

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Isgec SFW Boilers Private Limited

**Report on the Audit of the Ind AS Financial Statements****Opinion**

We have audited the accompanying Ind AS financial statements of Isgec SFW Boilers Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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 Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's 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 such 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibility of Management for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial



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

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

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

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

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

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

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



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

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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) This report does not include Report on the internal financial controls under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Report on internal financial controls'), since in our opinion and according to the information and explanation given to us, the said report on internal financial controls is not applicable to the Company basis the exemption available to the Company under MCA notification no. G.S.R. 583(E) dated June 13, 2017, read with corrigendum dated July 13, 2017 on reporting on internal financial controls with reference to Ind AS financial statements;
  - (g) The provisions of Section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2022;



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- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - 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 funds or share premium or any other sources or kind 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 entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the 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 representations under sub-clause (a) and (b) contain any material misstatement.
  - v. The dividend declared or paid during the year by the Company is in compliance with section 123 of the Act.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Amit Kumar Jain**  
Partner

Membership Number: 097214  
UDIN: 22097214AHKVNC6737  
Place of Signature: New Delhi  
Date: April 20, 2022



**ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING OF “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR AUDIT REPORT OF EVEN DATE**

Re: Isgec SFW Boilers Private Limited (‘the Company’)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i)(a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (i)(a)(B) The Company has maintained proper records showing full particulars of intangibles assets.
  - (i)(b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
  - (i)(c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause 3(i)(c) of the Order is not applicable to the Company.
  - (i)(d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2022.
  - (i)(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii)(a) The Company’s business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
- (ii)(b) The Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks or financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a), (b), (c), (d), (e) and (f) of the Order is not applicable to the Company.
- (iv) There are no loans, investments, guarantees, and security in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of Sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.



- (vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.
- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax, cess and other statutory dues applicable to it. The provisions related to employees' state insurance, sales tax, duty of excise, duty of customs, and value added taxes are not applicable to the Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts 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.
- (b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute.
- (viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix)(a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.
- (ix)(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (ix)(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.
- (ix)(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- (ix)(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (ix)(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x)(a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments). Accordingly, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (x)(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)(a) No fraud/material fraud by the Company or no fraud/material fraud on the Company has been noticed or reported during the year.



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- (xi)(b) During the year, no report under Sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor, secretarial auditor or by us 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) The Company is not a Nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the order are not applicable to the Company.
- (xiii) Transactions with the related parties are in compliance with Section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to Section 177 of the Act is not applicable to the Company.
- (xiv) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) and (b) of the Order are not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi)(a) The provisions of Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (xvi)(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (COR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (xvi)(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (xvi)(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) 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 auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 26 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists



# **S.R. BATLIBOI & Co. LLP**

**Chartered Accountants**

as on the date of the audit report that Company is not capable of meeting its liabilities existing at the 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 an 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 the audit report and we neither give any guarantee nor any assurance that all 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) The provisions of Section 135 of the Companies Act, 2013 are not applicable to the Company and hence, the requirement to report on clause 3(xx)(a) and (b) of the Order are not applicable to the Company.

## **For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

  
per **Amit Kumar Jain**  
Partner

Membership Number: 097214  
UDIN: 22097214AHKVNC6737

Place of Signature: New Delhi

Date: April 20, 2022





**Isgec SFW Boilers Private Limited**  
**Balance Sheet as at March 31, 2022**  
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non - current assets</b>			
(a) Property, plant and equipment	3A	8,73,212	12,70,407
Intangible Assets	3B	37,61,537	27,26,836
Right-of-use asset	12A	62,48,601	91,32,573
(b) Financial assets			
(i) Loans	4	3,21,752	90,070
(ii) Other financial assets	8	8,99,373	8,26,629
(c) Deferred tax assets (net)	5	12,91,313	13,49,807
(d) Other non current assets	9	85,49,553	-
		<b>2,19,45,341</b>	<b>1,53,96,322</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Trade receivables	6	1,88,23,549	1,70,63,445
(ii) Cash and cash equivalents	7	56,91,028	84,18,559
(iii) Other bank balances	7	4,08,37,393	2,68,06,152
(iv) Loans	4	4,84,392	1,42,099
(v) Other financial assets	8	47,46,960	32,76,839
(b) Current tax assets (net)	9A	11,849	-
(c) Other current assets	9	31,55,124	73,66,357
		<b>7,37,50,295</b>	<b>6,30,73,451</b>
<b>Total Assets</b>		<b>9,56,95,636</b>	<b>7,84,69,773</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	10	2,00,00,000	2,00,00,000
(b) Other equity	11	4,72,93,267	3,64,39,695
<b>Total Equity</b>		<b>6,72,93,267</b>	<b>5,64,39,695</b>
<b>Non - current liabilities</b>			
(a) Financial liabilities			
(i) Lease liability	12A	43,20,578	75,06,319
(b) Long term provisions	12	20,18,316	15,77,011
		<b>63,38,894</b>	<b>90,83,330</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade Payables			
(a) Total outstanding dues to micro enterprises and small enterprises	13		14,42,306
(b) Total outstanding dues of creditors other than to micro enterprises and small enterprises	13		
(ii) Lease liability	12A	68,11,093	30,45,595
(b) Other current liabilities	14A	31,85,741	27,49,337
(c) Provisions	12	12,20,483	6,44,457
(d) Provisions	12	18,92,746	21,93,074
(d) Current tax liabilities	15	6,55,735	8,84,269
(e) Contract Liability	14B	82,97,677	19,87,710
<b>Total Liabilities</b>		<b>2,20,63,475</b>	<b>1,29,46,748</b>
<b>Total Equity &amp; Liabilities</b>		<b>9,56,95,636</b>	<b>7,84,69,773</b>

The accompanying notes are an integral part of these financial statements.

As per our report of even date  
**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
Firm Registration No. 301003E/E300005


  
Bhupinder Kumar Malik  
Senior Vice President-Accounts

For and on behalf of the Board of Directors of  
Isgec SFW Boilers Private Limited

  
Per Amit Kumar Jain  
Partner  
Membership No. 097211  
Place : New Delhi  
Date : April 20, 2022



  
Krishnamurthy Viswanathan  
Director  
DIN: 07047927

  
Suman Kumar Jain  
Director  
DIN: 07045002

**Isgec SFW Boilers Private Limited**  
**Statement of Profit and Loss for the Year ended March 31, 2022**  
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Income</b>			
Revenue from operations	16	10,27,42,304	9,68,46,839
Other income	17	22,36,967	14,53,506
<b>Total income</b>		<b>10,49,79,271</b>	<b>9,83,00,345</b>
<b>Expenses</b>			
Employee benefits expenses	18	4,22,65,082	4,06,95,702
Finance cost	19	8,18,835	10,65,164
Depreciation and amortization expenses	20	45,03,837	47,58,523
Other expenses	21	2,70,26,020	3,09,84,613
<b>Total Expenses</b>		<b>7,46,13,774</b>	<b>7,75,04,002</b>
<b>Profit before tax</b>		<b>3,03,65,497</b>	<b>2,07,96,343</b>
<b>Tax Expense</b>			
(1) Current tax	22	76,39,910	57,27,105
(2) Adjustment of current tax relating to earlier years	22	(19,015)	-
(3) Deferred Tax (credit)	22	8,625	(4,68,613)
(4) Adjustment of deferred tax (credit) relating to earlier years	22	7,722	-
<b>Income Tax Expense</b>		<b>76,37,242</b>	<b>52,58,492</b>
<b>Profit for the year</b>		<b>2,27,28,255</b>	<b>1,55,37,851</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gain on defined benefit plan		1,67,464	76,076
Income Tax on above		(42,147)	(19,141)
<b>Total Comprehensive Income for the year (Net of Taxes)</b>		<b>2,28,53,572</b>	<b>1,55,94,786</b>
Earnings per equity share Basic and Diluted (nominal value of share Rs. 10 each (March 31, 2021 :Rs.10))	23	11.36	7.77

The accompanying notes are an integral part of these financial statements.

