

Independent Auditor's Report

To the Members of
Isgec Hitachi Zosen Limited

REPORT ON THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying Ind AS financial statements of **Isgec Hitachi Zosen Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its profit including other comprehensive income, the changes in equity its cash flows and for the year ended on that date.

Basis for Opinion.

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

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

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



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

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

Management's Responsibility for the Ind AS Financial Statements

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

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

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

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

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

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



- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure -A, which forms a part of this report, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.



2. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account, as required by law have been kept by the Company so far, as appears from our examination of such books.
 - (c) The Balance Sheet, Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.
 - (e) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2023 from being appointed as a Director in terms of Section 164(2) of the Companies Act, 2013.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure- B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 issued by the Central Government of India in terms of clause (j) of sub-section (3) of section 143 of the Act, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note No. 41 to the Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. Since there were no amounts which were required to be transferred to the investor education and protection fund by the Company, therefore there has been no delay in transferring amounts required to be transferred to investor education and protection fund by the company.
 - iv. a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed fund or share premium or any other sources of kinds of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate beneficiaries.



- b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entity ("Funding Parties"), with the understanding, whether recording in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other person or entities identified in any manner whatsoever by or on behalf of Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security, or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representation under sub-clause (a) and (b) contains any material misstatement.
- v. a) The final dividend proposed in the previous year, declared and paid during the year by the Company is in compliance with section 123 of the Companies Act, 2013.
- b) The Board of Directors of the Company have proposed the final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in compliance with the section 123 of the Companies Act, 2013.
- vi. Provision to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from 1st April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March 2023.
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, 2023 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.

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



Abhinav Khosla
(ABHINAV KHOSLA)

PARTNER

Membership No.: 087010

UDIN: *23087010BGZFEG2082*

Place: Noida

Dated: *7.5.2023*

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of **Isgec Hitachi Zosen Limited** on the Ind AS Financial Statements for the year ended 31st March 2023)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i)(a)(A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of Right of Use Assets.
- (i)(a)(B) The Company has maintained proper records showing full particulars of intangible assets.
- (i)(b) Property, plant and Equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (i)(c) There are no immovable properties (other than properties where the company is lessee and the lease agreements are duly executed in favour of the lessee), held by the company and accordingly, the provisions of paragraph 3(i)(c) of the Order are not applicable to the company.
- (i)(d) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has neither revalued its Property, Plant and Equipment (Including Right of Use Assets) nor intangible assets during the year ended March 31, 2023.
- (i)(e) According to the information and explanations given to us and on the basis of our audit procedures, we report that there are no proceedings that have been initiated or are pending against the company for holding any benami property under the Prohibition of Benami Property Transactions (Prohibitions) Act , 1988 (45 of 1988) and rules made thereunder.
- (ii)(a) According to the information and explanations given to us and on the basis of our audit procedures, we report that Physical Verification of Inventory has been conducted at reasonable intervals by the management and in our opinion the coverage and procedure of such verification is appropriate. No discrepancy of 10% or more in the aggregate for each class of inventory were noticed during such verification conducted during the year.



- (ii)(b) The Company has been sanctioned working capital limits in excess of Rs Five Crore in aggregate from banks during the year on the basis of security of current assets. Quarterly returns or statements filed by the company with such banks are in agreement with the books of account of the Company.

According to the information and explanations given to us and on the basis of our audit procedures, we report that no working capital limits have been sanctioned for the Company by financial institutions.

- (iii) According to information and explanation given to us and on the basis of our audit procedures, we report that the Company has not made investments in, provided any guarantee or security or granted any loans and advances in the nature of loans to companies, firms, Limited Liability Partnership or any other parties. Accordingly, the provisions on paragraph 3(iii)(a), (b), (c), (d), (e) and (f) of the Order are not applicable to the company.

- (iv) According to information and explanation given to us and on the basis of our audit procedures, we report that there are no loans, investments, guarantees, and security in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the provisions of paragraph 3(iv) of the Order are not applicable to the Company.

- (v) According to information and explanation given to us and on the basis of our audit procedures, we report that the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits, hence the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act and the rules made thereunder are not applicable for the year.

- (vi) According to information and explanation given to us and on the basis of our audit procedures, we report that maintenance of cost records by the Company has been specified by the Central Government under sub-section (1) of section 148 of the Act, such accounts and records have been so made and maintained.

- (vii)(a) The company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.

We have been informed that the provisions of employee state insurance are not applicable to the Company.

According to the information and explanation given to us and based on audit procedures performed by us, no undisputed amount payable in respect of these statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.



- (vii)(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, goods and service tax or value added tax which have not been deposited on account of any dispute except as given under:

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

- (viii) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of accounts, in the tax assessment under the Income Tax Act, 1961 as income during the year, accordingly the provisions of paragraph 3(viii) of the Order are not applicable to the Company.
- (ix)(a) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year. Accordingly, the provisions of paragraph ix(a) of the Order are not applicable to the company.
- (ix)(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared a wilful defaulter by any bank or financial institution or other lender.
- (ix)(c) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not obtained any term loans during the year. Accordingly, the provisions of paragraph (ix)(c) of the Order are not applicable to the Company.
- (ix)(d) According to the information and explanations given to us and on the basis of our audit procedures, we report that no funds raised on short term basis have been utilised for long term purposes during the year.
- (ix)(e) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company does not have any subsidiary, associate or joint venture. Accordingly, the provisions of paragraph 3(ix)(e) of the Order are not applicable to the Company.
- (ix)(f) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company does not have any subsidiaries, joint ventures or associates. Accordingly, the provisions on paragraph 3(ix)(f) of the Order are not applicable to the Company.



- (x)(a) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not raised any moneys by way of initial public offer/ further public offer (including debt instruments) during the year. Accordingly, the provisions paragraph 3(x)(a) of the Order are not applicable to the Company.
- (x)(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence the provisions on paragraph 3(x)(b) of the Order are not applicable to the company.
- (xi)(a) According to the information and explanations given to us and on the basis of our audit procedures, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year.
- (xi)(b) During the year, no report under Sub-section (12) of section 143 of Companies Act, 2013 has been filed by auditor in form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (xi)(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company is not a Nidhi Company. Therefore, the provisions of paragraph 3(xii)(a), (b), (c) of the Order are not applicable to the Company.
- (xiii) All transactions with related parties are in compliance with section 188 of the Companies Act, 2013 and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards. Further, the provisions of sections 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meeting of Board and its power) Rule 2014, as amended are not applicable to the company and accordingly provisions of paragraph 3(xiii) of the Order in so far as it relates to sec 177 of the Act are not applicable to the Company.
- (xiv)(a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (xiv)(b) We have considered the internal audit report of the Company issued till date, for the period under audit.
- (xv) According to the information and explanations given to us and on the basis of our audit procedures, we report that in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence the provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.



- (xvi)(a) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the provisions paragraph (xvi)(a) of the Order are not applicable to the Company.
- (xvi)(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that since the Company has not conducted any Non-Banking Financial or Housing Finance activities, therefore, the company is not required to obtain a valid Certificate of Registration from Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (xvi)(c) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company is not a Core Investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the provisions of paragraph 3 (xvi)(c) of the Order are not applicable to the Company.
- (xvi)(d) According to the information and explanations given to us and on the basis of our audit procedures, we report that the group does not have any CIC as part of the group, hence the provisions of paragraph (xvi)(d) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on the basis of our audit procedures, we report that, the company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditor during the year and accordingly, the provisions of paragraph 3 (xviii) of the Order are not applicable to the Company.
- (xix) According to information and explanations given to and on the basis of the financial ratios disclosed in note no 50 to the financial statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statement, our knowledge of the Board of Directors and management plan and based on our examination of the evidence supporting the assumption, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of audit report that Company is not capable of meeting its liabilities existing at date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not the assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of audit report and we neither give any guarantee nor any assurance that all the liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx)(a) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company does not have any unspent amount in respect of other than ongoing projects.



- (xx)(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company does not have any unspent amount pursuant to ongoing projects. Therefore, the Company is in compliance with sub-section (6) of the section 135 of the Companies Act, 2013.
- (xxi) The provisions of paragraph 3(xxi) are not applicable to the Company as the Company is not required to prepare consolidated Ind AS financial statements.

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



Abhinav Khosla
(ABHINAV KHOSLA)

PARTNER

Membership No.: 087010

UDIN: *23087010B6ZFEG2082*

Place: Noida

Dated: *8.5.2023*

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of **Isgec Hitachi Zosen Limited** on the Ind AS Financial Statements for the year ended 31st March 2023)

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

We have audited the internal financial controls over financial reporting of **Isgec Hitachi Zosen Limited** ("the Company") as of 31st March 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 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 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 Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.



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

Abhinav Khosla
(ABHINAV KHOSLA)
PARTNER

Membership No.: 087010

UDIN: *230270108GZFEG2082*

Place: Noida

Dated: *8.5.2023*



We Deliver Quality on Time

ISGEC Hitachi Zosen Limited

Financial Statements

2022-23

ISGEC HITACHI ZOSEN LIMITED
CIN: U28123HR2012PLC045430
BALANCE SHEET AS AT March 31, 2023


(In ₹ Lakhs)


