and the reported tax expense in Statement of Profit and Loss are as follows:**

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Accounting profit before income tax | 21,659.07 | 22,694.14 |
| Tax at statutory income tax rate | 5,749.78 | 7,831.92 |
| Additional deduction allowed in Income Tax Act for certain expenditure | - | (41.66) |
| Expenditure for which deduction is not allowed under Income Tax Act | 221.03 | 354.82 |
| Differential tax rate on fair value of investments | 71.88 | 653.48 |
| Differential tax rate on sale of investments | (157.80) | (483.64) |
| Tax on exempt income | (123.30) | (69.39) |
| Change in tax rate for future period considered for deferred tax | 57.93 | 67.45 |
| Other deductions | 766.30 | (20.42) |
| **Total** | **6,585.82** | **8,292.56** |

# Notes to the Consolidated Financial Statements

## NOTE 41 : EARNINGS PER SHARE

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Nominal value of equity share (In ₹) | 1.00 | 1.00 |
| Number of weighted equity shares outstanding during the year for the purpose of calculation of earning per share | 73,529,510 | 73,529,510 |
| Profit / (loss) for the year attributable to owners of the parent (₹ in lakhs) | 14,641.76 | 14,276.44 |
| Basic earning per share (In ₹) | 19.91 | 19.42 |
| Diluted earning per share (In ₹) | 19.91 | 19.42 |

**Note :**

During the previous year ended March 31, 2019, equity shares of ₹ 10 each were sub-divided into 10 equity shares of ₹ 1 each pursuant to an ordinary resolution passed by the shareholders by way of Postal Ballot on March 16, 2019.

## NOTE 42 : CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in lakhs)

| | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| **I** | **Contingent Liabilities not provided for:** | | |
| a) | Claims against the company not acknowledged as debts | 3,384.54 | 43,188.33 |
| b) | Bonds executed in favour of President of India against Export Promotion Capital Goods license and Advance Authorisations | 38,603.35 | 36,999.25 |
| c) | Bonds/Bank Guarantees executed in favour of Commissioner of Customs against Project Import at Concessional Rate/ Project Authority Certificate | 3,137.30 | - |

**II Capital commitments**

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 1,036.06 | 3,400.39 |

## NOTE 43 : LEASES

### A. Group as a lessee

The Group has taken various residential /commercial premises and plant and machinery under cancellable operating 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:

(₹ in lakhs)

| | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| a) | Residential premises | 97.93 | 131.87 |
| b) | Commercial premises | 399.50 | 489.78 |
| c) | Plant and machinery | 7.50 | 4.37 |
| **Total** | | **504.93** | **626.02** |

# Notes to the Consolidated Financial Statements

The balance sheet shows the following amounts relating to leases:

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 |
|---|---|
| **Right-of-use assets** | |
| Building | 2,873.04 |
| Land | 2,640.35 |
| **Total** | **5,513.39** |

The break-up of current and non-current lease liabilities as at March 31, 2020 is as follows

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 |
|---|---|
| **Lease Liabilities** | |
| Current | 519.77 |
| Non-current | 2,701.90 |
| **Total** | **3,221.67** |

The following is the movement in lease liabilities during the year ended March 31, 2020:

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 |
|---|---|
| **Balance at the beginning of the year** | - |
| Additions | 1,735.12 |
| Additions - business combinations | 1,646.02 |
| Finance cost accrued during the period | 173.51 |
| Expense relating to variable lease payments not included in the measurement of lease liabilities | - |
| Payment for leases | 460.96 |
| Translation Difference | 127.98 |
| **Balance at the end of the year** | **3,221.67** |

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

(₹ in lakhs)

| Particulars | As At March 31, 2020 |
|---|---|
| (i) Less than one year | 596.16 |
| (ii) One to five years | 2,366.34 |
| (iii) More than five years | 1,989.46 |
| **Total** | **4,951.96** |

The Group 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.

Rental expense recorded for short-term leases was ₹ 504.93 lakhs for the year ended March 31, 2020.

# Notes to the Consolidated Financial Statements

### B. Group as a Lessor

The Group has given on lease Building under operating lease. In accordance with Indian Accounting Standard (Ind AS-116) on 'Leases' disclosure of the future minimum lease income under non cancellable operating leases in the aggregate and for each of the following periods:

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| a) Not later than one year | 71.35 | 61.05 |
| b) Later than one year and not later than five years | 22.97 | 25.27 |
| c) Later than five years | 6.18 | 12.85 |
| **Total** | **100.50** | **99.17** |

## NOTE 44 : SEGMENT INFORMATION

### Operating Segment

The Chief Operating Decision Maker (CODM) of the Group is monitoring the performance of the Group in the following Segments:-

a) Manufacturing of Machinery and Equipment Segment

b) Engineering, Procurement and Construction Segment

c) Sugar

d) Plant under construction

Composition of the Segments consists of:

**Manufacturing of Machinery & Equipment Segment** comprising manufacture of Process Plant Equipment, Presses, Castings, Boiler Tubes & Panels and Containers.

**Engineering, Procurement and Construction Segment** consists of Projects and Turnkey Solutions for Sugar Plants, Distilleries, Power Plants, Boilers, Air Pollution Control Equipment, Buildings and Factories.

**Sugar** consists of manufacture and sale of sugar and its by-products.

**Plant under construction** consists of acquired business of Cavite Biofuels Producers Inc. which is constructing ethanol plant

The Segments reported are as per Ind AS 108 "Operating Segments". The identification of Operating Segments is consistent with performance assessment by the Management.

In respect of these Segments for the Group, sales and margins do not accrue uniformly during the year.

### Identification of Segments

The chief operational decision maker monitors the operating results of its Business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating Segments have been identified by the management and reported taking into account, the nature of products and services, the differing risks and returns, the organization structure, and the internal financial reporting systems.

### Segment revenue and results:

The expenses and incomes which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocated income).

# Notes to the Consolidated Financial Statements

**Segment assets and liabilities:**

While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities and include creditors, accrued liabilities and interest bearing liabilities.

**Inter Segment transfer:**

Segment revenues and segment results include transfers of revenue expenses between business segments. Such transfers are accounted for at competitive market prices as charged from unaffiliated customers/vendors. These transfers are eliminated on consolidation.

**Segment Accounting Policies:**

(i) The segment results have been prepared using the same accounting policies as per the Financial Statements of the Group .

(ii) Unallocated assets include deferred tax, investments and interest bearing deposits.

(iii) Unallocated liabilities include non-interest bearing liabilities and tax provisions.

(iv) Capital expenditure pertains to additions made to fixed assets during the year and includes capital work in progress.