As per our report of even date  
**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
Firm Registration No. 301003E/E300005


  
Bhupinder Kumar Malik  
Senior Vice President-Accounts

For and on behalf of the Board of Directors of  
Isgec SFW Boilers Private Limited

  
Per Amit Kumar Jain  
Partner  
Membership No. 097214  
Place : New Delhi  
Date : April 20, 2022



  
Krishnamurthy Viswanathan  
Director  
DIN: 07047927

  
Suman Kumar Jain  
Director  
DIN: 07045002

**Isgec SFW Boilers Private Limited**  
**Cash Flow Statement for the Year ended March 31, 2022**  
(All amounts are in Indian Rupees, unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Cash flows from operating activities:</b>		
Profit before tax	3,03,65,497	2,07,96,343
<b>Adjustment to reconcile profit before tax to net cash flows</b>		
Foreign exchange Loss	57,746	2,07,085
Depreciation and amortization expenses	45,03,837	47,58,523
Interest expense	8,18,835	10,65,164
Concessions in rent	(3,03,750)	-
Interest income	(15,44,417)	(13,30,480)
<b>Operating Profit before working capital changes</b>	<b>3,38,97,748</b>	<b>2,54,96,635</b>
Movements in working capital :		
(Increase)/Decrease in Loans and Financial Assets	(20,18,193)	3,85,030
(Increase)/Decrease in Other Current Assets	(43,38,320)	38,69,057
(Increase)/Decrease in Trade Receivables	(18,17,850)	32,14,699
Increase on account of Provisions	3,08,441	12,87,790
Increase/(Decrease) in Trade Payable	23,23,192	(78,96,910)
Increase/(Decrease) in Other Current Liabilities	68,85,993	(38,73,172)
<b>Cash generation from Operations</b>	<b>3,52,41,011</b>	<b>2,24,83,130</b>
Direct Taxes Paid	(78,85,224)	(50,84,097)
<b>Net cash generated from operating activities (A)</b>	<b>2,73,55,787</b>	<b>1,73,99,033</b>
<b>Cash flows from investing activities:</b>		
Purchase of Property, Plant & Equipment	(22,57,371)	(22,23,440)
Fixed deposits made	(4,08,37,393)	(2,68,06,152)
Proceeds from maturity of fixed deposits	2,68,06,152	1,10,67,066
Interest income received	14,45,770	11,66,946
<b>Net cash generated used in investing activities (B)</b>	<b>(1,48,42,842)</b>	<b>(1,67,95,583)</b>
<b>Cash flow from financing activities:</b>		
Cash payments for the interest portion of the lease liability	(7,94,413)	(9,67,969)
Cash payments for the principal portion of the lease liability	(24,45,587)	(20,02,031)
Interest on late deposit of Income tax	(476)	(97,195)
Dividend paid on equity shares	(1,20,00,000)	-
<b>Net Cash (used in) financing activities (C)</b>	<b>(1,52,40,476)</b>	<b>(30,67,195)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>(27,27,531)</b>	<b>(24,63,745)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>84,18,559</b>	<b>1,08,82,304</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>56,91,028</b>	<b>84,18,559</b>
<b>Cash and cash equivalents comprise of (refer note 7)</b>		
Cash in hand	2,968	3,428
Deposits with original maturity of less than 3 months	40,00,000	71,16,455
Balance with bank on current accounts	16,88,060	12,98,676
	<b>56,91,028</b>	<b>84,18,559</b>


The accompanying notes are an integral part of these financial statements.


As per our report of even date  
**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
Firm Registration No. 301003E/E300005

  
Per Amit Kumar Jain  
Partner  
Membership No. 097214  
Place : New Delhi  
Date : April 20, 2022



  
Bhupinder Kumar Malik  
Senior Vice President-Accounts

For and on behalf of the Board of Directors of  
**Isgec SFW Boilers Private Limited**  
  
Krishnamurthy Viswanathan  
Director  
DIN: 07047927

  
Suman Kumar Jain  
Director  
DIN: 07045002

**Isgec SFW Boilers Private Limited**  
**Statement of Changes in Equity for the Year ended March 31, 2022**  
(All amounts are in Indian Rupees, unless otherwise stated)

**A) Equity Share Capital**

Particulars	Nos.	Amount in Rs
As at April 1, 2020	20,00,000	2,00,00,000
Add: Equity shares issued during the year	-	-
As at March 31, 2021	20,00,000	2,00,00,000
Add: Equity shares issued during the year	-	-
As at March 31, 2022	20,00,000	2,00,00,000

**B) Other Equity**

Particulars	Retained Earnings (Amount in Rs)
As at April 1, 2020	2,08,44,909
Profit for the year ended March 31 2021	1,55,37,851
<b>Other Comprehensive income for the year</b>	
Re-measurement gain on defined benefit plan (Net of taxes)	56,935
As at March 31, 2021	3,64,39,695
Profit for the year ended March 31 2022	2,27,28,255
Dividend paid	(1,20,00,000)
<b>Other Comprehensive income for the year</b>	
Re-measurement gain on defined benefit plan (Net of taxes)	1,25,317
As at March 31, 2022	4,72,93,267

**C) Distribution made and Proposed**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Dividend on equity shares declared and paid:</b>		
Final dividend for the year ended on March 31, 2021 : INR 6 per share (March 31, 2020: INR Nil per share)	1,20,00,000	-
<b>Proposed dividend on equity shares:</b>		
The Board proposed dividend on equity shares after the balance sheet date. Proposed dividend for the year ended on March 31, 2022 : INR 7 per share (March 31, 2021: INR 6 per share)	1,40,00,000	1,20,00,000


Dividend on equity shares for the year ended March 31, 2021 paid after approval of shareholders at the 6th Annual General held on June 15, 2021.

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

As per our report of even date  
**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
Firm Registration No. 301003E/E300005

  
Bhupinder Kumar Malik  
Senior Vice President-Accounts

For and on behalf of the Board of Directors of  
Isgec SFW Boilers Private Limited

  
Per Amit Kumar Jain  
Partner  
Membership No. 097214  
Place : New Delhi  
Date : April 20, 2022



  
Krishnamurthy Viswanathan  
Director  
DIN: 07047927

  
Suman Kumar Jain  
Director  
DIN: 07045002

## ISGEC SFW BOILERS PRIVATE LIMITED

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2022

(All amounts are in Indian Rupees, unless otherwise stated)

#### 1. Corporate Information

The financial statements comprise financial statements of Isgec SFW Boilers Private Limited ("the Company") for the year ended 31 March 2022. The Company is a private limited company domiciled in India with registered office in Radaur Road Yamuna Nagar Haryana 135001 and is incorporated under the provisions of the Companies Act applicable in India. The Company was incorporated on 17th February 2015 as a Joint Venture between Isgec Heavy Engineering Limited, India and Amec Foster Wheeler North America Corporation, USA (Amec FW NA).