Particulars	Page No.	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS				
(1) Non Current Assets				
(a) Property, Plant and Equipment	17	5	5,474.04	6,366.67
(b) Right-of-Use Assets	18	5A	11,477.27	62.33
(c) Capital Work In Progress	19	5B	-	10.90
(d) Intangible Assets	20	6	94.41	60.59
(e) Financial Assets				
(i) Loans	21	7	18.76	26.84
(ii) Others financial assets	21	8	237.86	134.71
(f) Deferred Tax Assets (Net)	22	9	31.60	-
(g) Other Non-current Assets	23	10	6.23	6.74
Total non-current assets			17,340.17	6,668.78
(2) Current Assets				
(a) Inventories	23	11	17,161.52	33,051.69
(b) Financial Assets				
(i) Trade Receivables	24	12	24,124.81	8,934.91
(ii) Cash and Cash Equivalents	25	13	913.93	350.68
(iii) Bank Balances other than (ii) above	25	14	922.76	846.81
(iv) Loans	26	15	15.76	18.00
(v) Others financial assets	26	16	96.59	37.20
(c) Other Current Assets	26	17	1,042.40	4,606.45
(d) Current tax Assets (net)	33	30	-	31.84
Total current assets			44,277.77	47,877.58
Total assets			61,617.94	54,546.36
EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity Share Capital	27	18	10,000.00	10,000.00
(b) Other Equity	28	19	5,466.11	4,745.69
Total equity			15,466.11	14,745.69
LIABILITIES				
(2) Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	29	21	250.00	750.00
(ii) Lease liabilities	29	22	10,069.47	-
(iii) Others Financial liabilities excl. provisions	29	20	61.29	49.91
(b) Provisions	29	23	621.76	639.17
(c) Deferred Tax Liabilities (Net)	22	9	-	168.61
Total non-current liabilities			11,002.52	1,607.69
(3) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	30	24	12,400.00	10,547.20
(ii) Lease Liabilities	32	27	1,815.00	69.89
(iii) Trade Payables				
- Total Outstanding dues of Micro and Small Enterprises	31	25	1,055.32	320.62
- Total Outstanding dues of Creditors other than Micro and Small Enterprises	31	25	4,003.13	5,310.20
(iii) Others Financial liabilities excl. provisions	32	26	2,623.80	1,912.95
(b) Other Current Liabilities	33	28	12,511.77	19,529.32
(c) Provisions	33	29	600.58	502.80
(d) Current Tax Liabilities (net)	33	30	139.71	-
Total current liabilities			35,149.31	38,192.98
Total equity and liabilities			61,617.94	54,546.36

The accompanying notes from 1 to 53 form an integral part of financial statements

As per our report of even date

For SCV & Co. LLP
Chartered Accountants
Firm Registration No.000235/N/500089


Shailesh Kumar
Chief Financial Officer


Brajesh Kr. Rai
Chief Operating Officer


CA. Abhinav Khosla
Partner
Membership No. 087010



For and on behalf of the Board of Directors

Place: Noida
Dated : 08/05/2023


Sanjay Gulati
Managing Director
DIN: 05201178


Aasha Rani
Company Secretary
M.No.A.39007


Shalabh Singh
Director
DIN: 07738604


Tomonori Terai
Director
DIN: 08405854

ISGEC HITACHI ZOSEN LIMITED
CIN: U28123HR2012PLC045430
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2023

(In ₹ Lakhs)


Sr. No.	Particulars	Page No	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
I	Revenue from operations	34	31	59,644.21	32,435.05
II	Other income	35	32	48.71	51.66
III	Total income (I+II)			59,692.92	32,486.71
IV	Expenses				
	(a) Cost of materials consumed	36	33	23,767.65	21,085.93
	(b) Changes in inventories of finished goods and work - in - progress	37	34	14,331.24	(5,362.67)
	(c) Employee benefits expense	38 & 39	35	4,271.89	3,915.59
	(d) Finance costs	40	36	2,044.61	771.61
	(e) Depreciation and amortisation expense	40	36A	2,480.65	3,862.88
	(f) Other expense	41	37	11,701.64	7,652.53
	Total expenses (IV)			58,597.68	31,925.87
V	Profit/ (Loss) before Tax (III-IV)			1,095.24	560.84
VI	Tax Expense:				
	(a) Current Tax	42	38	461.39	161.94
	(b) Deferred Tax	42	38	(196.78)	(6.70)
	Total tax expenses (VI)			264.61	155.24
VII	Profit/ (Loss) for the year (V-VI)			830.63	405.60
VIII	Other Comprehensive Income				
	A (i) Items that will not be reclassified to profit/(loss)				
	- Remeasurement of post employment benefit obligations	43	39	(13.65)	0.93
	(ii) Income tax relating to items that will not be reclassified to profit/(loss)	43	39	3.44	(0.26)
IX	Total Income including other comprehensive Income (VII+VIII)			820.42	406.27
X	Earnings per equity share of Rs. 10 each				
	Basic (in Rs.)	44	40	0.83	0.41
	Dilluted (in Rs.)	44	40	0.83	0.41

The accompanying notes from 1 to 53 form an integral part of financial statements

As per our report of even date

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For and on behalf of the Board of Directors

Place: Noida
Dated : 08/05/2023


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Tomonori Terai
Director
DIN: 08405854

ISGEC HITACHI ZOSEN LIMITED
CIN: U28123HR2012PLC045430
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March,2023

(in ₹ Lakhs)

Particulars	Year ended March 31,2023	Year ended March 31,2022
A. Cash flow from Operating activities:		
Profit before tax	1,095.24	560.84
Adjustments for:		
Depreciation and amortisation Expense	2,480.65	3,862.88
Finance costs	2044.61	771.61
Provision for expected credit losses	7.33	-
Interest and other Income	(43.13)	(43.73)
Gain on disposal of property, plant and equipment	(5.55)	(5.76)
Operating profit before working capital adjustments	5,579.15	5,145.84
Working capital adjustments		
- (Increase)/Decrease in Trade Receivables	(15,197.23)	2,232.13
- (Increase)/Decrease in Other Receivables	3,395.78	137.09
- (Increase)/Decrease in Inventories	15,890.17	(7,232.20)
- Increase/(Decrease) in Trade and Other payable	(6,890.91)	9,362.79
Cash generated from operations	2,776.96	9,645.65
- Income Tax paid (net of refund)	(289.84)	(207.40)
Net cash flow from / (used in) operating activities	2,487.12	9,438.25
B. Cash flow from investing activities		
Purchase of Plant, Property & Equipment	(330.32)	(750.97)
Proceeds from sale of Plant, Property & Equipment	12.92	22.56
Interest Received	43.18	58.83
Net cash flow from / (used in) investing activities	(274.22)	(669.58)
C. Cash flow from financing activities		
Proceeds/(Repayment) from Secured loans	1,852.80	(4,312.34)
Repayment from Term loan	(500.00)	(500.00)
Cash payments for the interest portion of the lease liability	(951.80)	(70.81)
Cash payments for the principal portion of the lease liability	(888.35)	(2,764.19)
Interest and other Borrowing cost Paid	(1,062.30)	(703.63)
Dividend paid on equity shares	(100.00)	(200.00)
Net cash flow from / (used in) financing activities	(1,649.65)	(8,550.97)
Net Increase/(Decrease) in Cash & Cash Equivalents	563.25	217.70
Cash and cash equivalents at beginning of the year	350.68	132.98
Cash and cash equivalents at end of the year	913.93	350.68
Components of cash and cash equivalents		
Cash and Cheques in hand	0.32	0.32
Balance with Scheduled Banks	913.61	350.36
Cash and cash equivalents	913.93	350.68

Note:

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

(ii) Reconciliation of liabilities arising from financing activities:


Particulars	Year ended March 31,2023	Year ended March 31,2022
Balance at the beginning of the year	11,297.20	16,109.55
Cash flows:		
Proceeds from Non current borrowings	-	-
Proceeds from current borrowings	1,852.80	-
Repayment of borrowings	-	(4,312.35)
Repayment of Term loan	(500.00)	(500.00)
Balance at the year ended	12,650.00	11,297.20

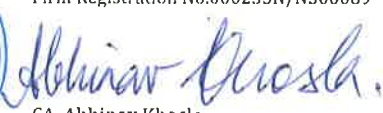
(iii) Figures in brackets indicate cash outflow.

As per our report of even date

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


Shailesh Kumar
Chief Financial Officer


Brajesh kr. Rai
Chief Operating Officer


CA. Abhinav Khosla
Partner
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Aasha Rani
Company Secretary
M.No.A39007

For and on behalf of the Board of Directors


Sanjay Gulati
Managing Director
DIN: 05201178


Shalabh Singh
Director
DIN: 07738604


Tomonori Terai
Director
DIN: 08405854

Place: Noida
Dated : 08/05/2023

ISGEC HITACHI ZOSEN LIMITED
CIN: U28123HR2012PLC045430
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

A. EQUITY SHARE CAPITAL

(In ₹ Lakhs)

As at 1st April, 2022	Changes during the year	As at March 31, 2023
10,000	-	10,000

As at 1st April, 2021	Changes during the year	As at March 31, 2022
10,000	-	10,000

B. OTHER EQUITY

(In ₹ Lakhs)

Particulars	Reserves and Surplus	Other comprehensive Income	Total
	Retained earnings		
Balance as at April 1, 2022	4,745.62	0.07	4,745.69
Profit for the year ended	830.63		830.63
Other Comprehensive income		(10.21)	(10.21)
Final dividend paid for the year ended March 31, 2022	(100.00)		(100.00)
Balance as at March 31, 2023	5,476.25	(10.14)	5,466.11

Particulars	Reserves and Surplus	Other comprehensive Income	Total
	Retained earnings		
Balance as at April 1, 2021	4,540.02	(0.60)	4,539.42
Profit for the year	405.60		405.60
Other Comprehensive income		0.67	0.67
Final dividend paid for the year ended March 31, 2021	(200.00)		(200.00)
Balance as at March 31, 2022	4,745.62	0.07	4,745.69


As per our report of even date

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


Shailesh Kumar
Chief Financial Officer


Aasha Rani
Company Secretary
M.No.A39007



Brajesh Kr. Rai
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CA. Abhinav Khosla
Partner
Membership No. 087010



For and on behalf of the Board of Directors

Place: Noida
Dated : 08/05/2023


Sanjay Gulati
Managing Director
DIN: 05201178


Shalabh Singh
Director
DIN: 07738604


Tomonori Terai
Director
DIN: 08405854

ISGEC HITACHI ZOSEN LIMITED

1. CORPORATE INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

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

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

These financial statements were authorized for issued by the Company's Board of Directors on 8th May 2023.

2.2 USE OF ESTIMATES

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting Period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period.

2.3 REVENUE RECOGNITION

SALE OF PRODUCTS AND RENDERING OF SERVICE

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

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



ISGEC HITACHI ZOSEN LIMITED

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

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

OTHER INCOME

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

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

2.4 INVENTORIES

Raw materials & Stores & Spares are valued at lower of weighted average cost or net realizable value. However, items held for use in 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 cost or net realizable value. Cost includes cost of direct materials, Expenses, and applicable direct manufacturing overheads.

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

2.5 PROPERTY, PLANT & EQUIPMENT

RECOGNITION

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

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

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

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



ISGEC HITACHI ZOSEN LIMITED

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

DERECOGNITION

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

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

2.6 INTANGIBLE ASSETS

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

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

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

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

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

2.7 DEPRECIATION AND AMORTIZATION

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

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

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

2.8 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.