## 1 Segment Revenue

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | | | Year ended March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | External | Inter Segment | Total | External | Inter Segment | Total |
| Manufacturing of Machinery & Equipment | 136,615.12 | 24,642.70 | 161,257.82 | 125,676.40 | 29,558.82 | 155,235.22 |
| Engineering, Procurement and Construction | 392,732.64 | 168.05 | 392,900.69 | 323,542.38 | 240.81 | 323,783.19 |
| Sugar | 55,449.55 | - | 55,449.55 | 55,830.30 | - | 55,830.30 |
| Plant under construction | 389.32 | - | 389.32 | - | - | - |
| Unallocated | 28.16 | - | 28.16 | 16.81 | - | 16.81 |
| Elimination | - | (24,810.75) | (24,810.75) | - | (29,799.63) | (29,799.63) |
| **Segment Total** | **585,214.79** | **-** | **585,214.79** | **505,065.89** | **-** | **505,065.89** |

## 2 Segment Result (Profit/(Loss) before interest and tax)

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Manufacturing of Machinery & Equipment | 8,441.39 | 14,268.68 |
| Engineering, Procurement and Construction | 15,162.38 | 11,822.73 |
| Sugar | 4,829.79 | 1,996.92 |
| Plant under construction | (414.48) | - |
| Unallocated | (1,802.90) | (497.50) |
| **Operating Profit Before Interest and Tax** | **26,216.18** | **27,590.83** |
| Less: Interest Expense | (3,794.46) | (2,283.82) |
| Inter Segment Interest | (1,336.12) | (3,866.36) |
| Add: Interest Income | 573.47 | 1,253.49 |
| **Profit Before Tax** | **21,659.07** | **22,694.14** |

# Notes to the Consolidated Financial Statements

### 3 Segment Assets and Liabilities

(₹ in lakhs)

| Particulars | Segment Assets | | Segment Liabilities | |
|---|---|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Manufacturing of Machinery & Equipment | 166,780.88 | 168,267.54 | 134,380.27 | 128,502.84 |
| Engineering, Procurement and Construction | 289,813.11 | 297,672.27 | 227,457.22 | 242,014.21 |
| Sugar | 62,133.08 | 53,413.51 | 39,043.09 | 31,953.16 |
| Plant under construction | 84,982.02 | - | 62,754.09 | - |
| Unallocated Corporate Assets | 90,025.88 | 52,133.38 | 36,569.27 | 10,331.55 |
| **Total** | **693,734.97** | **571,486.70** | **500,203.94** | **412,801.76** |
| Less: Inter Segment assets/liabilities | (90,392.51) | (58,660.11) | (90,392.51) | (58,660.11) |
| **Total Segment Asset/Liability** | **603,342.46** | **512,826.59** | **409,811.43** | **354,141.65** |

### 4 Other information

(₹ in lakhs)

| Particulars | Capital Expenditure | | Depreciation and Amortisation | |
|---|---|---|---|---|
| | Year ended March 31, 2020 | Year ended March 31, 2019 | Year ended March 31, 2020 | Year ended March 31, 2019 |
| Manufacturing of Machinery & Equipment | 9,087.87 | 17,186.05 | 7,381.29 | 6,603.59 |
| Engineering, Procurement and Construction | 317.59 | 895.52 | 1,204.52 | 840.58 |
| Sugar | 511.05 | 766.45 | 646.64 | 617.54 |
| Plant under construction | 77,772.12 | - | 428.13 | - |
| Unallocated | 823.75 | 799.16 | 242.54 | 186.45 |

### 5 Geographical Information

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

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Revenue from external customers | | |
| - Within India | 458,379.55 | 387,925.76 |
| - Outside India | | |
| Indonesia | 28,722.32 | 20,248.47 |
| Spain | 29,553.18 | 7,295.43 |
| Nigeria | 13,820.14 | 31,718.55 |
| Philippines | 10,697.85 | 24,334.82 |
| Other countries | 44,041.75 | 33,542.86 |
| **Total** | **585,214.79** | **505,065.89** |

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

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Non-current assets | | |
| - Within India | 72,391.30 | 68,368.30 |
| - Outside India | 88,852.18 | 6,882.48 |
| **Total** | **161,243.48** | **75,250.78** |

# Notes to the Consolidated Financial Statements

## NOTE 45 : RELATED PARTY TRANSACTIONS

In accordance with the 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:

### I Description and name of related parties

| Description of relationship | Name | |
|---|---|---|
| **Holding company** | None | |
| **Entities over which directors and their relatives can exercise significant influence** | Yamuna Syndicate Limited | |
| | Kamla Puri Charitable Trust | |
| | Kamla Puri Charitable Foundation | |
| | Blue Water Enterprises | |
| **Key management personnel** | Mr. Aditya Puri | Managing Director |
| | Mrs. Nina Puri | Whole-time Director |
| | Mr. Ranjit Puri | Chairman |
| | Mr. Vinod Kumar Nagpal | Non Executive Director |
| | Mr. Tahir Hasan | Non Executive Director |
| | Mr. Arun Kathpalia | Non Executive Director |
| | Mr. Vinod Kumar Sachdeva | Non Executive Director |
| | Mr. Sidharth Prasad | Non Executive Director |
| | Mr. Vishal Kirti Keshav Marwaha | Non Executive Director |
| | Mrs. Shivani Hazari | Non Executive Director |
| | Mr. Sudershan Kumar Khorana | Company Secretary |
| | Mr. Kishore Chatnani | Chief Financial Officer |

### Trust under common control

| S. no | Name of the entity in the group | Principal place of operation / Country of incorporation | Principal Activities |
|---|---|---|---|
| 1 | Saraswati Sugar Syndicate Ltd. Employee Provident Fund Trust | India | Company's employee provident fund trust |
| 2 | Isgec Employees Group Gratuity cum Life Assurance Scheme | India | Company's employee gratuity trust |
| 3 | Uttar Pradesh Steels Employee Group Gratuity Scheme | India | Company's employee gratuity trust |
| 4 | The Saraswati Syndicate Employees Group Gratuity cum Life Assurance Scheme | India | Company's employee gratuity trust |
| 5 | The Saraswati Industrial Syndicate Ltd. Employees Group Gratuity Scheme | India | Company's employee gratuity trust |
| 6 | Saraswati Industrial Syndicate Ltd. Superannuation Scheme | India | Company's employee superannuation trust |
| 7 | Isgec John Thompson staff Provident Fund | India | Company's employee superannuation trust |
| 8 | Saraswati Sugar Mills Employees Group Gratuity cum Life Assurance Scheme | India | Company's employee gratuity trust |
| 9 | Isgec Hitachi Zosen Ltd. Group Gratuity cum Life Assurance Scheme | India | Company's employee gratuity trust |
| 10 | The Saraswati Syndicate Employees Group Gratuity cum Life Insurance Scheme | India | Company's employee gratuity trust |