As per notification received from Amec FW NA in May 2017, and the subsequent resolution of the Board of Directors of the Company, the shares of the Company held by Amec FW NA. were transferred to Amec Foster Wheeler Energia Oy (Amec FW OY).

Subsequently, Amec FW Oy was acquired by Sumitomo Heavy Industries, Japan and its name was changed to Sumitomo SHI FW Energia Oy with effect from 1st of November 2017. Accordingly, the Company is now a Joint Venture of Isgec Heavy Engineering Limited and Sumitomo SHI FW Energia Oy.

The Company is principally engaged in business of providing design and engineering services of fossil fuel boilers or steam generators. The Company has started its commercial operations in the Financial Year 2016-17.

The financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company in their meeting held on April 20, 2022.

#### 2. 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) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Company.

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 prepared and presented in Indian rupees (INR) which is also the functional currency of the Company.

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

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



## **2.2 New and amended standards and interpretations**

The Ministry of Corporate Affairs ("MCA") has carried out amendments to the following accounting standards.

(i) Ind AS 116: Covid-19-Related Rent Concessions:

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

Accordingly, the Company has accounted for such rent concessions in the financial statements of the Company (Refer note 17- 'Other Income' Note 17)

The effect on adoption of below mentioned amendments had no impact on the Ind AS financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

(ii) Ind AS 103: Business Combinations

(iii) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

(iv) Conceptual framework for financial reporting under Ind AS issued by ICAI

(v) Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

Ministry of Corporate Affairs ("MCA") issued notification dated March 24, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by a Company in its financial statements. These amendments which are applicable to the Company for the financial period starting from April 01, 2021 has been applied by the Company in the financial statements for the current year.

## **2.3 Summary of Significant Accounting Policies**

### **a. Use of estimates**

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, other comprehensive income that are reported and disclosed in the financial statements and accompanying notes. These estimates are based on the management's best knowledge of current events, historic experience, actions that Company may undertake in future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used for, but not limited to estimating the incremental borrowing rate to measure lease liabilities, future obligation under employee benefit plan and contractual employees, useful life of property, plant and equipment and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from the estimates. (Also refer Note 31)

### **b. Foreign currencies**

The Company's financial statements are presented in INR, which is also the Company's functional currency.

#### **Transactions and balances**

Transactions in foreign currencies are initially recorded at functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.



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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognised the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

***c. Fair value measurement***

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.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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

At each reporting date, Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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



***d. Current versus non-current classification***

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

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

All other assets are classified as non-current.

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

***e. Revenue from contract with customer***

Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customers.

**Design and Engineering Services: -**

The Company provides Design and Engineering Services to the customers. The Company recognises revenue from services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from the end of last billing to the balance sheet date is recognised as unbilled revenue.

**Contract balances: -**

**Contract assets**

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.





**Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (t) Financial instruments – initial recognition and subsequent measurement.

**Contract liabilities**

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**Interest Income**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

**Export Incentive Income**

Benefits under "Served from India Scheme" available for foreign exchange earned under prevalent scheme of Government of India are accrued when the right to receive these benefits as per the terms of the scheme is established and accrued to the extent there is no significant un-certainty about the measurability and ultimate utilization.

*f. Taxes*

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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



## ISGEC SFW BOILERS PRIVATE LIMITED

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

### *g. Property, plant and equipment and Intangible assets*

#### **Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, (if any). The cost comprises purchase price, borrowing costs if capitalisation criterion is met and cost of bringing the assets to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the equipment.

Depreciation is calculated on written down value basis, to allocate their costs net of salvage value, over the estimated useful lives of the assets which has been estimated as 3 years for computers and 6 years for server and networking equipment and 5 years for office equipment. The Company has no other property, plant and equipment.

When significant parts of equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

#### **Intangible assets**

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

Intangible assets are amortized on a straight-line basis over the estimated useful economic life. If the persuasive evidence exists to the effect that useful life of an intangible assets exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from de-recognition 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 and loss when the asset is derecognized

Useful life of Software has been estimated as five years.



***h. Provisions and Contingent Liability***

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is disclosed when

- (a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) A present obligation that arises from past events but is not recognised 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.

Contingent liabilities are not recognised but are disclosed in notes.

***i. Retirement and other employee benefits;***

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates one defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end using the projected unit credit method. Actuarial gains and losses for defined benefit plan are recognized in full in the period in which they occur in the other comprehensive income.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are recognized in full in the period in which they occur in the statement of profit and loss. The Company presents the leave as a current liability in the balance sheet as it does have the unconditional legal and contractual right to defer the settlement for a period beyond twelve months.



**j. 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.

**Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

1. Financial assets at amortised cost (debt instruments)
2. Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
3. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
4. Financial assets at fair value through profit or loss
5. Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:



- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company's financial assets at amortised cost includes trade receivables, loans, cash and cash equivalents, other bank balances and other financial assets.

#### ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

#### ***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

#### ***Impairment of financial assets***

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).



## ISGEC SFW BOILERS PRIVATE LIMITED

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

#### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has designated its liabilities as financial liability as at fair value through profit or loss.

#### *Financial liabilities at amortised cost (Loans and borrowings)*



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After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. The Company has not designated its financial liabilities at amortised cost.

### 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. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in profit or loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss the reclassification date.



**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**k. 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.

**l. 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.

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

For the purpose of calculating diluted earnings per share the net profit or losses for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially diluted equity shares.

**n. Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (o) Impairment of non-financial assets.

**ii) Lease Liabilities**





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At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### o. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations are recognised in the statement of profit and loss.



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For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

### p. Cash dividend

The Company recognises a liability to pay dividend to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.



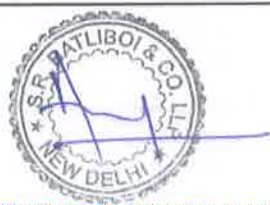
**Isgec SFW Boilers Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2022**  
(All amounts are in Indian Rupees, unless otherwise stated)

**3A. Property, Plant & Equipment**

Particulars	Computers	Office Equipment's	Total Property, Plant & Equipment
<b>Cost</b>			
As at April 1,2020	70,66,204	3,90,534	74,56,738
Additions	2,08,600	-	2,08,600
Disposals	-	-	-
<b>As at March 31,2021</b>	<b>72,74,804</b>	<b>3,90,534</b>	<b>76,65,338</b>
Additions	1,70,000	-	1,70,000
Disposals	-	-	-
<b>As at March 31,2022</b>	<b>74,44,804</b>	<b>3,90,534</b>	<b>78,35,338</b>
<b>Accumulated depreciation</b>			
As at April 1,2020	51,13,994	1,46,736	52,60,730
Depreciation charge for the year ended March 31, 2021	10,24,321	1,09,880	11,34,201
<b>As at March 31,2021</b>	<b>61,38,315</b>	<b>2,56,616</b>	<b>63,94,931</b>
Depreciation charge for the year ended March 31, 2022	5,06,839	60,356	5,67,195
<b>As at March 31,2022</b>	<b>66,45,154</b>	<b>3,16,972</b>	<b>69,62,126</b>
<b>Net book value</b>			
At March 31, 2021	11,36,489	1,33,918	12,70,407
<b>At March 31, 2022</b>	<b>7,99,650</b>	<b>73,562</b>	<b>8,73,212</b>