ISGEC HITACHI ZOSEN LIMITED

To 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 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.

2.9 EMPLOYEE BENEFITS

(i) PROVIDENT FUND

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

(ii) GRATUITY

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

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

(iii) LEAVE ENCASHMENT

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

(iv) PENSION

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

(v) RETIREMENT BENEFITS: -

National Pension scheme: - Contribution towards pension is made to various funds and such benefits are classified as defined contribution scheme as the Company does not carry any further obligations, apart from contributions made on monthly/yearly basis.



ISGEC HITACHI ZOSEN LIMITED

(vi) OTHER SHORT-TERM BENEFITS

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

2.10 LEASES

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

WHERE THE COMPANY IS THE LESSEE

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

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

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

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

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



ISGEC HITACHI ZOSEN LIMITED

2.11 TAXES

CURRENT INCOME TAX

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

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

DEFERRED TAX

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

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

2.12 BORROWING COST

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

2.13 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized when the Company has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.



ISGEC HITACHI ZOSEN LIMITED

Contingent liability is disclosed when.

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

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

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

2.14 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 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 later. 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).

2.15 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

INITIAL RECOGNITION

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

SUBSEQUENT MEASUREMENT

To subsequent measurement financial assets are classified in three broad categories:



ISGEC HITACHI ZOSEN LIMITED

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 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.

To 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.



ISGEC HITACHI ZOSEN LIMITED

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.

2.16 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.

2.17 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.

2.18 GOVERNMENT GRANTS

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

2.19 FUNCTIONAL AND PRESENTATION CURRENCY

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



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2.20 FOREIGN CURRENCIES

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

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

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

2.21 FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

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

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



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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(i) INCOME TAXES

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

(ii) DEFINED BENEFIT PLANS

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

(iii) CONTINGENCIES

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

4. RECENT ACCOUNTING PRONOUNCEMENTS

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1- Presentation of Financial Statements This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.



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Ind AS 8-Accounting Policies, Changes in Accounting Estimates and Errors-This amendment has introduced a definition of accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements

Ind AS 12 - Income Taxes-This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.



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

Particulars	Others Building	Others - Temporary Structure	Factory Building	Plant and machinery		Furniture and Fittings		Office equipments		Vehicles	Electrical installation and equipment				Computer and Data processing unit	General Laboratory Equipments	Total Assets	Capital work in progress
				Plant and machinery	Tools & implements	Office equipment	Library	Electronic equipment	Electrical Installation		Refrigeration And Air Conditioning Machine							
Gross Carrying Value																		
As at April 01, 2021	38.07	82.40	539.43	8,777.64	430.68	105.39	78.63	1.37	146.54	14.78	416.64	43.01	221.34	111.52	11,408.04	33.34		
Additions	7.11	182.30		445.81	14.72	5.72	2.89		3.55	1.65	72.45	0.50	11.96	11.36	759.52	737.06		
Disposal / Transfer				7.34	8.07				28.31	3.90			0.11	0.81	19.04			
As at March 31, 2022	45.18	264.70	939.43	9,216.11	437.33	111.11	81.52	1.97	118.23	14.43	418.29	114.96	233.19	122.07	12,118.52	10.90		
Gross Carrying Value																		
As at April 01, 2022	45.18	264.70	939.43	9,216.11	437.33	111.11	81.52	1.97	118.23	14.43	418.29	114.96	233.19	122.07	12,118.52	10.90		
Additions				190.71	2.00	2.41	2.00		12.21	0.22	28.98	0.41	21.88	5.64	266.45	255.95		
Disposal / Transfer				9,406.81	439.33	113.52	83.52	1.97	107.45	14.64	447.27	115.37	254.46	127.70	23.61	266.45		
As at March 31, 2023	45.18	264.70	939.43	9,406.81	439.33	113.52	83.52	1.97	107.45	14.64	447.27	115.37	254.46	127.70	12,361.36			
Accumulated depreciation																		
As at April 01, 2021	7.79	13.12	116.00	3,361.94	299.06	66.05	54.17	1.77	65.20	11.58	234.39	27.81	194.39	59.70	4,512.96			
Depreciation charge for the year	1.48	54.25	78.26	944.70	46.09	12.01	11.48		23.65	1.82	47.33	18.67	15.66	15.72	1,271.12			
Disposals / Transfers				5.36	7.59				14.08	3.41		0.42	0.11	0.67	32.24			
As at March 31, 2022	9.27	67.37	194.26	4,300.68	337.56	78.06	65.65	1.77	74.77	9.99	281.72	46.06	209.94	74.75	5,751.84			
Accumulated depreciation																		
As at April 01, 2022	9.27	67.37	194.26	4,300.68	337.56	78.06	65.65	1.77	74.77	9.99	281.72	46.06	209.94	74.75	5,751.84			
Depreciation charge for the year	2.08	125.53	70.82	806.37	32.04	10.25	7.13		14.20	1.16	38.22	14.39	16.26	12.79	1,151.72			
Disposals / Transfers									15.55				0.59		16.24			
As at March 31, 2023	11.34	192.90	265.08	5,107.04	369.60	88.31	72.78	1.77	73.32	11.16	319.94	60.94	225.61	87.54	6,887.31			
Net Carrying Value																		
As at March 31, 2022	35.91	197.33	745.17	4,915.43	99.77	33.05	15.87	0.20	43.46	4.44	136.57	68.90	23.25	47.32	6,366.67			
As at March 31, 2023	33.83	71.80	674.35	4,299.77	69.74	25.21	10.74	0.20	34.13	3.48	127.33	54.43	28.55	40.16	5,974.04			

Notes:

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



NOTE 5A: RIGHT-OF-USE ASSETS

Particulars	(In ₹ Lakhs)	
	Category of Right of Use Assets	Total
	Manufacturing Assets	
Balance as at 1 April, 2021		
Additions	7,645.73	7,645.73
Deletions	-	-
Balance as at 31st March 2022 (A1)	7,645.73	7,645.73
Balance as at 1 April, 2022	7,645.73	7,645.73
Additions	12,702.93	12,702.93
Deletions	-	-
As at March ,31,2023 (A)	20,348.66	20,348.66

Accumulated Amortisation

Particulars	Category of Right of Use Assets	
	Manufacturing Assets	
	Total	
Balance as at 1 April, 2021	5,055.60	5,055.60
Transfer from Plant property & equipment	-	-
Charge for the year	2,527.80	2,527.80
Deletions	-	-
Balance as at 31st March 2022 (B1)	7,583.40	7,583.40
Balance as at 1 April, 2022	7,583.40	7,583.40
Transfer from Plant property & equipment	-	-
Charge for the year ended	1,287.99	1,287.99
Deletions	-	-
As at March ,31,2023 (B)	8,871.39	8,871.39

Net Carrying Value as at 31st March 2023 (A-B)	11,477.27	11,477.27
Net Carrying Value as at 31st March 2022 (A1-B1)	62.33	62.33

Interest charge on lease liabilities for the year ended 31.3.2023	951.80
Interest charge on lease liabilities for the year ended 31.3.2022	70.81

Total cash outflow (payment) for leases	
Leases for which Right of use assets is recognised	1,840.15
Leases considered as short term	-

Movement in Lease liabilities for the year ended 31st March 23

Particulars	Total
Balance as at 1 April, 2022	69.89
Addition	12,702.93
Finance cost accrued during the year	951.80
Deletion	-
Payment of lease liability	1,840.15
As at March ,31,2023 (B)	11,884.47



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 5B : Capital Work In Progress

Particulars	(In ₹ Lakhs)	
	Total	
As at 01.04.2021	33.34	
Additions	737.08	
Borrowing costs	-	
Capitalized	759.52	
As at 31.03.2022	10.90	
As at 01.04.2022	10.90	
Additions	255.55	
Borrowing costs	-	
Capitalized	266.45	
As at 31.03.2023	-	

NOTE 5B a) Ageing of Capital work-in-progress

Capital work-in-progress (CWIP) ageing schedule for the year ended March 31, 2023 is as follows:

Sr. No	Particulars	Amount in CWIP				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
	Projects in progress	-	-	-	-	-
	Sub Total	-	-	-	-	-
	Projects temporarily suspended	-	-	-	-	-
	Sub Total	-	-	-	-	-

Capital work-in-progress ageing schedule for the year ended March 31, 2022 is as follows:

Sr. No	Particulars	Amount in CWIP				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
	Projects in progress					
1	Cable, Armoured & Earthing Pipe Electrode.	10.90	-	-	-	10.90
	Sub Total	10.90	-	-	-	10.90
	Projects temporarily suspended	-	-	-	-	-
	Sub Total	10.90	-	-	-	10.90



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 6 : INTANGIBLE ASSETS

(In ₹ Lakhs)

Particulars	Total
Gross carrying value	
As at April 1,2021	406.94
Additions	13.90
Disposal /Transfer	-
As at March 31, 2022	420.84
Gross carrying value	
As at April 1,2022	420.84
Additions	74.76
Disposal /Transfer	-
As at March 31, 2023	495.60
Accumulated Amortisation :	
As at April 1,2021	296.29
Depreciation charge for the year ended	63.96
Disposals/Transfer	-
As at March 31, 2022	360.25
Accumulated Amortisation :	
As at April 1,2022	360.25
Depreciation charge for the year ended	40.94
Disposals/Transfer	-
As at March 31, 2023	401.19
Net carrying value	
As at March 31, 2022	60.59
As at March 31, 2023	94.41

Notes:

- 1) Cost of Software includes Purchase Price, Duties & Taxes(other than refundable from tax authorities).
- 2) Useful life of software is 5 years and other 3 year.
- 3) Revaluation of intangible assets- Nil (Previous year- nil).