# Notes to the Consolidated Financial Statements

## II Related Party Transactions

(₹ in lakhs)

| Particulars | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| **a)** | **Purchase of goods** | | |
| | **- Entities over which key management personnel can exercise significant influence** | | |
| | Yamuna Syndicate Limited | 425.07 | 448.54 |
| | **- Key management personnel** | | |
| | Mr. Aditya Puri (Managing Director) | 4.91 | 2.88 |
| | **- Relatives of Key management personnel** | | |
| | Mr. Ranjit Puri (Chairman) | 4.29 | 2.52 |
| | **Total** | **434.27** | **453.94** |
| **b)** | **Rendering of services** | | |
| | **- Entities over which key management personnel can exercise significant influence** | | |
| | Yamuna Syndicate Limited | 12.52 | 12.30 |
| | **Total** | **12.52** | **12.30** |
| **c)** | **Services received** | | |
| | **- Entities over which key management personnel can exercise significant influence** | | |
| | Yamuna Syndicate Limited | 3.34 | 3.06 |
| | **- Relatives of Key management personnel** | | |
| | Mr. Ranjit Puri (Chairman) | - | 0.64 |
| | **Total** | **3.34** | **3.70** |
| **d)** | **Rent received** | | |
| | **- Entities over which key management personnel can exercise significant influence** | | |
| | Yamuna Syndicate Limited | 3.00 | 1.67 |
| | **Total** | **3.00** | **1.67** |
| **e)** | **Rent Paid** | | |
| | **- Entities over which key management personnel can exercise significant influence** | | |
| | Blue Water Enterprises | 63.62 | 63.62 |
| | **- Relatives of Key management personnel** | | |
| | Mrs. Nina Puri (Wholetime Director) | 4.13 | - |
| | **Total** | **67.75** | **63.62** |
| **f)** | **Key management personnel compensation** | | |
| | Mr. Aditya Puri | 1,211.25 | 1,294.00 |
| | Mrs. Nina Puri | 1,211.25 | 1,294.00 |
| | Mr. Sudershan Kumar Khorana | 133.84 | 128.55 |
| | Mr. Kishore Chatnani | 95.06 | 88.00 |
| | **Total** | **2,651.40** | **2,804.55** |

The post employment benefits exclude provision for gratuity and leave encashment which can not be separately identified from the composite amount as advised by the actuary.

# Notes to the Consolidated Financial Statements

(₹ in lakhs)

| Particulars | | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| g) | **Key management personnel remuneration / sitting fees** | | |
| | Mr. Ranjit Puri | 5.45 | 2.95 |
| | Mr. Vinod Kumar Nagpal | 5.65 | 3.25 |
| | Mr. Tahir Hasan | 5.25 | 2.75 |
| | Mr. Arun Kathpalia | 1.35 | 1.65 |
| | Mr. Vinod Kumar Sachdeva | 5.45 | 3.05 |
| | Mr. Sidharth Prasad | 4.75 | 2.50 |
| | Mr. Vishal Kirti Keshav Marwaha | 4.25 | 2.75 |
| | Mrs. Shivani Hazari | 3.25 | 1.03 |
| | **Total** | **35.40** | **19.93** |
| h) | **Contribution to trust for post employment benefit** | | |
| | **Name of trust** | **2019-20** | **2018-19** |
| | The Saraswati Sugar Syndicate Limited Employee Provident Fund Trust | 1,145.71 | 1,033.68 |
| | Isgec Employees Group Gratuity cum Life Assurance Scheme | 87.98 | 542.60 |
| | Uttar Pradesh Steels Employees Group Gratuity cum Life Assurance Scheme | 3.08 | 47.09 |
| | The Saraswati Syndicate Employees Group Gratuity cum Life Assurance Scheme | 0.20 | 0.18 |
| | The Saraswati Syndicate Employees Group Gratuity cum Life Insurance Scheme | 11.19 | 6.72 |
| | The Saraswati Industrial Syndicate Limited Employees Group Gratuity Scheme | 0.10 | 0.09 |
| | Isgec Hitachi Zosen Ltd. Group Gratuity cum Life Assurance Scheme | 75.00 | 41.85 |
| | Saraswati Industrial Syndicate Limited Superannuation Scheme | 54.68 | 54.38 |
| | | | |
| i) | **Amount payable as at year end** | | |
| | - **Entities over which key management personnel can exercise significant influence** | | |
| | Yamuna Syndicate Limited | 6.52 | 12.08 |
| | - **Key management personnel** | | |
| | Mr. Aditya Puri (Managing Director) | 1,138.92 | 1,219.92 |
| | Mrs. Nina Puri (Wholetime Director) | 1,141.36 | 1,223.74 |
| | Mr. Ranjit Puri (Chairman) | 0.23 | 0.79 |
| | Mr. Vinod Kumar Nagpal | 0.23 | 0.23 |
| | Mr. Tahir Hasan | 0.23 | 0.23 |
| | Mr. Arun Kathpalia | 0.23 | 0.23 |
| | Mr. Vinod Kumar Sachdeva | 0.23 | 0.23 |
| | Mr. Sidharth Prasad | 0.23 | 0.23 |
| | Mr. Vishal Kirti Keshav Marwaha | 0.23 | 0.23 |
| | Mrs. Shivani Hazari | 0.23 | 0.03 |
| | **Total** | **2,288.64** | **2,457.94** |
| j) | **Amount receivable as at year end** | | |
| | - **Entities over which key management personnel can exercise significant influence** | | |
| | Yamuna Syndicate Limited | 0.20 | - |
| | Blue Water Enterprises | 15.90 | 15.90 |
| | **Total** | **16.10** | **15.90** |

**(k) 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 are unsecured and the settlement will occur in cash.

# Notes to the Consolidated Financial Statements

## NOTE 46 : CAPITAL MANAGEMENT

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

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Debt | 95,853.99 | 30,370.15 |
| Less: Cash & cash equivalent | 17,973.48 | 10,844.13 |
| Net debt | 77,880.51 | 19,526.02 |
| Total equity | 188,128.43 | 151,519.96 |
| Total equity and net debt | 266,008.94 | 171,045.98 |
| **Net debt to equity ratio (Gearing Ratio)** | **29.28%** | **11.42%** |

**Notes-**

**(i)** Debt is defined as long-term and short-term borrowings including current maturities (excluding derivatives) as described in notes 23 and 27.

**(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 year and previous year.

### (c) Dividends

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **(i) Dividends Recognized** | | |
| Dividend for the year ended March 31, 2019 ₹ 1.50 per equity share of ₹ 1/- each | 1,102.94 | - |
| (for the year ended March 31, 2018 ₹ NIL/- per equity share of ₹ 10/- each) | | |
| | | |
| Interim dividend during the year ended March 31, 2020 ₹ 2/- per equity share of ₹ 1/- each | 1,470.59 | 367.65 |
| (during the year ended March 31, 2019 ₹ 5/- per equity share of ₹ 10/- each) | | |
| **(ii) Dividend proposed but not recognised in the books of accounts** | | |
| The Board in order to conserve the resources did not recommend any final dividend | NIL | 1,102.94 |
| (March 31, 2019 ₹ 1.50 per equity share of ₹ 1/- each) | | |

**Note :**

During the previous year ended March 31, 2019, equity shares of ₹ 10/- each were sub-divided into 10 equity shares of ₹ 1/- each pursuant to an ordinary resolution passed by the shareholders by way of Postal Ballot on March 16, 2019.