**3B. Intangible Assets**

Particulars	Amount
<b>Cost</b>	
As at April 1,2020	39,40,740
Additions	9,10,000
Disposals	-
<b>As at March 31,2021</b>	<b>48,50,740</b>
Additions	20,87,371
Disposals	-
<b>As at March 31,2022</b>	<b>69,38,111</b>
<b>Accumulated amortisation</b>	
As at April 1,2020	13,24,288
Amortisation charge for the year ended March 31, 2021	7,99,616
<b>As at March 31,2021</b>	<b>21,23,904</b>
Amortisation charge for the year ended March 31, 2022	10,52,670
<b>As at March 31,2022</b>	<b>31,76,574</b>
<b>Net book value</b>	
At March 31, 2021	27,26,836
<b>At March 31, 2022</b>	<b>37,61,537</b>



#### 4. Loans

Particulars	Non - current		Current	
	As at March 31,2022	As at March 31,2021	As at March 31,2022	As at March 31,2021
<b>Unsecured, considered good (unless otherwise stated)</b>				
Loans and advances to employees	3,21,752	90,070	4,84,392	1,42,099
<b>Total Loans</b>	<b>3,21,752</b>	<b>90,070</b>	<b>4,84,392</b>	<b>1,42,099</b>

#### 5. Deferred Tax Assets (net)

Particulars	As at March 31,2022	As at March 31,2021
Deferred Tax Assets	12,91,313	13,49,807

The balance comprises temporary differences attributable to:

Particulars	As at March 31,2022	As at March 31,2021
<b>Deferred Tax Liabilities</b>		
Right-of-use asset	15,72,648	22,98,486
Property, Plant and Equipment	67,837	-
<b>Deferred Tax Assets</b>		
Property, Plant and Equipment	-	41,714
Lease Liability	18,89,190	25,81,144
Security Deposit	45,460	63,769
Expenditure debited to Statement of Profit and loss but allowed for tax purposes in subsequent years (on payment basis)	9,97,148	9,61,666
<b>Total Deferred tax Assets (net)</b>	<b>12,91,313</b>	<b>13,49,807</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate :

Particulars	As at March 31,2022	As at March 31,2021
Accounting profit before income tax	3,03,65,497	2,07,96,343
Applicable tax rate	25.168%	25.168%
Computed tax expense	76,42,388	52,34,024
Disallowable expenditure under income tax	6,147	24,468
Adjustment of tax relating to earlier year	(11,293)	-
<b>At the effective income tax rate of 25.168% (previous year 25.168%)</b>	<b>76,37,242</b>	<b>52,58,492</b>

#### 6. Trade Receivables

Particulars	As at March 31,2022	As at March 31,2021
Secured, considered good	-	-
Unsecured, considered good from related party	1,88,23,549	1,70,63,445
<b>Total Trade receivables</b>	<b>1,88,23,549</b>	<b>1,70,63,445</b>

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor are any trade or other receivable due from firms or private companies respectively in which any director is a partner, a director or a member except as mentioned in related party transactions. Trade receivables are non-interest bearing and are generally on terms of 30 days though there may be some delay beyond the contractual credit period.



#### Ageing of Trade Receivables

Particulars	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	Total
i) Undisputed Trade receivables - Considered good	1,39,74,473	48,49,076	-	1,88,23,549
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	-	-	-	-
<b>Total</b>	<b>1,39,74,473</b>	<b>48,49,076</b>	<b>-</b>	<b>1,88,23,549</b>

Particulars	Outstanding as on March 31, 2021 for the following period from the due date of payment			
	Not due	Less than 6 months	6 months to 1 year	Total
i) Undisputed Trade receivables - Considered good	1,00,18,645	70,44,800	-	1,70,63,445
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	-	-	-	-
<b>Total</b>	<b>1,00,18,645</b>	<b>70,44,800</b>	<b>-</b>	<b>1,70,63,445</b>

#### 7. Cash and Bank Balances

Particulars	Current	
	As at March 31, 2022	As at March 31, 2021
<b>Cash and cash equivalents</b>		
Balance with bank		
- On Current account	16,88,060	12,98,676
- Deposits with original maturity of less than 3 months	40,00,000	71,16,455
Cash in hand	2,968	3,428
<b>Total</b>	<b>56,91,028</b>	<b>84,18,559</b>
<b>Other bank balances</b>		
- Deposits with remaining maturity of less than 12 months **	4,08,37,393	2,68,06,152
<b>Total</b>	<b>4,08,37,393</b>	<b>2,68,06,152</b>
<b>Total</b>	<b>4,65,28,421</b>	<b>3,52,24,711</b>

\*\* The Company has pledged its short-term deposits amounting to Rs. 1,23,48,574 (Previous year Rs. 1,17,33,649) to fulfil collateral requirements of Credit Exposure Limit for forward hedging. Bank has put lien only for Rs. 40,00,000 from the above said fixed deposit. However, the Company has not taken any forward contract during the year (Previous year Rs. Nil).

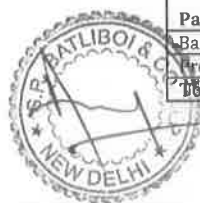
#### 8. Other Financial Assets

Particulars	Non Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Security Deposits	8,99,373	8,26,629	-	-
Interest accrued but not due on deposits	-	-	8,55,984	8,30,081
Unbilled revenue	-	-	3,31,603	9,44,865
GST refund receivable *	-	-	35,59,373	15,01,893
<b>Total</b>	<b>8,99,373</b>	<b>8,26,629</b>	<b>47,46,960</b>	<b>32,76,839</b>

\* During the year, the GST authorities have rejected the claim filed by the Company amounting to Rs. 16,75,014 on the ground of non availability of Foreign Inward Remittance Certificate ('FIRC'). The Company has filed appeal with Appellate Authority against the rejection order. Based on expert advise, the Company is of the view that the grounds based on which refund has been rejected are not tenable and accordingly no provision is required thereagainst.

#### 9. Other Current Assets

Particulars	Non Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Balance with Statutory / Government authorities	85,49,553	-	20,95,287	62,15,477
Prepaid expenses	-	-	10,59,837	11,50,880
<b>Total Other Current Assets</b>	<b>85,49,553</b>	<b>-</b>	<b>31,55,124</b>	<b>73,66,357</b>



**9A. Current tax assets (net)**

Particulars	As at March 31,2022	As at March 31,2021
Current tax assets (net)	11,849	-
<b>Total</b>	<b>11,849</b>	<b>-</b>

**10. Share capital**

Particulars	As at March 31,2022	As at March 31,2021
<b>Authorised share Capital :</b>		
2,000,000 ( March 31, 2021: 2,000,000 ) Equity shares of Rs.10 each with voting rights	2,00,00,000	2,00,00,000
<b>Issued, Subscribed &amp; Fully paid-up Capital</b>		
<b>Opening Balance</b>	<b>2,00,00,000</b>	<b>2,00,00,000</b>
Issued During the year	-	-
<b>Total Issued, Subscribed &amp; Fully paid-up Capital</b>	<b>2,00,00,000</b>	<b>2,00,00,000</b>

**Notes :**

**i) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each share holder is entitled to one vote per share. The dividend if any proposed by the Board of Directors will be subject to approval of the share holders in the ensuing Annual General Meeting. In the event of the liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion of number of equity shares held by each equity share holder. Quorum of the Board is minimum two directors, minimum one each from both the existing shareholders.