ISGEC HITACHI ZOSEN LIMITED
 NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 7: NON CURRENT FINANCIAL ASSETS- LOANS

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Loans Receivable considered good - Secured		
- Loan to Employees (Loan to Employees are secured by way of hypothecation of Vehicles)	8.21	13.81
Loans receivable considered good - Unsecured		
- Loan to Employees	10.55	13.03
Total	18.76	26.84

NOTE 8: NON CURRENT FINANCIAL ASSETS - OTHERS

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
- Fixed Deposit with Bank with more than 12 months maturity Period (under lien)(Refer Note no 14.1)	190.34	125.58
- Security deposit (other than Govt)	47.52	9.13
Total	237.86	134.71



9.1 The balance comprises temporary differences attributable to:

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Deferred Tax Assets/(Liabilities)		
- Property, Plant and Equipments	(142.40)	(233.55)
- Timing Difference as per section 43B of Income Tax Act	69.68	62.84
- Right of Use Assets & Lease Liability	102.48	2.10
- Provision for Expected Credit Loss	1.85	-
Net Deferred tax assets/(Liabilities)	31.60	(168.61)

9.2 Movement in Deferred tax Liabilities/Deferred Tax Assets:

(In ₹ Lakhs)

Particulars	Defined Benefit Obligation	PPE	ROU	Other items	Total
At 31st March 2022	62.84	(233.55)	2.10	-	(168.61)
(Charged)/credited:-					
-to profit & loss	6.84	91.15	100.38	1.85	200.22
-to other Comprehensive Income	-	-	-	-	-
-Deferred tax on basis Adjustment	-	-	-	-	-
As at March 31, 2023	69.68	(142.40)	102.48	1.85	31.60

9.3 Movement in Deferred tax Liabilities/Deferred Tax Assets:

(In ₹ Lakhs)

Particulars	Defined Benefit Obligation	PPE	ROU	Other items	Total
At 31st March 2021	59.24	(302.26)	67.87	0.09	(175.06)
(Charged)/credited:-					
-to profit & loss	3.60	68.71	(65.77)	(0.09)	6.45
-to other Comprehensive Income	-	-	-	-	-
-Deferred tax on basis Adjustment	-	-	-	-	-
As at March 31, 2022	62.84	(233.55)	2.10	-	(168.61)



ISGEC HITACHI ZOSEN LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 10 : OTHER NON-CURRENT ASSETS

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
- Capital advances	-	1.35
Advances other than capital advances:		
- Prepaid expenses	6.03	5.19
- Security Deposits	0.20	0.20
Total	6.23	6.74

NOTE 11: INVENTORIES (AT LOWER OF COST OR NET REALISABLE VALUE)

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Raw Materials and Components	4,440.90	5,765.83
(b) Material under Inspection/ in Transit		
- Raw materials and Components	399.99	626.26
- Capital item	-	23.47
(c) Stores and Spares	157.99	142.25
(d) Work-in-Progress :		
- Engineering Goods	8,675.97	18,827.44
(e) Finished Goods	3,486.67	7,666.44
Total	17,161.52	33,051.69



NOTE 12: CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

Particulars	(In ₹ Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Trade receivable considered good - unsecured* (Refer 12.1)	24,132.14	8,934.91
Trade receivable which have significant increase in credit risk	-	-
Trade receivable - Credit Impaired	-	-
Less: Provision for Expected credit loss	(7.33)	-
Total	24,124.81	8,934.91

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

12.1 Ageing of Trade Receivables

Particulars	(In ₹ Lakhs)						
	Outstanding as on March 31, 2023 for the following period from the due date of payment						
	Not Due	Less than 6 months	6 months to 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Trade Receivables- considered good	20,148.29	3,861.83	114.69	-	-	-	24,124.81
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables- credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables- credit Impaired	-	-	-	-	-	-	-
Total	20,148.29	3,861.83	114.69	-	-	-	24,124.81

Particulars	(In ₹ Lakhs)						
	Outstanding as on March 31, 2022 for the following period from the due date of payment						
	Not Due	Less than 6 months	6 months to 1 year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) Undisputed Trade Receivables- considered good	3,851.86	5,083.05	-	-	-	-	8,934.91
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables- credit Impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables- which have significant Increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables- credit Impaired	-	-	-	-	-	-	-
Total	3,851.86	5,083.05	-	-	-	-	8,934.91



NOTE 13 : CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
i) (a) Cash on hand	0.32	0.32
(b) Cheque in hand	-	-
ii) Balance with Banks: -On Current and Cash Credit Accounts	913.61	350.36
Total	913.93	350.68

NOTE 14: CURRENT FINANCIAL ASSETS - OTHER BANK BALANCES

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance with banks:		
-In Fixed Deposits Accounts within 3 months from the date of deposit (Refer Note-14.1)(under,lien)	351.10	248.94
-In Fixed Deposits Accounts maturing after 3 months but within one year from the date of deposit (Refer Note- 14.1) (under lien)	571.66	597.87
Total	922.76	846.81

NOTE 14.1: FIXED DEPOSITS WITH BANKS

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a) Free From Lien		
i) Maturing within 3 months from date of deposit	-	-
b) Under Lien		
i) Maturing within 3 months from date of deposit	351.10	248.94
ii) Maturing after 3 months from date of deposit but within one year of Balance Sheet date	571.66	597.87
iii) Maturing after one year of Balance Sheet date (classified as non current financial asset(others))	190.34	125.58



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 15: CURRENT FINANCIAL ASSETS - LOANS

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Loans receivable considered good - Secured		
- Loan to Employees (Car) (Loan to Employees are secured by way of hypothecation of Vehicles)	3.67	5.34
Loans receivable considered good - Unsecured		
- Loan to Employees (Furnitures & Vehicles)	12.09	12.66
- Loan to Employees (Others)	-	-
Total	15.76	18.00

NOTE 16: CURRENT FINANCIAL ASSETS - OTHERS

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Foreign Exchange Forward Contract (Receivable)	73.61	-
Forward Contract Assets	-	14.18
Interest accrued but not due on Fixed Deposits	22.98	23.02
Total	96.59	37.20

NOTE 17: OTHER CURRENT ASSETS

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Advances other than capital advances		
- Advance to suppliers	201.15	186.33
Others		
- Balances with Government Departments and others	101.37	3,636.04
- Prepaid expense	69.25	66.82
- Export incentive receivables	39.15	86.15
- Unbilled Receivables	628.27	628.27
- Imprest to Employees	3.21	2.80
- Other Assets (Related Party)	-	0.04
Total	1,042.40	4,606.45



NOTE 18: EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	(In ₹ Lakhs)	Number of shares	(In ₹ Lakhs)
Authorised share capital				
Equity shares of Rs.10 each with voting rights	11,00,00,000	11,000	11,00,00,000	11,000
Issued share capital				
Equity shares of Rs.10 each with voting rights	10,00,00,000	10,000	10,00,00,000	10,000
Subscribed and Fully Paid-up share capital				
Equity shares of Rs.10 each with voting rights	10,00,00,000	10,000	10,00,00,000	10,000
	10,00,00,000	10,000	10,00,00,000	10,000

Notes:

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

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

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	(In ₹ Lakhs)	Number of shares	(In ₹ Lakhs)
Equity shares outstanding at the beginning of the year	10,00,00,000	10,000	10,00,00,000	10,000
Add: Issued during the year	-	-	-	-
Less: Shares bought back	-	-	-	-
Equity shares outstanding at the end of the year	10,00,00,000	10,000	10,00,00,000	10,000

c) Detail of Shares held by Holding Company:

Name of the Holding Company	As at March 31, 2023		As at March 31, 2022	
	Number of shares held	% Holding in that class of shares	Number of shares held	% Holding in that class of
Isgec Heavy Engineering Limited	5,10,00,000	51%	5,10,00,000	51%

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares	% Holding in that	Number of shares held	% Holding in
Equity shares with voting rights				
(i) Isgec Heavy Engineering Limited, India and its nominees	5,10,00,000	51%	5,10,00,000	51%
(ii) Hitachi Zosen Corporation, Japan and its nominees	4,90,00,000	49%	4,90,00,000	49%

e) Detail of shareholding of promoters

Disclosure of shareholding of promoters as at March 31, 2023 is as follows:

Promoter name	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	%age of Share	No. of Shares	%age of Share
(i) Isgec Heavy Engineering Limited, India and its nominees	5,10,00,000	51%	5,10,00,000	51%
(ii) Hitachi Zosen Corporation, Japan and its nominees	4,90,00,000	49%	4,90,00,000	49%
	10,00,00,000	100%	10,00,00,000	100%

f) The Company has not issued any share other than cash from the incorporation of the Company.



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 19: OTHER EQUITY

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
A. Reserve and Surplus		
- Retained Earnings		
Balance outstanding at the beginning of the year	4,745.69	4,539.42
Net Profit /(-)Loss for the year ended	830.63	405.60
Dividend Paid for F.Y. 2021-22	(100.00)	(200.00)
-Remeasurements of Post employment benefit obligation(net of tax) (see note 39)	(10.21)	0.67
Balance outstanding at the year ended	5,466.11	4,745.69

Note 19.1 : There is an item of the other comprehensive income, recognised directly in retained earnings

Note 19.2 : Nature and Purpose of Reserve

Retained Earnings

This comprise company's undistributed profit after taxes.



NOTE 20: NON-CURRENT FINANCIAL LIABILITIES - OTHERS

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Deposits from Employees (under Company Car Scheme)	19.18	16.90
Security Deposits received	42.11	33.01
Total	61.29	49.91

NOTE 21: NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS (MEASURED AT AMORTISED COST)

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Term loan from Banks	250.00	750.00
Total	250.00	750.00

NOTE 21.1: DETAIL OF TERM LOANS FROM BANKS:

(In ₹ Lakhs)

Initial Loan Amount	Loan Outstanding As at March 31, 2023	Current maturity	Rate of Interest	Term of Repayment
2,000.00	750.00	500.00	MCLR 1Y + 0.80% p.a.	5 Year (Initial one year being moratorium Period). Payable in 16 equal quarterly installments in subsequent 4 years.

Initial Loan Amount	Loan Outstanding As at March 31, 2022	Current maturity	Rate of Interest	Term of Repayment
2,000.00	1,250.00	500.00	MCLR 1Y + 0.80% p.a.	5 Year (Initial one year being moratorium Period). Payable in 16 equal quarterly installments in subsequent 4 years.