# Notes to the Consolidated Financial Statements

## NOTE 47 : FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATION AND FAIR VALUE MEASUREMENT

**Financial instruments by category**

(₹ in lakhs)

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Amortised Cost | FVTPL * | FVTOCI # | Amortised Cost | FVTPL * | FVTOCI # |
| **Financial Asset** | | | | | | |
| **Investments** | | | | | | |
| - Investments in equity instruments | - | - | - | - | - | 0.63 |
| - Investments in debentures or bonds | - | - | - | - | 2,741.11 | - |
| - Investments in mutual funds | - | 5,945.48 | - | - | 10,484.39 | - |
| - Other investments | - | 2,253.36 | - | - | 2,320.37 | - |
| Trade receivables | 188,544.52 | - | - | 193,672.06 | - | - |
| Loans | 3,244.27 | - | - | 3,221.88 | - | - |
| Cash and cash equivalents | 17,973.48 | - | - | 10,844.13 | - | - |
| Bank balances | 3,462.80 | - | - | 3,193.66 | - | - |
| Foreign currency forward contracts | - | 1,463.26 | - | - | 2,491.12 | - |
| Others | 7,160.73 | - | - | 4,237.20 | - | - |
| **Total Financial Assets** | **220,385.80** | **9,662.10** | **-** | **215,168.93** | **18,036.99** | **0.63** |
| | | | | | | |
| **Financial Liabilities** | | | | | | |
| Borrowings | 95,853.99 | - | - | 30,370.15 | - | - |
| Trade payables | 140,869.14 | - | - | 148,228.69 | - | - |
| Forward contracts | - | 1,457.16 | - | - | 2,456.42 | - |
| Lease liability | 3,221.67 | - | - | - | - | - |
| Other Financial Liabilities | 8,596.56 | - | - | 8,944.11 | - | - |
| **Total Financial Liabilities** | **248,541.36** | **1,457.16** | **-** | **187,542.95** | **2,456.42** | **-** |

*FVTPL - Fair value through profit or loss

# FVTOCI - Fair value through other comprehensive income

### (i) Fair Value Hierarchy

This section explains the judgments 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 group has classified its financial instruments into three levels prescribed under the accounting standards.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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 prices (unadjusted) in the active markets for identical assets or liabilities

# Notes to the Consolidated Financial Statements

Level 2: Other techniques for which all the inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(₹ in lakhs)

| Particulars | Fair Value Measurement using | | | |
|---|---|---|---|---|
| | Carrying Value March 31, 2019 | Quoted price in Active Market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **(A) Financial assets and liabilities at fair value through profit or loss** | | | | |
| **Financial assets** | | | | |
| **Investments** | | | | |
| - Investments in equity instruments | - | - | - | - |
| - Investments in debentures or bonds | 2,741.11 | 2,741.11 | - | - |
| - Investments in mutual funds | 10,484.39 | 10,484.39 | - | - |
| - Other investments | 2,320.37 | - | 2,320.37 | - |
| Financial investment at FVOCI | 0.63 | 0.63 | - | - |
| Foreign currency forward contracts | 2,491.12 | - | 2,491.12 | - |
| **Total** | **18,037.62** | **13,226.13** | **4,811.49** | **-** |
| **Financial liabilities** | | | | |
| Forward contracts | 2,456.42 | - | 2,456.42 | - |
| **Total** | **2,456.42** | **-** | **2,456.42** | **-** |
| | | | | |
| **(B) Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed at March 31, 2019** | | | | |
| **Financial Assets** | | | | |
| Loan to Employees | 1,330.28 | - | - | 1,330.28 |
| Security Deposit | 1,848.82 | - | - | 1,848.82 |
| **Total** | **3,179.10** | **-** | **-** | **3,179.10** |
| **Financial Liabilities** | | | | |
| Borrowings | 30,370.15 | - | - | 30,370.15 |
| Trade payables | 148,228.69 | - | - | 148,228.69 |
| Other financial liabilities | 11,400.53 | - | - | 11,400.53 |
| **Total** | **189,999.37** | **-** | **-** | **189,999.37** |

# Notes to the Consolidated Financial Statements

(₹ in lakhs)

| Particulars | Fair Value Measurement using | | | |
|---|---|---|---|---|
| | Carrying Value March 31, 2020 | Quoted price in Active Market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **(A) Financial assets and liabilities at fair value through profit or loss** | | | | |
| **Financial Assets** | | | | |
| **Investments** | | | | |
| - Investments in equity instruments | - | - | - | - |
| - Investments in debentures or bonds | - | - | - | - |
| - Investments in mutual funds | 5,945.48 | 5,945.48 | - | - |
| - Other investments | 2,253.36 | - | 2,253.36 | - |
| Financial investment at FVOCI | - | - | - | - |
| Foreign currency forward contracts | 1,463.26 | - | 1,463.26 | - |
| **Total** | **9,662.10** | **5,945.48** | **3,716.62** | **-** |
| **Financial liabilities** | | | | |
| Forward contracts | 1,457.16 | - | 1,457.16 | - |
| **Total** | **1,457.16** | **-** | **1,457.16** | **-** |
| | | | | |
| **(B) Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed at March 31, 2020** | | | | |
| **Financial Assets** | | | | |
| Loan to Employees | 1,276.94 | - | - | 1,276.94 |
| Security Deposit | 1,812.68 | - | - | 1,812.68 |
| **Total** | **3,089.62** | **-** | **-** | **3,089.62** |
| **Financial Liabilities** | | | | |
| Borrowings | 95,853.99 | - | - | 95,853.99 |
| Trade payables | 140,869.14 | - | - | 140,869.14 |
| Lease liability | 3,221.67 | | | 3,221.67 |
| Other financial liabilities | 10,053.72 | - | - | 10,053.72 |
| **Total** | **249,998.52** | **-** | **-** | **249,998.52** |

### (ii) Valuation techniques used to determine Fair value

The Group 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 Group based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. For borrowings 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 Group is considered to be insignificant in valuation.

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

# Notes to the Consolidated Financial Statements

## NOTE 48 : FINANCIAL RISK MANAGEMENT

The Group'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 Group's operations. The Group's principal financial assets include investments in marketable securities, loans , trade and other receivables and cash and short-term deposits that arise directly from its operations.

The Group's activities are exposed to **Market risk, Credit risk and Liquidity risk.**

### I. 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, investments, and derivative financial instruments.

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

### (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 Group'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:**

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Variable rate borrowings | 3,670.23 | 11,622.79 |
| Fixed rate borrowings | 92,183.76 | 18,747.36 |
| **Total** | **95,853.99** | **30,370.15** |

**(ii) As at the end of reporting period, the Group had the following variable rate borrowings outstanding:**

(₹ in lakhs)

| Particulars | As at March 31, 2020 | | | As at March 31, 2019 | | |
|---|---|---|---|---|---|---|
| | Weighted average interest rate (%) | Balance | % of total borrowings | Weighted average interest rate (%) | Balance | % of total borrowings |
| Loans repayable on demand (Cash Credit) | 9.30% | 3,670.23 | 3.83% | 9.91% | 11,622.79 | 38.27% |
| External Commercial Borrowings (including USD_INR Hedging Cost) | - | - | - | - | - | - |
| Interest rate swaps (notional principal amount) | - | - | - | - | - | - |
| **Net exposure to cash flow interest rate risk** | | **3,670.23** | | | **11,622.79** | |

# Notes to the Consolidated Financial Statements

### (iii) Sensitivity

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

(₹ in lakhs)

| Particulars | Increase/ Decrease in Basis Points | | Impact on Profit before Tax | |
|---|---|---|---|---|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| INR | +50 | +50 | 18.35 | 58.11 |
| | - 50 | - 50 | (18.35) | (58.11) |

### (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 Group operates internationally and the Group has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk.