**ii) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting Period:**

Particulars	As at March 31,2022		As at March 31,2021	
	No. of shares	(Amount in Rs.)	No. of shares	(Amount in Rs.)
Equity shares outstanding at the beginning of the year	20,00,000	2,00,00,000	20,00,000	2,00,00,000
Add : Issued during the year	-	-	-	-
<b>Equity shares outstanding at the end of the year</b>	<b>20,00,000</b>	<b>2,00,00,000</b>	<b>20,00,000</b>	<b>2,00,00,000</b>

**iii) Shares held by holding company or ultimate holding company and shareholders holding more than 5% shares in the Company**

Class of Shares / Names of Shareholder:	As at March 31,2022		As at March 31,2021	
	No. of shares	% holding	No. of shares	% holding
Equity Shares with voting rights				
- Isgec Heavy Engineering Limited and its nominees	10,20,000	51%	10,20,000	51%
- Sumitomo SHI FW Energia Oy (Formerly Amec Foster Wheeler Energia Oy )	9,80,000	49%	9,80,000	49%

**iv) Distribution made and Proposed**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Dividend on equity shares declared and paid:</b>		
Final dividend for the year ended on March 31, 2021 : INR 6 per share (March 31, 2020: INR Nil per share)	1,20,00,000	-
<b>Proposed dividend on equity shares:</b>		
The Board proposed dividend on equity shares after the balance sheet date.		
Proposed dividend for the year ended on March 31, 2022 : INR 7 per share (March 31, 2021: INR 6 per share)	1,40,00,000	1,20,00,000

Dividend on equity shares for the year ended March 31, 2021 paid after approval of shareholders at the 6th Annual General held on June 15, 2021.

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

**11. Other equity**

Particulars	Retained Earning	
	As at March 31,2022	As at March 31,2021
<b>Opening Balance</b>	3,64,39,695	2,08,44,909
Profit for the year	2,27,28,255	1,55,37,851
Dividend paid	(1,20,00,000)	-
<b>Other Comprehensive Income for the year</b>		
Re-measurement gain on defined benefit plan (Net of taxes)	1,25,317	56,935
<b>Total Other equity</b>	<b>4,72,93,267</b>	<b>3,64,39,695</b>



## 12. Provisions

Particulars	Non - current		Current	
	As at March 31,2022	As at March 31,2021	As at March 31,2022	As at March 31,2021
<b>Provision for Employee Benefits</b>				
Gratuity	20,18,316	15,77,011	41,840	11,446
Compensated Absences	-	-	18,50,906	21,81,628
<b>Total</b>	<b>20,18,316</b>	<b>15,77,011</b>	<b>18,92,746</b>	<b>21,93,074</b>

### Note : Detail of Employee Benefit Expenses

The disclosures required by Ind- AS-19 "Employee Benefits" are as under:

#### (a) Defined Contribution Plan

The employer contribution to Regional Provident Commissioner on account of Provident Fund is Rs 11,84,451 (Previous Year Rs 11,04,101) and on account of Employee Pension Scheme is Rs. 5,56,584 (Previous Year Rs. 5,53,738). The contributions are charged to the statement of profit and loss.

#### (b) Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of six months. The scheme is unfunded. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the amount recognised in the balance sheet.

Particulars	Gratuity	
	2021-22	2020-21
<b>1.Change in Present Value of Obligation</b>		
Present value of obligation at the beginning of the year	15,88,457	10,23,746
Interest cost	1,07,856	69,615
Current service cost	5,31,307	5,71,172
Benefits paid	-	-
Actuarial (gain) on obligation	(1,67,464)	(76,076)
Present value of obligation at end of the year	<b>20,60,156</b>	<b>15,88,457</b>
<b>2.Amount to be recognised in Balance Sheet</b>		
Present value of obligation as at end of the year	20,60,156	15,88,457
Fair value of plan assets as at the end of the year	-	-
Net Asset/(liability) recognised in Balance Sheet	<b>(20,60,156)</b>	<b>(15,88,457)</b>
<b>3.Expenses recognised in the statement of profit &amp; loss.</b>		
Interest Cost	1,07,856	69,615
Current service cost	5,31,307	5,71,172
Expenses recognised in the Statement of Profit & loss	<b>6,39,163</b>	<b>6,40,787</b>
<b>4.Recognised in other comprehensive income for the year</b>		
a. Net cumulative unrecognized actuarial gain/(loss) opening	-	-
b. Actuarial gain / (loss) for the year on PBO	1,67,464	76,076
c. Actuarial gain / (loss) for the year on Asset	-	-
d. Unrecognized actuarial gain/(loss) at the end of the year	<b>1,67,464</b>	<b>76,076</b>
<b>5. Maturity Profile of Defined Benefit Obligation</b>		
1. Within the next 12 months (next annual reporting period)	41,840	11,446
2. Between 2 and 5 years	2,10,247	1,51,974
3. 6 year onwards	18,08,069	14,25,037
<b>6. Quantitative sensitivity analysis for significant assumptions is as below</b>		
(i). Impact of the change in discount rate		
Present Value of Obligation at the end of the year	20,60,156	15,88,457
a. Impact due to increase of 0.50 %	(1,40,422)	(1,16,086)
b. Impact due to decrease of 0.50 %	1,54,535	1,28,271
Impact of the change in salary increase		
Present Value of Obligation at the end of the year	20,60,156	15,88,457
a. Impact due to increase of 0.50 %	1,54,928	1,28,001
b. Impact due to decrease of 0.50 %	(1,42,013)	(1,16,912)

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.

Assumptions	2021-22	2020-21
<b>7. Actuarial assumptions</b>		
a) Economic Assumptions		
i. Discounting Rate in %	7.26	6.79
ii. Salary escalation in %	6.50	6.50
b) Demographic Assumption		
i) Retirement Age (Years)	60	60
ii) Mortality rates inclusive of provision for disability	100% of IALM (2012-14)	100% of IALM (2012-14)
iii) Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	5	5
From 31 to 44 years	3	3
Above 44 years	2	2



## 12A. Leases

### Company as a lessee

The Company has lease contract for one office building having lease term of 5 years. The Company's obligations under its lease is secured by the lessor's title to the leased asset. The Company is restricted from assigning and subleasing the leased asset. The lease contract does not have extension and termination options and variable lease payments. The Company does not have non-cash additions to right-of-use assets and lease liabilities during the year. There is no lease that has not commenced yet. The Company has recognised Rs. 11,56,112 (Previous Year Rs. 6,48,000) in the statement of Profit and loss in relation to the low value or short term leases.

Set out below is the carrying amount of right-of-use asset recognised and the movement during the year:

Particulars	Amount
As at April 1,2020	1,23,12,873
Adjustment	3,55,594
Depreciation expense	28,24,706
As at 31 March 2021	91,32,573
Depreciation expense	28,83,972
As at March 31,2022	62,48,601

Set out below is the carrying amount of lease liability and the movement during the year:

Particulars	Amount
As at April 1,2020	1,26,13,281
Adjustment	3,55,594
Accretion of Interest	9,67,969
Payment	29,70,000
As at 31 March 2021	1,02,55,656
Accretion of Interest	7,94,413
Payment*	35,43,750
As at March 31,2022	75,06,319
Current lease liability	31,85,741
Non current lease liability	43,20,578

\* Including rent concession of Rs. 3,03,750

The following are the amounts recognised in profit or loss:

Particulars	For the year ended	For the year ended
	March 31, 2022	March 31, 2021
Depreciation expense of right-of-use assets	28,83,972	28,24,706
Interest expense on lease liabilities	7,94,413	9,67,969
Total amount recognised in profit or loss	36,78,385	37,92,675