Security Details

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

NOTE 22: NON-CURRENT FINANCIAL LIABILITIES - LEASE LIABILITY

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease Liability	10,069.47	-
Total	10,069.47	-

NOTE 23: NON CURRENT PROVISIONS

(Rs in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(I) Provision for Employee Benefits:		
- Provision for Pension (unfunded)	14.43	15.61
- Provision for Leave Encashment (unfunded)	197.31	187.64
(II) Others		
Provision for Warranty (Refer note 23.1)	410.02	435.92
Total	621.76	639.17

NOTE 23.1: MOVEMENT OF PROVISION FOR WARRANTY

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Movement of provision for performance warranty		
Carrying amount at the beginning of the year	891.61	843.99
Additional Provision made during the year	291.93	296.47
Amount used during the year	-	(26.38)
Amount reversed during the year	(269.47)	(222.47)
Carrying amount at the year ended	914.07	891.61
Break up of carrying amount at the end of the year		
Long term provisions	410.03	435.92
Short term provisions	504.05	455.69



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 24: CURRENT FINANCIAL LIABILITIES - SHORT TERM BORROWINGS

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Secured		
(a) Loans repayable on demand		
-Cash Credit from Banks(Refer note 24.1 & 24.4)	-	-
-Working Capital Demand loan(Refer note 24.2 & 24.4)	6,500.00	7,547.20
- Packing Credit Loan (Refer note 24.3 & 24.4)	2,400.00	2,500.00
- Current maturities of long term debt (ICICI)	500.00	500.00
- Short term loan (Refer note 24.2 & 24.4)	3,000.00	-
Total	12,400.00	10,547.20

NOTE 24.1:

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

NOTE 24.2:

1.) Rate of interest is ranging from 7.25 % to 9.50 %

NOTE 24.3:

1.) Corporate Guarantee of Isgec Heavy Engineering Limited.
2.) Rate of interest is ranging from 5.00 % to 7.50 %

NOTE 24.4:

1.) All working capital loan i.e. cash credit, working capital demand loan, packing credit loan and current maturity of short term loan are secured against first pari-passu charge on current assets including stocks & moveable fixed assets. (excluding assets if any charged to term lenders)



NOTE 25: CURRENT FINANCIAL LIABILITIES-TRADE PAYABLES

Particulars	(In ₹ Lakhs)	
	As at March 31, 2023	As at March 31, 2022
(a) Total Outstanding dues of Micro and Small Enterprises (Refer Note 25.1)	1,055.32	320.62
(b) Total Outstanding dues of Creditors other than Micro and Small Enterprises		
(i) To related Parties		
- Isgec Heavy Engineering Ltd (Refer note 46.1)	479.69	58.22
- Hitachi Zosen Corporation, Japan (Refer note 46.1)	1,715.84	997.20
(ii) To others	1,807.60	4,254.78
Total	5,058.45	5,630.82

Note 25.1: Trade Payables to MSME

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

Particulars	(In ₹ Lakhs)	
	As at March 31, 2023	As at March 31, 2022
a) Amount remaining unpaid to any supplier		
Principal Amount	1,197.76	418.17
Interest due thereon	-	-
b) Interest paid under Micro and Small Enterprises (Development) Act, 2006	-	-
c) Interest due (Other than (b) above)	-	-
d) Interest accrued and unpaid	0.42	0.42

Note 25.2 : Ageing of Trade payables

Particulars	(In ₹ Lakhs)					
	Outstanding as on March 31, 2023 for the following period from the due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
1.) All working capital loan i.e. cash credit, working						
(i) MSME	492.07	705.69	-	-	-	1,197.76
(ii) Others	1,697.36	2,138.64	17.80	2.98	3.66	3,860.44
(iii) Disputed Dues- MSME	-	-	-	-	-	-
(iv) Disputed Dues- Others	-	-	-	-	-	-
Total	2,189.43	2,844.33	17.80	2.98	3.66	5,058.20

Particulars	(In ₹ Lakhs)					
	Outstanding as on March 31, 2022 for the following period from the due date of payment					
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	194.07	224.10	-	-	-	418.17
(ii) Others	2,903.17	2,306.06	3.42	-	-	5,212.65
(iii) Disputed Dues- MSME	-	-	-	-	-	-
(iv) Disputed Dues- Others	-	-	-	-	-	-
Total	3,097.24	2,530.16	3.42	0.00	0.00	5,630.82



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 26: CURRENT FINANCIAL LIABILITIES - OTHER FINANCIAL LIABILITIES

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Forward Contract Payable	73.61	-
(b) Hedging Reserve (Forward Contracts ind As)	-	14.18
(c) Interest accrued but not due on borrowings	45.57	15.06
(d) Payables to Employees	256.06	239.79
(e) Retention money	-	3.34
(f) Supplier of Capital goods	5.08	127.53
(g) Other Liabilities :		
- Stale Cheque	2.00	1.20
-Expenses payable#	2,241.48	1,511.85
Total	2,623.80	1,912.95

NOTE 26.1: MOVEMENT OF PROVISION FOR CSR

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Opening balance	-	-
(ii) Provided for during the year	18.13	16.74
(iii) Incurred during the year	18.13	16.74
Closing balance (#Included in expenses payable)	-	-

NOTE 27: CURRENT FINANCIAL LIABILITIES - LEASE LIABILITY

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a) Lease liability	1,815.00	69.89
Total	1,815.00	69.89



ISGEC HITACHI Zosen LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 28: OTHER CURRENT LIABILITIES

Particulars	(In ₹ Lakhs)	
	As at March 31, 2023	As at March 31, 2022
(a) Advance from Customers (unrelated party)	8,745.90	12,295.75
(b) Advance from Customers (related party)		
-Hitachi Zosen Corporation, Japan	2,323.80	7,037.59
-Isgec Heavy Engineering Ltd.	1,282.21	-
(c) Statutory dues payable	104.55	157.77
(d) EPCG deferred liability (Customs duty)	41.17	38.21
(e) Other liabilities	14.14	-
Total	12,511.77	19,529.32

NOTE 29: CURRENT LIABILITIES - PROVISIONS

Particulars	(In ₹ Lakhs)	
	As at March 31, 2023	As at March 31, 2022
(I) Provision for employee benefits:		
(a) Provision for Leave Encashment (unfunded)	21.39	20.80
(b) Provision for Pension (unfunded)	-	2.75
(c) Provision for Gratuity	75.15	23.56
(II) Others		
(a) Provision for warranty (Refer Note 23.1)	504.04	455.69
Total	600.58	502.80

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

Particulars	(In ₹ Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Provision for Income Tax	1,190.53	729.14
Less: Income Tax paid	(1,050.82)	(760.98)
Total	139.71	(31.84)



ISGEC HITACHI ZOSEN LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 31: REVENUE FROM OPERATIONS

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(a) Sale of Goods		
Sale of Products -(Domestic)	26,689.44	27,245.45
Sale of Products -(Export)	28,212.94	2,288.83
Store sale	54.56	60.07
	54,956.94	29,594.35
(b) Sale of services		
Job work / Site work & services	2,956.21	875.63
Receipt from other Services-Export	227.59	5.18
	3,183.80	880.81
(c) Other operating revenues (Refer Note 31.1)	1,503.47	1,959.89
Total	59,644.21	32,435.05

NOTE 31.1: OTHER OPERATING REVENUE

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Fair value gain on derivatives	73.61	14.18
Sale of scrap and waste	1,017.28	818.22
Export Incentive	108.81	301.62
Excess provision and liabilities written back	303.77	825.87
Total	1,503.47	1,959.89



ISGEC HITACHI ZOSEN LIMITED
 NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 32: OTHER INCOME

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest Income		
- On Bank Deposits	40.95	43.22
Other non-operating income		
- Miscellaneous Income	2.18	0.51
- Profit on sale of property, plant and equipment	5.58	7.93
Total	48.71	51.66



ISGEC HITACHI ZOSEN LIMITED
 NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

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

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Raw Materials & Components (Refer Note 33.1)	23,449.74	20,816.01
Stores and Spares	317.91	269.92
Total	23,767.65	21,085.93

NOTE 33.1: DETAILS OF RAW MATERIALS AND COMPONENTS CONSUMED

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Raw Materials- Iron and Steel	9,286.11	10,219.10
Others items and components	14,163.63	10,596.91
Total	23,449.74	20,816.01



ISGEC HITACHI ZOSEN LIMITED
 NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

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

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening stock		
Work - in - Progress	18,827.44	17,684.39
Finished Goods	7,666.44	3,446.82
Total (A)	26,493.88	21,131.21
Closing stock		
Work - in - Progress	8,675.97	18,827.44
Finished Goods	3,486.67	7,666.44
Total (B)	12,162.64	26,493.88
Net (Increase)/Decrease in Inventory (A-B)	14,331.24	(5,362.67)



NOTE 35: EMPLOYEE BENEFITS EXPENSE

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, Wages and Bonus	3,977.41	3,652.81
Contribution to Provident and other Funds	220.00	202.59
Staff Welfare expenses	74.48	60.19
Total	4,271.89	3,915.59

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

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

a) **Defined Contribution Plan:**

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

(In ₹ Lakhs)

Particulars	2022-23	2021-22
Provident Fund and other	220.00	202.59
Total	220.00	202.59

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)

Description	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)
	2022-23	2022-23	2021-22	2021-22
i. Change in Present value of Obligation				
a. Present Value of Obligation at the beginning of the year	486.64	208.44	438.50	216.5
b. Interest cost	34.94	14.96	29.64	14.64
c. Current service cost	54.34	29.88	51.05	28.63
d. Benefits paid	(27.57)	(52.29)	(31.76)	(46.29)
e. Actuarial (gain) / loss	5.64	17.70	(0.79)	(5.04)
f. Present Value of Obligation at the end of the Year	553.99	218.69	486.64	208.44
ii. Change in the Fair Value of Plan Assets				
a. Fair Value of Plan Assets at the beginning of the year	463.08	N.A	390.12	N.A
Acquisition adjustment				
b. Fund opening difference	(0.67)	-		-
c. Actual return on plan assets	30.43	-	31.09	-
d. Fund charges	(4.53)	-	(4.57)	-
e. Contributions	18.10	-	78.20	-
f. Benefits paid	(27.57)	-	(31.76)	-
g. Actuarial Gain / (Loss) on Plan Assets				
h. Fair Value of Plan Assets at the end of the Year	478.84	-	463.08	-



NOTE 35: EMPLOYEE BENEFITS EXPENSE

(In ₹ Lakhs)