The Group 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 Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are follows:

(₹ in lakhs)

| Foreign currency exposure as at March 31, 2020 | USD | Euro | JPY | Others | Total |
|---|---|---|---|---|---|
| Trade receivables | 38,865.77 | 4,650.51 | - | 179.61 | 43,695.89 |
| Bank balances in current accounts and term deposits accounts | 1.41 | 0.01 | - | 18.96 | 20.38 |
| Trade payables | 6,442.77 | 776.26 | 48.39 | 1.05 | 7,268.47 |
| Hedged portion | 42,395.13 | 4,746.35 | 48.39 | 1.05 | 47,190.92 |
| Net exposure to foreign currency risk (assets) | 2,914.82 | 680.43 | - | 198.57 | 3,793.82 |
| **Foreign currency exposure as at March 31, 2019** | **USD** | **Euro** | **JPY** | **Others** | **Total** |
| Trade receivables | 54,735.03 | 2,947.98 | - | 8.96 | 57,691.97 |
| Bank balances in current accounts and term deposits accounts | 48.68 | 0.01 | - | 2.66 | 51.35 |
| Trade payables | 2,204.34 | 549.26 | 965.92 | 59.59 | 3,779.11 |
| Hedged portion | 52,482.42 | 3,428.35 | 929.55 | 59.59 | 56,899.91 |
| Net exposure to foreign currency risk (liabilities) | 4,505.63 | 68.90 | 36.37 | 11.62 | 4,622.52 |

### Foreign currency sensitivity

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

(₹ in lakhs)

| Particulars | 2019-20 | | 2018-19 | |
|---|---|---|---|---|
| | 1% increase | 1% decrease | 1% increase | 1% decrease |
| USD | 29.15 | -29.15 | 45.06 | -45.06 |
| Euro | 6.80 | -6.80 | 0.69 | -0.69 |
| JPY | - | - | 0.36 | -0.36 |
| Others | 1.99 | -1.99 | 0.12 | -0.12 |

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

### (c) Price Risk

The Group's exposure to price risk arises from the investment held by the Group . To manage its price risk arising from investments in marketable securities, the Group diversifies its portfolio and is done in accordance with the Group policy. The Group's major investments are actively traded in markets and are held for short period of time. Therefore no senility is provided for the same.

# Notes to the Consolidated Financial Statements

## II. Credit risk

Credit risk arises from the possibility that the counterparty will default on its contractual obligations resulting in financial loss to the Group. To manage this, the Group 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 Group 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"

The group's major exposure is from trade receivables, which are unsecured and derived from external customers. Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted securities and certificates of deposit which are funds deposited at a bank for a specified time period. Other loans are majorly provided to the subsidiaries and employee which have very minimal risk of loss.

### Expected credit loss for trade receivable on simplified approach :

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

(₹ in lakhs)

| Ageing | Not Due | Less than 6 months | 6-12 months | More than 12 months | Total |
|---|---|---|---|---|---|
| **As at March 31, 2019** | | | | | |
| Gross Carrying Amount | 115,547.59 | 38,750.09 | 18,003.62 | 23,143.00 | 195,444.30 |
| Expected Credit Loss | - | 105.83 | 475.71 | 1,190.70 | 1,772.24 |
| Carrying Amount (net of impairment) | 115,547.59 | 38,644.26 | 17,527.91 | 21,952.30 | 193,672.06 |
| | | | | | |
| **As at March 31, 2020** | | | | | |
| Gross Carrying Amount | 122,245.40 | 47,770.72 | 6,631.70 | 13,693.32 | 190,341.14 |
| Expected Credit Loss | - | - | 53.71 | 1,742.91 | 1,796.62 |
| Carrying Amount (net of impairment) | 122,245.40 | 47,770.72 | 6,577.99 | 11,950.41 | 188,544.52 |

The Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default 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.

# Notes to the Consolidated Financial Statements

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

(₹ in lakhs)

| Particulars | ECL for Trade Receivables |
|---|---|
| **As at April 1, 2018** | **713.58** |
| Provided during the year | 1,104.29 |
| Amounts written off | - |
| Reversal of provisions | (45.63) |
| Unwinding of discounts | - |
| Transferred on account of demerger | - |
| **As at March 31, 2019** | **1,772.24** |
| Provided during the year | 26.31 |
| Amounts written off | - |
| Reversal of provisions | (1.93) |
| Unwinding of discounts | - |
| Transferred on account of demerger | - |
| **As at March 31, 2020** | **1,796.62** |

## III. Liquidity Risk

Liquidity risk is defined as the risk that Group will not be able to settle or meet its obligation on time or at a reasonable price. The Group's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group'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 Group'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:

(₹ in lakhs)

| As at March 31, 2020 | Carrying Amount | On Demand | Less than 12 months | More than 12 months | Total |
|---|---|---|---|---|---|
| Borrowings | 95,853.99 | 3,670.23 | 53,590.18 | 38,593.58 | 95,853.99 |
| Trade payables | 140,869.14 | - | 140,869.14 | - | 140,869.14 |
| Lease liability | 3,221.67 | - | 519.77 | 2,701.90 | 3,221.67 |
| Other liabilities | 10,053.72 | - | 9,891.34 | 162.38 | 10,053.72 |
| **Total** | **249,998.52** | **3,670.23** | **204,870.43** | **41,457.86** | **249,998.52** |

(₹ in lakhs)

| As at March 31, 2019 | Carrying Amount | On Demand | Less than 12 months | More than 12 months | Total |
|---|---|---|---|---|---|
| Borrowings | 30,370.15 | 11,622.79 | 13,149.72 | 5,597.64 | 30,370.15 |
| Trade payables | 148,228.69 | - | 148,228.69 | - | 148,228.69 |
| Other liabilities | 11,400.53 | - | 11,224.70 | 175.83 | 11,400.53 |
| **Total** | **189,999.37** | **11,622.79** | **172,603.11** | **5,773.47** | **189,999.37** |

# Notes to the Consolidated Financial Statements

**Financing arrangements**

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

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Bank overdraft and other facilities | 23,917.63 | 48,892.49 |