## 13. Trade payables

Particulars	Current	
	As at March 31,2022	As at March 31,2021
Trade payables		
Dues to micro, small and medium enterprises #	-	14,42,306
Payables Other than MSME		
- to a related party	20,63,507	5,180
- to others	47,47,586	30,40,415
Total	68,11,093	44,87,902





# The Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act

Particulars	As at March 31,2022	As at March 31,2021
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	14,42,306
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

Ageing of Trade Payables

Particulars	Outstanding as on March 31, 2022 for the following period from the due date of payment				
	Not due	Less than 1 year	1 year to 2 years	2 years to 3 years	Total
i) MSME	-	-	-	-	-
ii) Others	26,71,778	40,44,015	4,163	91,137	68,11,093
iii) Disputed dues - MSME	-	-	-	-	-
iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>26,71,778</b>	<b>40,44,015</b>	<b>4,163</b>	<b>91,137</b>	<b>68,11,093</b>

Particulars	Outstanding as on March 31, 2021 for the following period from the due date of payment				
	Not due	Less than 1 year	1 year to 2 years	2 years to 3 years	Total
i) MSME	-	14,42,306	-	-	14,42,306
ii) Others	16,84,093	12,67,132	91,137	3,234	30,45,596
iii) Disputed dues - MSME	-	-	-	-	-
iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>16,84,093</b>	<b>27,09,438</b>	<b>91,137</b>	<b>3,234</b>	<b>44,87,902</b>



#### 14.A Other Liabilities

Particulars	Current	
	As at March 31,2022	As at March 31,2021
Statutory dues payable	12,20,483	6,44,457
<b>Total</b>	<b>12,20,483</b>	<b>6,44,457</b>

#### 14.B Contract Liability

Particulars	Current	
	As at March 31,2022	As at March 31,2021
Advance from a related party	82,97,677	19,87,710
<b>Total</b>	<b>82,97,677</b>	<b>19,87,710</b>

#### 15. Current tax Liabilities

Particulars	As at March 31,2022	As at March 31,2021
Provisions for income- tax	76,63,856	58,24,300
Less: Advance tax & tax deducted at source	70,08,121	49,40,031
<b>Total</b>	<b>6,55,735</b>	<b>8,84,269</b>

#### 16. Revenue from operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Design and engineering services	10,06,47,017	9,65,07,359
Other operating Revenue(refer note 16.1)	20,95,287	3,39,480
<b>Total</b>	<b>10,27,42,304</b>	<b>9,68,46,839</b>

#### Note 16.1 : Other operating revenue

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Export incentive	20,95,287	3,39,480
<b>Total</b>	<b>20,95,287</b>	<b>3,39,480</b>

Note -"The Company had accrued and recognised export incentive(SEIS) amounting to Rs 33,71,643 on export of services during the year ended March 31, 2020 in anticipation that the benefits would be continued by the government of India. Till the finalisation of financial statements for the year ended March 31, 2021, the government had not notified the services eligible for export incentive (SEIS) as well as the rate of incentive for the year ended March 31, 2020. Accordingly, the Company had reversed export incentive accrued for the year March 31, 2020 during the quarter ended March 31, 2021. However, the government has notified the rate of above mentioned incentive in respect of services provided by the Company vld Notification number 29/2015-2020 dated September 23, 2021. Accordingly, the Company has recognised export incentive amounting to Rs. 20,95,287 pertaining to the year ended March 31, 2020 during the current year.

#### 16.A Contract balances

Particulars	As at March 31,2022	As at March 31,2021
Unbilled revenue (refer note 8)	3,31,603	9,44,865
Contract liabilities (refer note 14B)	82,97,677	19,87,710

The Company operates in only one segment of providing design services, identified in accordance with principles enunciated in Indian Accounting Standard AS-108, Segment Reporting. Hence, separate business segment information is not applicable.

The timing for revenue recognition is services performed over time.

Contract liabilities includes short term advances received to render design and engineering services.



**Note:-Set out below is the amount of revenue recognised from :**

	31.03.2022	31.03.2021
Amounts included in the contract liabilities at the beginning of the year	13,33,890	53,22,732
Performance obligation satisfied in previous years	-	-

16.B There is no right to return assets and refund liabilities with the Company

16.C There is no reconciliation item between amount of revenue recognised in the statement of profit & loss with the contractual price

16.D Information about the Company's performance obligations are summarised below:

The Company recognises revenue from services over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

There is no remaining performance obligations as on March 31, 2022 (previous year Nil) to be performed next year in relation to the services provided in current year.

#### 17. Other Income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Interest income on financial assets at amortized cost-</b>		
- bank deposits	14,71,673	12,62,893
- security deposits	72,744	66,860
- on Loan to Employees	-	727
Concessions in rent	3,03,750	-
Rent	3,88,800	-
Reimbursement of travelling expense	-	1,23,026
<b>Total</b>	<b>22,36,967</b>	<b>14,53,506</b>

#### 18. Employee Benefits Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	3,89,30,073	3,72,45,015
Gratuity	6,39,163	6,40,787
Contribution to provident and other funds	18,38,735	17,62,056
Staff welfare	8,57,111	10,47,844
<b>Total</b>	<b>4,22,65,082</b>	<b>4,06,95,702</b>

#### 19. Finance Cost

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on lease liabilities	7,94,413	9,67,969
Interest on late deposit of Income tax	24,422	97,195
<b>Total</b>	<b>8,18,835</b>	<b>10,65,164</b>

#### 20. Depreciation and Amortization Expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on Tangible Assets	5,67,195	11,34,201
Depreciation on ROU Assets	28,83,972	28,24,706
Amortization of Intangible assets (Software)	10,52,670	7,99,616
<b>Total</b>	<b>45,03,837</b>	<b>47,58,523</b>



## 21. Other Expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Electricity expense	13,88,062	15,17,562
Technical design expenses	1,17,37,208	1,40,66,925
Business support service	74,00,000	64,44,000
Repair & maintenance (computers)	13,60,853	15,23,450
Repair & maintenance (others)	4,70,522	2,89,563
Rent expense	11,56,112	6,48,000
Legal and professional charges	2,55,300	4,97,445
Audit fee	10,06,600	9,00,000
Communication expenses	7,70,190	8,48,269
Bank charges	3,69,941	2,35,649
Travel expenses	60,852	-
Foreign exchange loss	8,77,953	5,04,854
Rates and taxes	6,980	-
Reversal of Export incentive accrued *	-	33,71,643
Miscellaneous expense	1,65,447	1,37,254
<b>TOTAL</b>	<b>2,70,26,020</b>	<b>3,09,84,613</b>

\* The Company had accrued and recognised export incentive(SEIS) amounting to Rs. 33,71,643 on export of services during the previous year(FY 2019-20) in anticipation that the benefits would be continued by the government of India. However, as the government has not notified the services eligible for export incentive (SEIS) as well as the rate of incentive for the Financial Year ended March 31, 2020 till last year, the Company had reversed export incentive accrued for the previous year ended March 31, 2020 in the Financial year ended March 31, 2021.

### Note A

Disclosure	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Payment to Auditors</b>		
<b>As auditor:</b>		
Audit fee	5,50,000	4,50,000
Limited review	4,50,000	4,50,000
Reimbursement of expenses	6,600	-
<b>Total</b>	<b>10,06,600</b>	<b>9,00,000</b>

## 22. Tax Expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	76,39,910	57,27,105
Adjustment of current tax relating to earlier period	(19,015)	-
Deferred Tax (credit) *	50,772	(4,49,472)
Adjustment of deferred tax (credit) relating to earlier period	7,722	-
<b>Total</b>	<b>76,79,389</b>	<b>52,77,633</b>

\* including Rs. 42,141 (previous year Rs. 19,141) debited to other comprehensive income.