Description	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)
	2022-23	2022-23	2021-22	2021-22
iii. Reconciliation of Fair Value of Assets and Obligations in Balance Sheet.				
a. Present Value of Obligation at the end of the Year	553.99	218.69	486.64	208.44
b. Fair value of Planned assets at the end of the Year	478.84	-	463.08	
c. Amount recognised in the Balance Sheet	(75.15)	(218.69)	(23.56)	(208.44)
iv. Expenses reconciled in the statement of Profit & Loss				
a. Current Service Cost	54.34	29.88	51.05	28.63
b. Net interest Cost	1.69	14.97	3.27	14.64
c. Expected Return on Plan Assets				
d. Net actuarial (gain)/loss recognised in profit/loss		17.70		(5.04)
e. Expenses recognised in the statement of Profit & Loss		62.54		38.23
v. Recognised in other comprehensive income for the year				
a. Net cumulative unrecognized actuarial gain/(loss) opening				
b. Actuarial gain / (loss) for the year on PBO	(5.64)		0.79	
c. Actuarial gain / (loss) for the year on Asset	(8.01)		0.15	
d. Unrecognized actuarial gain/(loss) at the end of the year	(13.65)		0.93	
vi. Maturity Profile of Defined Benefit Obligation				
1 Within the next 12 months (next annual reporting period)	75.15	21.39	23.83	20.80
2 Between 2 and 5 years		24.14		
3 Between 6 and 10 years		173.16		
vii. Quantitative sensitivity analysis for significant assumptions is as below				
(i). Impact of the change in discount rate				
Present Value of Obligation at the end of the year	553.99	218.69	23.83	208.44
a. Impact due to increase of 0.50 %	(33.62)	(21.64)	(31.38)	(14.50)
b. Impact due to decrease of 0.50 %	36.90	6.51	34.58	16.01
ii) Impact of the change in salary increase				
Present Value of Obligation at the end of the year	553.99	218.69	486.64	208.44
a. Impact due to increase of 0.50 %	37.03	6.59	34.64	15.93
b. Impact due to decrease of 0.50 %	(34.03)	(21.71)	(31.71)	(14.50)

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

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

(ii) Sensitivity Analysis Method

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

vii	Major categories of plan assets (as percentage of total plan assets)				
	Insurer Managed Funds				
ix	Actuarial assumptions				
a.	Economic Assumptions				
i.	Discounting Rate	7.36%	7.36%	7.18%	7.18%
ii.	Salary escalation	6.50%	6.50%	6.50%	6.50%
b.	Demographic Assumption				
i.	Retirement Age (Years)	60	60	60	60
ii.	Mortality rates inclusive of provision for disability				
iii.	Attrition at Ages	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)
	Up to 30 Years	3	3	3	3
	From 31 to 44 years	2	2	2	2
	Above 44 years	1	1	1	1
Mortality Rates for specimen ages					
		Age	Mortality Rate	Age	Mortality Rate
		45	0.002579	15	0.000698
		50	0.004436	20	0.000924
		55	0.007513	25	0.000931
		60	0.011162	30	0.000977
		65	0.015932	35	0.001202
		70	0.024058	40	0.001680



ISGEC HITACHI ZOSEN LIMITED
 NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 36: FINANCE COSTS

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on term loan	225.08	118.35
Interest expense	800.02	519.58
Other borrowing cost	67.71	62.87
Interest on lease liability	951.80	70.81
Total	2,044.61	771.61

NOTE 36A : DEPRECIATION AND AMORTIZATION EXPESNE

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation of property plant & equipment	1,151.72	1,271.12
Depreciation /amortization of right-of-use -assets	1,287.99	2,527.80
Amortization of intangible assets	40.94	63.96
Total	2,480.65	3,862.88



ISGEC HITACHI ZOSEN LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 37: OTHER EXPENSE

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Power & Fuel	1,691.28	964.81
Other Manufacturing Expenses	4,607.04	3,261.35
Repairs and maintenance:		
-Plant & machinery	259.66	223.09
-Building and Road	104.40	63.89
-Others	0.34	0.40
Insurance	36.03	27.56
Rates and Taxes	1.41	4.59
Brokerage & Commission	580.10	385.04
Bank Charges	172.07	213.95
Corporate Bank Guarantee charges	33.67	37.46
Electricity and Water Charges	54.71	51.53
Advertisement and Business Promotion Expenses	0.05	0.05
Office & Miscellaneous Expenses	506.16	530.69
Payment to Auditors		
-Statutory Audit Fees	4.00	3.50
- Reimbursement of Expenses (Travelling Expenses)	0.09	-
- Other Services	0.06	-
Packing, forwarding and transportation expenses	2,644.49	1,113.64
Provision for performance warranty	291.93	296.47
Corporate social responsibility (CSR) expenses (refer note 26.1)	18.13	16.74
Travelling and Conveyance Exp.	297.24	296.01
Loss on property, plant and equipment sold/written off	0.03	2.16
Fair value loss on forward cover contract	73.61	14.18
Foreign Exchange fluctuation	317.80	145.23
Interest on amount due to micro, small and medium enterprises	-	0.11
Other Taxes and Interest Exps	-	0.04
Interest on Income tax & Others	0.01	0.04
Provision for Expected credit loss	7.33	-
Total	11,701.64	7,652.53



ISGEC HITACHI ZOSEN LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 38: TAX EXPENSE

A. Income Tax expense

Particulars	(In ₹ Lakhs)	
	As at March 31, 2023	As at March 31, 2022
(a) Current tax		
Current tax on profit for the year	461.39	161.94
Total Current tax expense	461.39	161.94
(b) Deferred tax		
Decrease/(increase) in deferred tax assets	(196.78)	(6.70)
Total Deferred Tax Expenses	(196.78)	(6.70)
Total Income Tax Expense	264.61	155.24

The major components of Income tax expense and the reconciliation of expense based on the domestic effective tax rate of 25.168% for the Assessment year 2023-24.

The major components of Income tax expense and the reconciliation of expense based on the domestic effective tax rate of 27.820% for the Assessment year 2022-23.

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

Particulars	(In ₹ Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Profit before tax		
Tax	1,095.24	560.84
	275.65	156.03
Add: Expenses disallowed for Tax Purposes		
- CSR Expenses	4.56	4.66
- Interest & Depreciation on Lease Liability & ROU (net of actual lease rent paid)	100.59	(65.77)
- Provision for custom Duty	7.57	
- Other Disallowances	4.13	(3.20)
Less: Deductions for Tax Purposes		
- Profit/(Loss) on sale of Property, Plant and Equipment (net)	1.40	1.61
- Excess of Depreciation as per IT Act over Depreciation as per Books	(70.29)	(71.83)
- DTA/DTL during the year	196.78	6.70
Income Tax expenses Charged to Profit & Loss A/c	264.61	155.24



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 39: OTHER COMPREHENSIVE INCOME/EXPENSE

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(A) (i) Items that will not be reclassified to profit or loss - Actuarial (Gain)/ Loss On Defined Benefit Plans	(13.65)	0.93
(ii) Income tax relating to items that will not be reclassified to profit or loss	3.44	(0.26)
Total	(10.21)	0.67



ISGEC HITACHI ZOSEN LIMITED
 NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 40: EARNINGS PER SHARE

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
a) Net Profit available to Equity Shareholders (₹ in Lakhs)	830.63	405.60
b) Number of Equity Shares outstanding during the year for the purpose of calculation of earnings Per Share	10,00,00,000	10,00,00,000
c) Nominal value of Equity Shares (in Rs.)	10.00	10.00
d) Basic Earning per Share (In Rs.)	0.83	0.41
e) Diluted Earning per Share (In Rs.)	0.83	0.41



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 41: CONTINGENT LIABILITIES

(to the extent not provided for)

(In ₹ Lakhs)

Particulars		As at March 31, 2023	As at March 31, 2022
I	Bonds executed in favour of President of India against EPCG license	277.34	975.97
II	Bonds executed in favour of President of India against advance authorization.	18,000.95	24,633.73
III	BGs executed in favour of Commissioner of Customs against PAC	13.97	75.97
VI	<u>Other Contingent Liability</u> Disputed Case with Central Excise & service Tax dept.	36.11	36.11
V	Letters of Credit outstanding at year end including SBLC	7,737.35	8,448.11

NOTE 42: COMMITMENTS

(In ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)		29.35



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 43: LEASES

A. Company as a lessee

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

(In ₹ Lakhs)		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Factory Building, land and plant and machinery	2,239.80	2,598.61
Total	2,239.80	2,598.61

The balance sheet shows the following amounts relating to leases:

(In ₹ Lakhs)		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Right-of-use assets		
Factory Building, land and plant and machinery	11,477.27	62.33
Total	11,477.27	62.33

The break-up of current and non-current lease liabilities as at March 31, 2023 is as follows

(In ₹ Lakhs)		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Lease Liabilities		
Current	1,815.00	-
Non-current	10,069.47	69.89
Total	11,884.47	69.89

The following is the movement in lease liabilities during the year ended March 31, 2023:

(In ₹ Lakhs)		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Balance at the beginning of the year	69.89	2,834.08
Additions	12,702.93	-
Finance cost accrued during the year	951.80	70.81
Payment for leases	1,840.15	2,835.00
Translation Difference	-	-
Balance at the end of the year	11,884.47	69.89

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis:

(In ₹ Lakhs)		
Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(i) Less than one year	1,815.00	1,840.15
(ii) One to five years	7,260.00	7,260.00
(iii) More than five years	7,304.63	9,119.75
Total	16,379.63	18,219.90

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



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 44: SEGMENT INFORMATION

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

The Managing Director of the company has been identified as The Chief Operating Decision Maker (CODM). The Chief Operating Decision Maker also monitors the operating results as one single segment for the purpose of making decisions about resource allocation and performance assessment and hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

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

Description	Year ended March 31, 2023			Year ended March 31, 2022		
	In India	Outside India	Total	In India	Outside India	Total
	Revenue from Customers	31,094.86	28,549.35	59,644.21	29,839.43	2,595.62

(In ₹ Lakhs)

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

Description	Year ended March 31, 2023			Year ended March 31, 2022		
	In India	Outside India	Total	In India	Outside India	Total
	Carrying amount of property, Plant and Equipment	5,568.45	-	5,568.45	6,500.49	-
Addition to Property, Plant and Equipment	266.45	-	266.45	773.42	-	773.42

(In ₹ Lakhs)

c) No. of Customers individually accounted for more than 10% of the revenue in the year ended March 31,2023 - 04 Nos.

Particulars	% in Total Sales
Sales to Customers individually accounted for more than 10% of the revenue	80%
Sales to Customers - other than above	20%

No. of Customers individually accounted for more than 10% of the revenue in the year ended March 31,2022- 02 Nos.