**Note 49 : 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 :-**

| Sr. No. | Particulars | Description | | | | | |
|---|---|---|---|---|---|---|---|
| a) | **Products covered for Cost Audit** | Ingots and Manufactured items of Engineering Machinery | | Sugar | | Other Machinery | |
| | | | | | | | |
| b) | **Full Particulars of Cost Auditor** | M/s K. C. Kohli & Co. | | M/s K. C. Kohli & Co. | | M/s K. C. Kohli & Co. | |
| | For the year ended March 31, 2020 | Cost Accountants | | Cost Accountants | | Cost Accountants | |
| | | B-92, Subhadra Colony, | | B-92, Subhadra Colony, | | B-92, Subhadra Colony, | |
| | | Sarai Rohilla, Delhi - 110 035 | | Sarai Rohilla, Delhi - 110 035 | | Sarai Rohilla, Delhi - 110 035 | |
| | | | | | | | |
| | For the year ended March 31, 2019 | M/s Jugal K. Puri & Associates | | M/s Jugal K. Puri & Associates | | M/s Jugal K. Puri & Associates | |
| | | Cost Accountants | | Cost Accountants | | Cost Accountants | |
| | | Plot No. 3 , Sector-22 | | Plot No. 3 , Sector-22 | | Plot No. 3 , Sector-22 | |
| | | Gurgaon - 122 015, Haryana | | Gurgaon - 122 015, Haryana | | Gurgaon - 122 015, Haryana | |
| c) | **Filling of Cost Audit Report** | **Year ended 31.03.2020** | **Year ended 31.03.2019** | **Year ended 31.03.2020** | **Year ended 31.03.2019** | **Year ended 31.03.2020** | **Year ended 31.03.2019** |
| | i) Due Date of Filling of Cost Audit Report | 27.09.2020 | 27.09.2019 | 27.09.2020 | 27.09.2019 | 27.09.2020 | 27.09.2019 |
| | ii) Actual Date of Filling Cost Audit Report | Not Yet Due | 30.08.2019 | Not Yet Due | 27.08.2019 | Not Yet Due | 27.08.2019 |

# Notes to the Consolidated Financial Statements

## NOTE 50 : INTEREST IN OTHER ENTITIES

### A Summarised financial information of subsidiaries having material non-controlling interests is as follows:-

(₹ in lakhs)

| Particulars | Isgec Hitachi Zosen Limited | | Isgec Titan Metal Fabricators Limited | | Isgec Redecam Enviro Solutions Private Limited | | Isgec SFW Boilers Private Limited | |
|---|---|---|---|---|---|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| **Country of Incorporation** | India | | India | | India | | India | |
| **Assets** | | | | | | | | |
| Non-Current Assets | 12,827.28 | 5,336.24 | 318.99 | 38.64 | 2.20 | 14.57 | 190.08 | 43.39 |
| Current Assets | 32,234.23 | 26,103.26 | 3,144.64 | 1,392.39 | 2,262.37 | 2,170.93 | 596.95 | 486.67 |
| **Total** | **45,061.51** | **31,439.50** | **3,463.63** | **1,431.03** | **2,264.57** | **2,185.50** | **787.03** | **530.06** |
| | | | | | | | | |
| **Liabilities** | | | | | | | | |
| Non-Current Liabilities | 5,216.66 | 627.35 | 216.08 | 4.29 | 5.54 | 2.70 | 112.79 | 5.48 |
| Current Liabilities | 25,674.67 | 17,132.34 | 2,781.32 | 1,085.15 | 2,064.79 | 2,021.89 | 265.79 | 84.47 |
| **Total** | **30,891.33** | **17,759.69** | **2,997.40** | **1,089.44** | **2,070.33** | **2,024.59** | **378.58** | **89.95** |
| **Equity** | **14,170.18** | **13,679.81** | **466.23** | **341.59** | **194.24** | **160.91** | **408.45** | **440.11** |
| | | | | | | | | |
| Percentage of ownership held by non-controlling interest | 49.00% | 49.00% | 49.00% | 49.00% | 49.00% | 49.00% | 49.00% | 49.00% |
| Accumulated non controlling interest | 6,943.39 | 6,703.11 | 228.45 | 167.38 | 95.18 | 78.84 | 200.14 | 215.65 |
| | | | | | | | | |
| Revenue | 28,892.20 | 22,487.11 | 2,561.20 | 2,926.53 | 4,045.03 | 1,688.82 | 649.49 | 648.88 |
| Net Profit/ (loss) | 697.93 | 196.12 | 184.91 | 157.87 | 33.33 | (0.25) | 28.44 | 138.13 |
| Other Comprehensive Income | (26.73) | 8.01 | - | - | - | - | 0.18 | 0.55 |
| Total Comprehensive Income | 671.20 | 204.12 | 184.91 | 157.87 | 33.33 | (0.25) | 28.62 | 138.68 |
| Profit/(loss) allocated to Non controlling Interests | 328.89 | 100.02 | 90.61 | 77.36 | 16.33 | (0.12) | 14.02 | 67.95 |
| | | | | | | | | |
| Net cash inflow/(outflow) from operating activities | 7,762.43 | (1,421.58) | (704.64) | (262.92) | (71.72) | (219.06) | 27.45 | 174.34 |
| Net cash inflow/(outflow) from investing activities | (3,314.43) | (1,286.94) | (33.29) | (16.50) | 5.02 | 6.46 | 120.96 | (122.68) |
| Net cash inflow/(outflow) from financing activities | (2,397.21) | 1,949.63 | 756.53 | 280.30 | 37.70 | - | (92.30) | - |
| Net cash inflow/(outflow) | 2,050.79 | (758.89) | 18.60 | 0.88 | (29.00) | (212.60) | 56.11 | 51.66 |

# Notes to the Consolidated Financial Statements

## B Summarised financial information of associate is as follows:-

(₹ in lakhs)

| Particulars | Penwood Project Land Corp. | |
|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 |
| **Country of Incorporation** | Philippines | |
| **Summarised balance sheet** | | |
| **Assets** | | |
| Non-Current Assets | 1,696.50 | - |
| Current Assets | 399.74 | - |
| **Total** | **2,096.24** | **-** |
| Liabilities | | |
| Non-Current Liabilities | 21.10 | - |
| Current Liabilities | 286.14 | - |
| **Total** | **307.24** | **-** |
| **Net assets** | **1,789.00** | **-** |
| Group share | 40.00% | - |
| **Reconciliation of carrying amounts** | | |
| Opening net assets | - | - |
| Acquisition during the year | 934.43 | |
| Profit for the year | 10.57 | - |
| Exchange gain/(loss) | 74.48 | |
| **Carrying amount** | **1,019.48** | |

# Notes to the Consolidated Financial Statements

**Note 51 : Additional information pursuant to General Instructions for the preparation of Consolidated Financial statements as per Schedule III of the Companies Act, 2013**