## 23. Earnings per share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Basic / Diluted Earnings per share</b>		
<i>Numerator for earnings per share</i>		
Profit after taxation (In Rs.)	2,27,28,255	1,55,37,851
<i>Denominator for earnings per share</i>		
Weighted number of equity shares outstanding during the year	20,00,000	20,00,000
Earnings per share-Basic (one equity share of Rs. 10 /- each) (In Rs.)	11.36	7.77
Earnings per share-Diluted (one equity share of Rs. 10 /- each) (In Rs.)	11.36	7.77

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

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares.



**24. Related party transactions**  
**(A) List of related parties**

**Entities having control over the reporting entity**

- Isgec Heavy Engineering Limited  
-Sumitomo SHI FW Energia Oy (Formerly Amec Foster Wheeler Energia Oy )

**Other related parties with whom the Company has transactions during the year**

-Isgec Redecam Enviro Solutions Pvt Ltd  
-Sumitomo Shi Fw Energia Polska sp. Z.o.o., Poland

**(B) Transactions between related parties during the year**

Name of related party	Nature of transaction	Amount of transactions during the year ended March 31,2022	Amount of transactions during the year ended March 31,2021
Isgec Heavy Engineering Ltd.	Technical design expenses*	56,168	3,51,989
Isgec Heavy Engineering Ltd.	business support services ##	87,32,000	76,03,920
Isgec Heavy Engineering Ltd.	Sale of services**	50,33,993	30,81,818
Isgec Heavy Engineering Ltd.	Reimbursement received of Travelling Expenditure***	3,319	61,621
Isgec Heavy Engineering Ltd.	Reimbursement received for space and resources utilisation###	7,85,317	-
Isgec Heavy Engineering Ltd.	Reimbursement made against expenses	5,37,312	-
Isgec Redecam Enviro Solutions Pvt Ltd	Sale of services****	18,436	90,801
Sumitomo Shi Fw Energia Polska sp. Z.o.o., Poland	Sale of services	25,65,181	1,37,372
Sumitomo SHI FW Energia Oy (Formerly Amec Foster Wheeler Energia Oy )	Sale of services#	9,39,01,139	9,35,45,262
Sumitomo SHI FW Energia Oy (Formerly Amec Foster Wheeler Energia Oy )	Reimbursement received of Travelling Expenditure	1,15,358	9,67,746

Note \*Inclusive of GST of Rs 8,568 (previous Year: Rs. 52,839)

## Inclusive of GST of Rs 13,32,000 (previous Year: Rs. 11,59,920)

\*\*Inclusive of GST of Rs 8,68,920 (previous Year: Rs. 3,34,043) and unbilled Revenue of Rs 2,82,603 (previous year Rs. 9,44,865)

\*\*\*Inclusive of GST of Rs 506 (previous year Rs. 13,708)

\*\*\*\*Inclusive of GST of Rs 2,812 (previous year Rs. 13,851)

# Including unbilled revenue of Rs. 49,000 (previous year Rs. Nil)

###Inclusive of GST of Rs 1,19,794

**(C) Year end balances of related parties**

Name of related party	Accounts affected	As at March 31,2022	As at March 31,2021
Isgec Heavy Engineering Ltd.	Trade payable	20,63,507	5,180
Isgec Heavy Engineering Ltd.	Trade receivable	8,88,913	10,06,458
Isgec Redecam Enviro Solutions Pvt Ltd	Trade receivable	16,874	28,712
Sumitomo SHI FW Energia Oy (Formerly Amec Foster Wheeler Energia Oy )	Trade receivable	1,77,95,597	1,59,32,189
Sumitomo Shi Fw Energia Polska sp. Z.o.o., Poland	Trade receivable	1,22,164	96,086
Sumitomo SHI FW Energia Oy (Formerly Amec Foster Wheeler Energia Oy )	Advance from customers	82,97,677	19,87,710
Isgec Heavy Engineering Ltd.	Unbilled revenue	2,82,603	9,44,865
Sumitomo SHI FW Energia Oy (Formerly Amec Foster Wheeler Energia Oy )	Unbilled revenue	49,000	-

**(D) Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2021: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



## 25. Operating Segment Information

The Company operates in only one segment of providing design services, identified in accordance with principles enunciated in Indian Accounting Standard -108, Segment Reporting. Hence, separate business segment information is not applicable.

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

The entire sales are made to four customers (refer note 24 above).

## 26. Ratio Analysis

Sl. No.	Ratios	Numerator	Denominator	FY 2021-2022	FY 2020-2021	Percentage variance	Explanation for any change in the ratio by more than 25% as compared to the preceding year.
1	Current Ratio	Current assets	Current liabilities	3.34	4.87	-31.39	GST receivable (except against which refund is filed) classified as non-current in current year.
2	Debt-Equity Ratio	Total debt *	Total equity	0.11	0.18	-38.61	On account of reduction in lease liability and increase in total equity due to accumulation current year profit.
3	Debt Service Coverage Ratio	Earning before interest, tax and depreciation & amortisation	Debt service = Interest & Lease Payments	11.01	8.96	22.89	
4	Return on Equity Ratio	Profit after tax **	Average total equity	36.74%	31.94%	15.01	
5	Inventory Turnover Ratio	Cost of goods sold	Average inventory	NA	NA	-	
6	Trade Receivables Turnover Ratio	Revenue from operation	Average trade receivables	5.73	5.16	11.00	
7	Trade Payables Turnover Ratio	Net purchases = Gross purchases - purchase return	Average trade payables	NA	NA	-	
8	Net Capital Turnover Ratio	Revenue from operation	Average working capital	2.02	2.33	-13.26	
9	Net Profit Ratio	Profit after tax **	Revenue from operation	22.12%	16.04%	37.88	Due to more effective capacity utilisation during current year as compared to Covid-19 pandemic affected previous year.
10	Return on Capital Employed	Profit before interest and tax	Capital Employed = Tangible Net Worth + Total Debt*	40.60%	31.18%	30.19	On account of increase in profit and reduction in lease liability in current year.
11	Return on Investment	Income on Investment = Interest income on Fixed Deposits	Average of Investment in Fixed Deposits	3.74%	5.61%	-33.43	On account of reduction in interest rates on fixed deposits in current year and in previous year Average investment in Fixed Deposits is coming lower as investment was made in fixed deposit in initial months of starting of previous year.

\* Total Debts represents lease liabilities in respect of right of use assets.

\*\* Profit after tax before other comprehensive income.