Particulars	% in Total Sales
Sales to Customers individually accounted for more than 10% of the revenue	56%
Sales to Customers - other than above	44%



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

a) Disaggregated revenue information

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Type of Services or goods		
Revenue from Manufacturing of Machinery & Equipment	54,956.94	29,594.35
Revenue from Engineering, Site Work and Job Work Services	3,183.80	880.81
Others	1,503.47	1,959.89
Total revenue from sale of services and goods	59,644.22	32,435.05
Revenue from Contracts with Customers		
Revenue from Customers based in India	31,094.86	29,839.43
Revenue from Customers based outside India	28,549.35	2,595.62
Total Revenue from Contracts with Customers	59,644.22	32,435.05
Timing of Revenue Recognition		
Goods and services transferred at a point in time	59,644.22	32,435.05
	59,644.22	32,435.05

b) Trade receivables and Contract Customers

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Trade receivables	24,124.81	8,934.91

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

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

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

c) Performance obligation and remaining performance obligation

(In ₹ Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Disclosure of the entity's remaining performance obligations:		
(a) the aggregate amount of the transaction price allocated to the performance obligations	50,586.44	63,778.19
(b) When the entity expects to recognise as revenue		
Within one year	71.58%	94.08%
Within two years	28.42%	6.02%



ISGEC HITACHI ZOSEN LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

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

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

(a) Joint Venture Partners

Name	Type	Ownership Interest	
		As at March 31, 2023	As at March 31, 2022
Isgec Heavy Engineering Limited	Holding Company	51%	51%
Hitachi Zosen Corporation, Japan	Joint Venture Partners	49%	49%

(b) Key Management Personnel

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

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

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

(d) Other related party

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



NOTE 46.1: FOLLOWING TRANSACTIONS WERE CARRIED OUT WITH RELATED PARTIES IN THE ORDINARY COURSE OF BUSINESS DURING THE YEAR AND BALANCES AS ON DATE 31.03.2023

Nature of Transactions	Name of Related Party	2022-23				2021-22			
		Holding Company (Inclusive of its Subsidiary)	Investing /Fellow Subsidiary Company	Key Management Personnel	Total	Holding Company	Investing /Fellow Subsidiary Company	Key Management Personnel	Total
A) Purchase of Goods									
	Isgec Heavy Engineering Ltd - Unit Yamunanagar	331.72			331.72	1.43			1.43
	Isgec Titan Metal Fabricators Pvt. Ltd.					0.14			0.14
	Isgec Heavy Engineering Ltd - Unit Noida	44.24			44.24	21,842			21,842
	Hitachi Zosen Corporation		4,424.72		4,424.72		861.44		861.44
Total		375.96	4,424.72		4,800.68	219.99	861.44		1,081.43
B) Services Received									
	Isgec Heavy Engineering Ltd - Unit Yamunanagar	583.24			583.24	455.37			455.37
	Isgec Heavy Engineering Ltd - Unit Noida	33.67			33.67	37.46			37.46
	Isgec Heavy Engineering Ltd - Unit Dahel SEZ JETTY	57.88			57.88				
	Isgec Titan Metal Fabricators Pvt. Ltd.	8.70			8.70				
	Hitachi Zosen Corporation						165.46		165.46
Total		683.49			682.48	492.83	165.46		658.29
C) Sale of Goods									
	Isgec Heavy Engineering Ltd - Unit Yamunanagar	143.35			143.35	2,060.83			2,060.83
	Isgec Titan Metal Fabricators Pvt. Ltd.	0.36			0.36	0.69			0.69
	Hitachi Zosen Corporation		19,183.53		19,183.53		1,583.58		1,583.58
	Isgec Heavy Engineering Ltd - Unit Noida	12.21			12.21				
Total		155.92	19,183.53		19,339.45	2,061.52	1,583.58		3,645.10
D) Service Rendered									
	Isgec Heavy Engineering Ltd - Unit Yamunanagar	142.40			142.40	102.94			102.94
	Isgec Heavy Engineering Ltd - Unit Noida	40.03			40.03				
	Isgec Titan Metal Fabricators Pvt. Ltd.	4.92			4.92				
	Hitachi Zosen Corporation		40.98		40.98				
Total		187.35	40.98		228.33	102.94			102.94
E) Rent Paid									
	Isgec Heavy Engineering Ltd - Unit Dahel	1,940.15			1,940.15	2,835.00			2,835.00
Total		1,940.15			1,940.15	2,835.00			2,835.00
F) Dividend Paid									
	Isgec Heavy Engineering Ltd - Unit Yamunanagar	51.00			51.00	452.59			102.00
	Hitachi Zosen Corporation		49.00		49.00		98.00		98.00
Total		51.00	49.00		100.00	102.00	98.00		200.00



G) Amount Receivable									
Trade Receivables									
	Isgec Heavy Engineering Ltd - Unit Noida	553					553		220.88
	Isgec Heavy Engineering Ltd - Unit Dahaj							0.04	0.04
	Hitachi Zosen Corporation			4,362.54				202.73	202.73
Amount Receivable	Total	553		4,362.54			4,368.07	202.73	423.65
H) Amount Payable									
Payables									
	Isgec Heavy Engineering Ltd - Unit Yamunanagar	412.56					412.56		58.22
	Isgec Heavy Engineering Ltd - Unit Dahej SEZ Jetty	67.14					67.14		
	Isgec Heavy Engineering Ltd - Noida Head Office								
	Hitachi Zosen Corporation			1,715.84				997.20	997.20
Amount Payable	Total	479.70		1,715.84			2,195.54	997.20	1,055.42
I) Advances received from customers.									
Other Current Liabilities									
	Isgec Heavy Engineering Ltd - Unit Yamunanagar	1,282.21					1,282.21		
Other Current Liabilities									
	Hitachi Zosen Corporation			2,323.80			2,323.80	7,037.59	7,037.59
Total Advance received from customers.		1,282.21		2,323.80			3,606.01	7,037.59	7,037.59
J) Managerial Remuneration									
	Managing Director					99.42	99.42		99.42
	Chief Financial Officer					24.49	24.49		21.71
	Company Secretary					11.94	11.94		9.70

Remuneration to KMP includes:

Particulars	(in ₹ (lakhs))
Fixed Emoluments Benefit	2,073.22
- Defined Contribution Plan	3.06
	2.04

Terms and Conditions

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

Isgec Heavy Engineering Limited has given Corporate Guarantee to Banks for Banking limits (Fund & Non-Fund) by Rs. 547 Crore.



NOTE 47: FAIR VALUE MEASUREMENT

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amortised Cost	FVTPL*	Amortised Cost	FVTPL*
Financial Asset				
Trade receivables	24,124.81	-	8,934.91	-
Forward derivatives	-	-	-	-
Loans	34.52	-	44.84	-
Cash and Cash Equivalents	913.93	-	350.68	-
Others	1,257.21	-	1,018.72	-
Total Financial Assets	26,330.47	-	10,349.15	-
Financial Liabilities				
Forward Contracts	-	73.61	-	14.18
Borrowings	12,650.00	-	11,297.20	-
Trade payables	5,058.45	-	5,630.82	-
Other Financial Liabilities	2,685.09	-	1,962.86	-
Total Financial Liabilities	20,393.54	73.61	18,890.88	14.18

*FVTPL - Fair value through profit or loss

#FVTOCI - Fair value through other comprehensive income

(i) Fair Value Hierarchy

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

The fair value of the financial assets and liabilities is 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 (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	Carrying Value March 31, 2023	Fair Value Measurement using		
		Quoted price in Active Market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
(A) Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed at March 31, 2023				
(i) Financial Assets				
Loans & Advances	18.76			18.76
Loans to Employees	47.52			47.52
Security Deposit	66.28			66.28
(ii) Financial Liabilities				
Borrowings				
	12,650.00			12,650.00
	12,650.00			12,650.00
(B) Financial Assets and Liabilities measured at Fair value- recurring fair value measurements at March 31, 2023				
Forward derivatives	-			-
Total	-			-

Particulars	Carrying Value March 31, 2022	Fair Value Measurement using		
		Quoted price in Active Market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
(A) Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed at March 31, 2022				
(i) Financial Assets				
Loans & Advances	26.84			26.84
Loans to Employees	9.13			9.13
Security Deposit	35.97			35.97
(ii) Financial Liabilities				
Borrowings				
	11,297.20			11,297.20
	11,297.20			11,297.20
(B) Financial Assets and Liabilities measured at Fair value- recurring fair value measurements at March 31, 2022				
Forward derivatives	-			-
Total	-			-

(ii) Valuation techniques used to determine Fair value

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

Specific valuation technique used to value financial instrument includes:

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

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

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

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

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



NOTE 4B: FINANCIAL RISK MANAGEMENT

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

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

Market risk

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

The sensitivity analyses in the following sections relate to the position as at 31st March 2022 and 31st March 2023.

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

(a) Interest rate risk

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

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

Particulars	31-03-23	31-03-22
Variable rate borrowings	12,650.00	11,297.20
Fixed rate borrowings		
Total borrowings	12,650.00	11,297.20

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

Particulars	31-Mar-23			31-Mar-22		
	Weighted average interest rate (%)	Balance	% of total loans	Weighted average interest rate (%)	Balance	% of total loans
Loans repayable on Demand (Cash Credit)/PCRE	7.80%	11,900.00	94%	5.30%	10,047.20	89%
Term Loan	8.80%	750.00	6%	8.05%	1,250.00	11%
Net exposure to cash flow interest rate risk		12,650.00			11,297.20	

(iii) Sensitivity

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

Particulars	Increase/ Decrease in Basis Points		Impact on Profit before Tax	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
INR	+60	+60	+60	+60
	-60	-60	-60	-60



(b) Foreign currency risk

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

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

(In ₹ Lakhs)					
Foreign currency exposure as at 31st March, 2023	USD	Euro	JPY	GBP	Total
Trade Receivables	4,408.33	341.93			4,750.26
Trade payables	1,780.85	131.14	195.69		2,107.68
Hedged Portion	6,188.55	418.59	195.60		6,802.74
Net Exposure to foreign currency risk	0.62	54.48	0.09		55.19
Foreign currency exposure as at 31st March, 2022	USD	Euro	JPY	Others	Total
Trade Receivables	203.41	-	-	-	203.41
Trade payables	724.75	2,730.50	381.03		3,836.28
Hedged Portion	817.95	2,730.50	372.76		3,921.21
Net Exposure to foreign currency risk	110.21	-	8.26		118.47