## A. For the year ended March 31, 2020

(₹ in lakhs)

| Name of the Entity | Net assets (Total assets minus Total liabilities) | | Share in profit or loss | | Share in Other comprehensive income | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated Other comprehensive income | Amount | As % of consolidated Total Comprehensive Income | Amount |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| **Parent** | | | | | | | | |
| Isgec Heavy Engineering Limited | 78.17% | 147,050.89 | 104.56% | 15,309.54 | 1.62% | 27.50 | 93.85% | 15,337.04 |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Isgec Covema Limited | 0.12% | 226.35 | -0.13% | (19.19) | 0.00% | - | -0.12% | (19.19) |
| Isgec Exports Limited | 0.07% | 125.02 | 0.03% | 5.02 | 0.00% | - | 0.03% | 5.02 |
| Isgec Engineering & Projects Limited | 0.21% | 404.06 | 0.02% | 3.21 | 0.00% | - | 0.02% | 3.21 |
| Saraswati Sugar Mills Limited | 12.27% | 23,089.99 | 14.43% | 2,112.75 | -3.25% | (55.17) | 12.59% | 2,057.58 |
| Freelook Software Private Limited | 0.38% | 715.73 | -0.46% | (67.00) | 0.00% | - | -0.41% | (67.00) |
| Isgec Hitachi Zosen Limited | 7.53% | 14,170.17 | 4.77% | 697.93 | -1.57% | (26.72) | 4.11% | 671.21 |
| Isgec SFW Boilers Private Limited | 0.22% | 408.45 | 0.19% | 28.44 | 0.01% | 0.18 | 0.18% | 28.62 |
| Isgec Redecam Enviro Solutions Private Limited | 0.10% | 194.24 | 0.23% | 33.33 | 0.00% | - | 0.20% | 33.33 |
| Isgec Titan Metal Fabricators Private Limited | 0.25% | 466.23 | 1.26% | 184.91 | 0.00% | - | 1.13% | 184.91 |
| **Foreign** | | | | | | | | |
| Eagle Press & Equipment Co. Limited | 0.24% | 455.47 | -15.25% | (2,233.43) | 4.25% | 72.23 | -13.23% | (2,161.20) |
| Isgec Investment PTE Limited | 0.00% | 6.53 | 0.01% | 1.21 | 0.00% | - | 0.01% | 1.21 |
| Bioeq Energy Holdings One | 29.27% | 55,069.37 | -0.01% | (1.70) | 0.00% | - | -0.01% | (1.70) |
| Bioeq Energy Pte Ltd. | 28.71% | 54,019.24 | -0.06% | (8.30) | 0.30% | 5.09 | -0.02% | (3.21) |
| Bioeq Energy B.V. | 28.56% | 53,733.79 | -0.06% | (8.10) | 0.00% | - | -0.05% | (8.10) |
| Bioeq Energy Holding Corp. | 23.07% | 43,393.51 | -1.37% | (200.50) | 71.59% | 1,216.94 | 6.22% | 1,016.44 |
| Cavite Biofuels Producers Inc. | 11.84% | 22,277.66 | -2.14% | (313.64) | 36.61% | 622.34 | 1.89% | 308.70 |
| Bukid Verde Inc. | -3.32% | (6,236.58) | -1.79% | (261.83) | -10.36% | (176.02) | -2.68% | (437.85) |
| Non controlling interest in all subsidiaries | -2.87% | (5,402.59) | -2.95% | (431.49) | 0.79% | 13.39 | -2.56% | (418.10) |
| **Associate** | | | | | | | | |
| **Foreign** | | | | | | | | |
| Penwood Project Land Corporation (PPLC) | 0.05% | 101.30 | 0.07% | 10.57 | 0.00% | - | 0.06% | 10.57 |
| Consolidation adjustments | -114.89% | (216,140.40) | -1.37% | (199.97) | 0.00% | - | -1.21% | (199.97) |
| **Total** | **100%** | **188,128.43** | **100%** | **14,641.76** | **100%** | **1,699.76** | **100%** | **16,341.52** |

# Notes to the Consolidated Financial Statements

**B. For the year ended March 31, 2019**

(₹ in lakhs)

| Name of the Entity | Net assets ( Total assets minus Total liabilities) | | Share in profit or loss | | Share in Other comprehensive income | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated Other comprehensive income | Amount | As % of consolidated Total Comprehensive Income | Amount |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| **Parent** | | | | | | | | |
| Isgec Heavy Engineering Limited | 88.91% | 134,717.22 | 89.88% | 12,831.74 | -4.28% | 18.22 | 92.78% | 12,849.96 |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Isgec Covema Limited | 0.16% | 245.55 | -0.01% | (1.23) | 0.00% | - | -0.01% | (1.23) |
| Isgec Exports Limited | 0.08% | 119.99 | 0.03% | 4.86 | 0.00% | - | 0.04% | 4.86 |
| Isgec Engineering & Projects Ltd. | 0.26% | 400.85 | -0.01% | (1.18) | 0.00% | - | -0.01% | (1.18) |
| Saraswati Sugar Mills Limited | 14.16% | 21,460.35 | 6.56% | 936.91 | 64.70% | (275.69) | 4.77% | 661.24 |
| Freelook Software Private Limited | 0.52% | 782.74 | 0.01% | 1.70 | 0.00% | - | 0.01% | 1.70 |
| Isgec Hitachi Zosen Ltd. | 9.03% | 13,679.81 | 1.37% | 196.12 | -2.88% | 12.28 | 1.50% | 208.40 |
| Isgec Foster Wheeler Boilers Private Ltd. | 0.29% | 440.11 | 0.97% | 137.92 | -0.18% | 0.76 | 1.00% | 138.68 |
| Isgec Redecam Enviro Solutions Private Limited | 0.11% | 160.91 | -0.00% | (0.25) | 0.00% | - | -0.00% | (0.25) |
| Isgec Titan Metal Fabricators Private Ltd. | 0.23% | 341.59 | 1.11% | 157.87 | 0.00% | - | 1.14% | 157.87 |
| **Foreign** | | | | | | | | |
| Eagle Press & Equipment Co. Limited | 1.73% | 2,616.67 | 2.05% | 292.62 | 41.65% | (177.50) | 0.83% | 115.12 |
| Non controlling interest in all subsidiaries | -4.73% | (7,164.98) | -0.88% | (125.14) | 0.98% | (4.19) | -0.93% | (129.33) |
| Consolidation adjustments | -10.75% | (16,280.85) | -1.09% | (155.50) | 0.00% | - | -1.12% | (155.50) |
| **Total** | **100%** | **151,519.96** | **100%** | **14,276.44** | **100%** | **(426.12)** | **100%** | **13,850.33** |

# Notes to the Consolidated Financial Statements

## NOTE 52 : DISCLOSURE UNDER IND AS 115 "REVENUE FROM CONTRACTS WITH CUSTOMERS"

### a. Disaggregated revenue information

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| **Type of services or goods** | | |
| Revenue from Manufacturing of Machinery & Equipment | 161,257.82 | 155,235.22 |
| Revenue from Engineering, Procurement and Construction | 368,089.94 | 293,983.56 |
| Sugar | 55,449.55 | 55,830.30 |
| Plant under construction | 389.32 | - |
| Others | 28.16 | 16.81 |
| **Total revenue from sale of services or goods** | **585,214.79** | **505,065.89** |
| | | |
| Revenue from contracts with customers | | |
| Revenue from customers based in India | 458,379.55 | 387,925.76 |
| Revenue from customers based outside India | 126,835.24 | 117,140.13 |
| **Total revenue from contracts with customers** | **585,214.79** | **505,065.89** |
| | | |
| Timing of revenue recognition | | |
| Goods and services transferred over time | 368,089.94 | 293,983.56 |
| Goods and services transferred at a point in time | 217,124.85 | 211,082.33 |
| | **585,214.79** | **505,065.89** |

### b. Trade receivables and Contract Customers

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Trade receivables | 188,544.52 | 193,672.06 |
| Contract Assets | 23,292.33 | 9,012.09 |
| Contract Liabilities | 132,682.29 | 140,134.85 |

Trade receivables are non-interest bearing and are generally on terms of 0 - 60 days. ₹ 1,796.62 lakhs was recognised as provision for expected credit losses on trade receivables.