## 27. Fair value measurements

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

Financial instruments by category	Carrying Value		Fair Value	
	As at March 31,2022	As at March 31,2021	As at March 31,2022	As at March 31,2021
<b>Financial assets at amortized cost</b>				
Cash and bank balances	4,65,28,421	3,52,24,711	4,65,28,421	3,52,24,711
Loans	8,06,144	2,32,169	8,06,144	2,32,169
Trade Receivables	1,88,23,549	1,70,63,445	1,88,23,549	1,70,63,445
Other financial assets	56,46,333	41,03,468	56,46,333	41,03,468
	<b>7,18,04,448</b>	<b>5,66,23,794</b>	<b>7,18,04,448</b>	<b>5,66,23,794</b>
<b>Financial Liabilities at amortized cost</b>				
Trade Payables	68,11,093	44,87,901	68,11,093	44,87,901
Lease liability	75,06,319	1,02,55,656	75,06,319	1,02,55,656
Other financial liabilities				
	<b>1,43,17,412</b>	<b>1,47,43,557</b>	<b>1,43,17,412</b>	<b>1,47,43,557</b>

The Carrying amounts of trade receivables, trade payables, other financial liabilities, cash and bank balances, loans and other financial assets are considered to be the same as their fair values, largely due to the short-term maturities of these instruments and their nature. Non current financial assets represents the non current portion of loans and advances to employees and rental security deposit, the carrying value of which approximates the fair values as on the reporting date. The Carrying value of the lease liability is as per Ind AS - 116.



## 28. Financial risk management objectives and policies

The Company's principal financial liabilities comprise of trade payables, lease liabilities and other financial liabilities. The main purpose of these financial liabilities is to provide working capital for financing the Company's operations. The Company's principal financial assets include trade and other receivables, loans and cash and bank balances that are derived directly from its operations.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the Company are accountable to the Board of Directors. This process provides assurance to Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and Company's risk management objectives.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized as below:

### (a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans, deposits, and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31, 2022. The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2022.

#### (i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of Trade and other receivable will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (as revenue is primarily denominated in foreign currency). The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies. Company's entire Trade receivables are from related parties and hence the risk of delayed payment and exposure to foreign currency risk is under control and is minimal. The Company has not hedged its foreign currency receivables as it believes that the time gap between billing and collection is less than three months. All Trade receivables are due for collection in 30 days from the date of billing.

#### (ii) Foreign currency risk sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in Euro exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. Foreign currency exposures recognized by the Company that have not been hedged by a derivative instrument or otherwise are as under:

Currency	Nature of Transaction	As at March 31, 2022		As at March 31, 2021		Impact on profit before tax and equity	
		Foreign Currency	Indian Rupees	Foreign Currency	Indian Rupees	1% increase	1% decrease
EURO	Export Trade Receivables	€ 2,11,644	1,79,17,761	€ 1,86,161	1,60,28,275	1,79,178	(1,79,178)
EURO	Unbilled receivable	€ 35	49,000	€ -	-	490	(490)





**(b) Credit Risk**

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and Loan given to employees, including deposits with banks. The Company provides design engineering services to its various related parties. As per terms of agreement with customers all payments are due with in 30 days of billing. Company also gets an advance equal to 15% of the value of Purchase order from its major customers.

**(i) Trade Receivables**

Customer credit risk is managed by business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and constant follow-up is done with customers to clear the outstanding dues with in the credit limit as mentioned in the Purchase order.

An impairment analysis is performed at each reporting date on trade receivables by lifetime expected credit loss method based on provision matrix. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as High, as its major customers are located in Finland.

**(ii) Financial instruments and cash deposits**

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made in bank deposits and other risk free securities. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2022 is the carrying amounts . The Company's maximum exposure relating to financial is noted in liquidity table below. Trade Receivables and other financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in the repayment plan with the Company.

Particular	As at March 31,2022	As at March 31,2021
<b>Financial assets for which allowance is measured using 12 months Expected Credit Loss Method (ECL)</b>		
Cash and cash equivalents	56,91,028	84,18,559
Other bank balances	4,08,37,393	2,68,06,152
Long term Loans & advances	3,21,752	90,070
Short term Loans & advances	4,84,392	1,42,099
Other Current financial assets	47,46,960	32,76,839
Other non current financial assets	8,99,373	8,26,629
	<b>5,29,80,898</b>	<b>3,95,60,349</b>
<b>Financial assets for which allowance is measured using Life time Expected Credit Loss Method (ECL)</b>		
Trade Receivables (Gross of provision)	1,88,23,549	1,70,63,445
	<b>1,88,23,549</b>	<b>1,70,63,445</b>

Balances with banks is subject to low credit risks due to good credit ratings assigned to these banks. Trade receivables also have a lower credit risk as the counterparty is a related party.



The ageing analysis of trade receivables (gross of provision) has been considered from the date the invoice falls due

Particular	As at March 31,2022	As at March 31,2021
Neither past due nor impaired	1,39,74,473	1,00,18,645
0 to 180 days past due date	48,49,076	70,44,800
More than 180 days past due date	-	-
<b>Total Trade Receivables (gross of provision)</b>	<b>1,88,23,549</b>	<b>1,70,63,445</b>

**(c) Liquidity risk**

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

**Maturity profile of financial liabilities**

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

As at March 31,2022	Less than 1 year	1 to 5 years	Total	Carrying value in the books of account
Trade payables	68,11,093	-	68,11,093	68,11,093
Lease liability	37,20,937	45,63,358	82,84,295	75,06,319
Other financial liabilities	-	-	-	-
	<b>1,05,32,030</b>	<b>45,63,358</b>	<b>1,50,95,388</b>	<b>1,43,17,412</b>
<b>As at March 31,2021</b>				
Trade payables	44,87,901	-	44,87,901	44,87,901
Lease liability	35,43,750	82,84,295	1,18,28,045	1,02,55,656
Other financial liabilities	-	-	-	-
	<b>80,31,651</b>	<b>82,84,295</b>	<b>1,63,15,946</b>	<b>1,47,43,557</b>

29. The Company is not having any contingent liabilities, commitments and litigation as on March 31, 2022 (March 31, 2021: NIL)

**30. Estimation uncertainty relating to the Global health pandemic on Covid 19**

The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. Based on the current year performance and estimates arrived at using internal and external sources of information, the Company does not expect any material impact on such carrying values. Based on the projected cash flows for the next one year, the management is confident of liquidating its liabilities as and when they fall due and the Going concern assumption used for preparation of these financial statements is appropriate.



### 31. Significant accounting estimates and assumptions

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Financial risk management objectives and policies in Note 28
- Sensitivity analyses disclosures in Note 12 and Note 28.
- Estimation uncertainty relating to the global health pandemic on Covid 19 in Note 30.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation 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, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds where remaining maturity of such bond correspond to expected term of defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 12.

#### Useful lives of property, plant and equipment

The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, demand, competition, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset. The Company reviews the useful life of property, plant and equipment at the end of each reporting date.

#### Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (as the Company does not enter into financing transactions). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (credit rating).

32. The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post employment benefits received Indian Parliament's approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently, on November 13, 2020, draft rules were published, and stakeholders' suggestions were invited. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

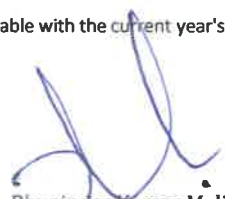


### 33. Other Statutory Information

- (i) The Company does not have any Benami property, where 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 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

34. Figures relating to March 31, 2021 has been regrouped/reclassified wherever necessary to make them comparable with the current year's figures.

As per our report of even date  
For S.R. Batliboi & Co. LLP  
Chartered Accountants  
Firm Registration No. 301003E/E300005



Bhupinder Kumar Malik  
Senior Vice President-Accounts

For and on behalf of the Board of Directors of  
Isgec SFW Boilers Private Limited



Per Amit Kumar Jain  
Partner  
Membership No. 097214  
Place : New Delhi  
Date : April 20, 2022



Krishnamurthy Viswanathan  
Director  
DIN: 07047927



Suman Kumar Jain  
Director  
DIN: 07045002