Foreign currency sensitivity

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

Particulars	2022-23		2021-22	
	1% increase	1% decrease	1% increase	1% decrease
USD	0.01	0.01	1.10	1.10
Euro	0.54	0.54	-	-
JPY	0.00	0.00	0.08	0.08
Others	-	-	-	-

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

(c) Price Risk

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

Credit risk

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

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

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



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

(In ₹ Lakhs)							
Ageing	Not Due	Less than 6 Months	6 Months to 1Year	1 Year to 2 Years	2 Year to 3 Years	More than 3 Years	Total
As at 31-03-2023							
Carrying Amount	20,148.29	3,863.03	120.82	-	-	-	24,132.14
Expected loss Rate (in percentage)							
Expected Credit Loss		(1.20)	(6.13)				(7.33)
Carrying Amount (net of impairment)	20,148.29	3,861.83	114.69				24,124.80

Ageing	Not Due	Less than 6 months	6 Months to 1Year	1 Year to 2 Years	2 Year to 3 Years	More than 3 Years	Total
As at 31-03-2022							
Carrying Amount	3,851.86	5,083.05	-	-	-	-	8,934.91
Expected loss Rate (in percentage)							
Expected Credit Loss							
Carrying Amount (net of impairment)	3,851.86	5,083.05	-	-	-	-	8,934.91

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

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

(In ₹ Lakhs)	
Particulars	ECL for Trade Receivables
As at 01-04-2022	-
Provided during the year	7.33
Reversed During the Year	-
As at 31-03-2023	7.33

Liquidity Risk

Liquidity risk is defined as the risk that company will not be able to settle or meet its obligation on time or at a reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by senior management. Management monitors the company's net liquidity position through rolling, forecast on the basis of expected cash flows.

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

(In ₹ Lakhs)					
As at 31-03-2023	Carrying Amount	On Demand	Less than 12 months	12 months to 5 years	Total
Borrowings	12,650.00	12,400.00	-	250.00	12,650.00
Trade payables	5,058.45	-	5,034.01	24.44	5,058.45
Other Liabilities	2,685.09	-	2,623.80	61.29	2,685.09
Total	20,393.54	12,400.00	7,657.81	335.73	20,393.54

(In ₹ Lakhs)					
As at 31-03-2022	Carrying Amount	On Demand	Less than 12 months	12 months to 5 years	Total
Borrowings	11,297.20	10,047.20	500.00	750.00	11,297.20
Trade payables	5,630.82	-	5,630.82	-	5,630.82
Other Liabilities	1,962.80	-	1,912.95	49.91	1,962.86
Total	18,890.82	10,047.20	8,043.77	799.91	18,890.88

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, 2023	As at March 31, 2022
Fund based limit (incl. Interchangeable facility)	6,100.00	8,952.80



NOTE 49: CAPITAL MANAGEMENT

(a) Risk Management

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

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

Particulars	<i>(In ₹ Lakhs)</i>	
	As at March 31, 2023	As at March 31, 2022
Debt	12,650.00	11,297.20
Less: Cash & cash equivalent	913.93	350.68
Net Debt	11,736.07	10,946.52
Total Equity	15,466.11	14,745.69
Total Equity and Net Debt	27,202.18	25,692.21
Net debt to debt and equity ratio (Gearing Ratio)	0.43	0.43

Notes-

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

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

(b) Loan Covenants

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

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

(c) Dividends

Particulars	<i>(In ₹ Lakhs)</i>	
	For the Year ended	
	March 31, 2023	March 31, 2022
(i) Proposed Dividend*		
For the year ended 31st March 2023, the Directors have recommended the payment of a Final Dividend of 20 Paise per equity share	200.00	100.00
(ii) Dividend Paid During the Year (Proposed Dividend of Previous Year)	100.00	200.00

* The proposed dividend is subject to the approval of shareholders in the ensuing General Meeting



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

Note 50 : Ratio Analysis

Sr. No.	Ratios	Numerator	Denominator	Ratio	FY 2022-2023	FY 2021-2022	Percentage variance (%)	Explanation shall be provided for any change in the ratio by more than 25% as compared to the preceding year.	Formula for calculating Ratios
1	Current Ratio	Current assets	Current liabilities	Current Assets / Current Liabilities	1.26	1.25	0.49		$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$
2	Debt-Equity Ratio	Total debt	Total equity	Total Liabilities / Equity	2.91	2.61	11.29		$\frac{\text{Total Non-current Liabilities} + \text{Total Current Liabilities}}{\text{Total Equity}}$
3	Debt Service Coverage Ratio	Earning before interest, tax and depreciation & amortisation	Short & long term borrowings	EBITDA / Short & Long Term Borrowings	0.13	0.13	-7.32		$\frac{\text{Earning Before Interest, Tax and Depreciation \& Amortisation}}{\text{Short \& Long Term Borrowings}}$
4	Return on Equity Ratio*	Profit after tax	Total equity	Net Profit / Total Equity	5.37%	2.75%	95.25	Higher Revenue as compare to previous year	$\frac{\text{Profit After Tax}}{\text{Total Equity}}$
5	Inventory Turnover Ratio	Revenue from operation	Average inventory	Sale of Products / Average Inventory	3.09	1.36	126.55	Higher Revenue as compare to previous year	$\frac{\text{Sale of Product}}{\text{Closing Inventory}} \div 2$
6	Trade Receivables Turnover Ratio	Revenue from operation	Average trade receivables	Turnover / Average Trade Receivables	3.61	3.23	11.81		$\frac{\text{Revenue From Operations}}{\text{Trade Receivables} + \text{Closing Trade Receivables}} \div 2$
7	Trade Payables Turnover Ratio	Revenue from operation	Average trade payables	Turnover / Average Trade Payables	11.16	7.70	44.86	Higher revenue leads to more services/expenses.	$\frac{\text{Revenue From Operations}}{\text{Trade Payables} + \text{Closing Trade Payables}} \div 2$
8	Net Capital Turnover Ratio	Revenue from operation	Average working capital	Turnover / Average Working Capital	6.34	3.90	62.41	Higher Revenue as compare to previous year	$\frac{\text{Revenue From Operations}}{\text{Working Capital} + \text{Closing Working Capital}} \div 2$
9	Net Profit Ratio*	Profit after tax	Revenue from operation	Profit After Tax / Total Income	1.39%	1.25%	11.37		$\frac{\text{Profit After Tax}}{\text{Total Income}}$
10	Return on Capital Employed	Profit before interest and tax	Total equity + short & long term borrowings	Profit Before Interest and Tax / Total Equity + Short & Long Term Borrowings	11.17%	5.12%	118.27	Higher Revenue as compare to previous year	$\frac{\text{Profit Before Interest and Tax}}{\text{Equity} + \text{Short \& Long Term Borrowings}}$
11	Return on Investment*	Profit after tax	Total of assets side	Profit After Tax / Total Assets	1.35%	0.74%	81.29	Higher Revenue as compare to previous year	$\frac{\text{Profit After Tax}}{\text{Total of Assets Side}}$



* Profit after tax before other comprehensive income

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NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 51: Disclosure regarding Corporate Social Responsibility (CSR) activities :

Particulars	(In ₹ Lakhs)	
	Year Ended 31.03.2023	Year Ended 31.03.2022
(i) Amount required to be spent by the company during the year	18.13	16.74
(ii) Amount of expenditure incurred on		
a) Construction of Community Hall		15.00
b) Donation to Sahyog Foundation	0.30	0.40
c) Donation to Rotary Club	9.25	1.34
d) skill upgradation and training	8.08	
e) Contribution to NGO	0.50	
(iii) Shortfall at the end of the year		
(iv) Total of previous years shortfall		
(v) Reason for shortfall	NA	NA
(vi) Nature of CSR activities	Rural Development, education, training and promotion of cultural activity .	Rural Development, education, Providing Facility to senior citizen
(vii) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard		
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.		

NOTE 52: Other Statutory Information

- (i) The Company neither have any Benami property, nor any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off.
- (iii) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not advanced or loaned or invested funds in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- (vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)
- (viii) There is no Immovable Properties Title deeds of those are not held in the name of the Company.
- (ix) The company has no investment property and accordingly its fair valuation is not required at year end.
- (x) No revaluation of Property, Plant & Equipment (Including ROU) & Intangible assets has been carried out during the year.
- (xi) The Company has not granted loans or advances in the nature of loans to promoters, directors, KMPs and the related parties, either severally or jointly with any other person, that are :
 - a. repayable on demand; or
 - b. without specifying any terms or period of repayment.
- (xii) The company has not defaulted on loan from any bank or financial Institution or other lender
- (xiii) Compliance with approved Scheme(s) on the basis of security of current assets - Not Applicable
- (xiv) The company has borrowings from banks, secured by hypothecation of inventories and by a charge on book debts and other assets of the company, and quarterly returns or statements of current assets filed by the company with banks are in agreement with the books of accounts without any material discrepancies.
- (xv) The company is not declared willful defaulter by any bank or financial institution or other lender.
- (xvi) The company prescribed under clause (87) of Section 2 of the Act read with Companies (restriction on number of layers) Rules, 2017 is not applicable to the company.
- (xvii) The company has used the borrowings from bank for specific purpose for which it was taken at the balance sheet date.



ISGEC HITACHI ZOSEN LIMITED
NOTES TO FINANCIAL STATEMENTS AS AT MARCH 31, 2023

NOTE 53: INFORMATION ON COST AUDIT :

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

Sl. No.	Particulars	Description	
(a)	Product covered for Cost Audit	Other Machinery	
(b)	Full Particulars of Cost Auditor	GOPINATHAN MOHANDAS & CO. HIG-,G-11A, Sector -23 Raj Nagar,Ghaziabad 201002 (UP)	
(c)	Filing of Cost Audit Report	Year ended March 31, 2023	Year ended March 31, 2022
	i) Date of filing of Cost Audit Report	To be filed before due date.	02.09.2022
	ii) Due date of filing of Cost Audit Report	30.09.2023	30.09.2022

As per our report of even date

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


CA. Abhinav Khosla
Partner
Membership No. 087010




Shailesh Kumar
Chief Financial Officer


Aasha Rani
Company Secretary
M.No.A39007


Brajesh Kr. Rai
Chief Operating Officer

For and on behalf of the Board of Directors

Place: Noida
Dated : 08/05/2023


Sanjay Gulati
Managing Director
DIN: 05201178


Shalabh Singh
Director
DIN: 07738604


Tomonori Terai
Director
DIN: 08405854