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

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

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

Revenue for ongoing services at the reporting date yet to be invoiced is recorded as unbilled revenue.

### c. Set out below is the amount of revenue recognised from:

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Amounts included in contract liabilities at the beginning of the year | 140,134.85 | 74,417.39 |
| Amount received against contract liability during the year | 154,560.77 | 212,746.70 |
| Performance obligations satisfied during the year | 162,013.33 | 147,029.24 |
| Amounts included in contract liabilities at the end of the year | 132,682.29 | 140,134.85 |

# Notes to the Consolidated Financial Statements

### d. Performance obligation and remaining performance obligation

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Disclosure of the entity's remaining performance obligations: | | |
| (a) the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period; and | 533,987.79 | 678,897.07 |
| (b) When the entity expects to recognise as revenue | | |
| Within one year | 60.29% | 55.71% |
| Within two years | 34.53% | 39.36% |
| Within five years | 5.18% | 4.93% |
| Thereafter | - | - |

## NOTE 53 : BUSINESS COMBINATIONS (DISCLOSURE PURSUANT TO IND AS 103)

**Disclosures pursuant to Ind AS 103 "Business Combinations":**

a. Acquisition of Cavite Biofuels Producers Inc., Philippines

b. On October 3, 2019, The Group through its wholly owned subsidiary company, namely Isgec Investment Pte. Ltd.,Singapore incorporated in Singapore acquired the business of Cavite Biofuels Producers Inc., Philippines with all its assets and liabilities and group companies. The following group entities were acquired by Isgec Investment Pte. Ltd.

- Bioeq Energy Holdings One, Cayman Islands
- Bioeq Energy Pte Ltd., Singapore
- Bioeq Energy B.V.,Netherlands
- Bioeq Energy Holding Corp., Philippines
- Bioeq Shared services ROHQ
- Bukid Verde Inc., Philippines
- Penwood Project Land Corp., Philippines
- Cavite Biofuels Producers Inc., Philippines"

The effective closing was on October 3, 2019 for a purchase consideration of ₹ 7,111.25 ($100) The Group accounted the acquisition by following the purchase method of accounting wherein the total purchase consideration was allocated to all acquired assets and assumed liabilities. The purchase price allocation ('PPA') was undertaken to assess the valuation of assets and liabilities acquired in the acquisition.

(₹ in lakhs)

| Particulars | Amount |
|---|---|
| **Purchase consideration** | |
| Cash and cash equivalents | 0.07 |
| **Total** | **0.07** |
| Assets acquired and liabilities recognised on the date of acquisition are as follows: | |
| **ASSETS** | |
| **Non - current assets:** | |
| Property, plant and equipment | 3,035.03 |
| Right-of-use assets (net) | 1,473.94 |

# Notes to the Consolidated Financial Statements

(₹ in lakhs)

| Particulars | Amount |
|---|---|
| Capital work - in - progress | 44,305.53 |
| Other intangible assets | 22.22 |
| Biological assets | 418.78 |
| Investments in associates | 934.43 |
| Input value added tax | 553.65 |
| Security deposit | 0.75 |
| Other non - current assets | 308.16 |
| **Total non - current assets** | **51,052.49** |
| **Current assets:** | |
| Inventories | 60.67 |
| Trade and other receivables | 148.91 |
| Cash and bank balances | 38.58 |
| Due from related parties | 384.97 |
| Prepayments and other assets | 132.85 |
| **Total current assets** | **765.98** |
| **Total assets** | **51,818.47** |
| | |
| **LIABILITIES** | |
| **Non - current liabilities** | |
| Loans and Notes payable | 25,110.36 |
| Lease liability | 1,633.79 |
| Deferred tax liability | 359.79 |
| Other liability | 26.46 |
| **Total non - current liabilities** | **27,130.40** |
| | |
| **Current liabilities** | |
| Trade and other payables | 3,132.40 |
| Loans and notes payable | 64.55 |
| Lease liability | 12.23 |
| Value added tax payable | 1.92 |
| Due to related parties | 140.22 |
| **Total current liabilities** | **3,351.32** |
| **Total liabilities** | **30,481.72** |
| | |
| **Non controlling interest acquired** | **(2,032.81)** |
| | |
| Total net identifiable assets acquired | 23,369.56 |
| Consideration paid | 0.07 |
| Capital reserve arising from the acquisition | 23,369.49 |

Initial accounting for acquisition of Cavite Biofuels Producers Inc., Philippines to be done as per fair value prescribed under Ind AS 103 "Business Combinations" is under progress and therefore, as permitted by para 45 of Ind AS 103, book value of assets and liabilities has been considered for accounting in the financial year ended March 31, 2020.

# Notes to the Consolidated Financial Statements

## NOTE 54 : REVENUE EXPENDITURE ON RESEARCH & DEVELOPMENT

(₹ in lakhs)

| Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|
| Salaries & wages | 169.78 | 150.05 |
| Contribution to Provident & other Funds | 9.50 | 8.26 |
| Others | 42.48 | 36.81 |
| **Total** | **221.76** | **195.12** |

## NOTE 55 : IMPACT OF COVID 19 (GLOBAL PANDEMIC)

The Group has evaluated the impact of COVID–19 resulting from (i) the possibility of constraints to fulfil its performance obligations under the contract with customers; (ii) revision of estimations of costs to complete the contract because of additional efforts; (iii) termination or deferment of contracts by customers. The Group has concluded that the impact of COVID–19 is not material on long term basis based on these estimates. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the recoverability of receivables including unbilled receivables, contract assets and contract costs, intangible assets, and investments and other financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial results has used internal and external sources of information including credit reports and related information, economic forecasts and consensus estimates from market sources on the expected future demand of its products and services. The Group has performed analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

**Note 56 :** Contribution to political parties during the year 2019-20 is ₹ Nil (previous year: ₹ Nil)

**As per our report of the even date**
For **S C V & Co. LLP.**
*Chartered Accountants*
Firm Regn. No.000235N / N500089

**CA. Abhinav Khosla**
*Partner*
M. No. 087010

Place: Noida
Dated : June 26, 2020

**Sanjay Kumar**
*General Manager*

**Kishore Chatnani**
*Chief Financial Officer*

**For & on behalf of the Board of Directors**

**S.K. Khorana**
*Executive Director & Company Secretary*
M.No.1872

**Aditya Puri**
*Managing Director*
DIN: 00052534

**Vinod Kumar Nagpal**
*Director*
DIN: 00147777

**Shivani Hazari**
*Director*
DIN: 00694121











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