

**Independent Auditors' Report  
To the Members of ISGEC Hitachi Zosen Limited**

**Report on the Audit of Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **ISGEC HITACHI ZOSEN LIMITED** ("the Company") which comprises the balance sheet as at 31<sup>st</sup> March, 2020, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind-AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind-AS financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the financial position of the Company as at 31<sup>st</sup> March, 2020 and its financial performance 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 in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to Note no. 46 to the financial statements, which describes the uncertainties and the impact of COVID-19 pandemic on the Company's operations, recoverability of the assets and results as assessed by the management. The management of the company based on the future cash flows and current economic conditions, expects to recover the remaining carrying value of assets. Our opinion is not modified in respect of this matter. Further, our attendance at the physical inventory verification done by the management was impracticable under the current lock-down restrictions imposed by the government and we therefore, relied on the related alternative audit procedure to obtain comfort over the existence and condition of inventory at year end.

**Key Audit matter**

Key audit matters (KAM) are those matters that, in our professional judgment were of most significance in our audit of the financial statements of the current period. These matters were addressed in the

context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

#### **Information Other than the Separate 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 Director's Report including annexures to Director's Report but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained during the course of our 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. Based on the records, information and explanation provided, we have nothing to report in this regard.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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) prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgment and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind-AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

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

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



## **Auditor's Responsibility**

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

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is included in "Annexure – A" of this auditor's report.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure – B" statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss, Cash Flow Statement and 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 relevant rules issued thereunder;
  - e. On the basis of written representations received from the directors as on 31 March 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020, from being appointed as a director in terms of Section 164(2) of the Act.



- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure – C".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

As per the information and explanation given to us and on the basis of our examination of the records, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

- 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, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigation on its financial position in its financial statements – Refer note 41 to the financial statements.
  - ii) The Company did not have any long-term contract and in case of derivative contracts, there is no material foreseeable losses.
  - iii) There has been no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S. S. KOTHARI MEHTA and Company**  
Chartered Accountants  
Firm Registration No. 000756N





**(Neeraj Bansal)**  
Partner

Membership No. 095960

Place: New Delhi  
Date: 17.06.2020  
UDIN: 20095960AAAAEV6470

**ANNEXURE 'A' TO THE AUDIT REPORT TO THE ISGEC HITACHI ZOSEN LIMITED**

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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the 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.



**ANNEXURE 'B' TO THE AUDIT REPORT TO THE ISGEC HITACHI ZOSEN LIMITED**

Referred to in paragraph 1 of report on other legal and regulatory requirement's paragraph of our report on the financial statement of even date,

(i) In respect of its fixed assets :

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a programme of verification of fixed assets to cover all the items in phased manner over a period of three years which in our opinion is reasonable having regards to the size of the Company and the nature of its assets.
- (c) The Company does not have any immovable properties acquired in its own name. However, it has constructed the buildings with gross block amounting to Rs. 971.18 Lacs (Previous Year: Rs.164.83 Lacs) on land taken on lease from the holding company.

(ii) In respect of Inventory

- (a) The inventories of the Company have been physically verified by the management during the year. Further, our attendance at the physical inventory verification done by the management was impracticable under the current lock-down restrictions imposed by the government and we therefore, relied on the related alternative audit procedure to obtain comfort over the existence and condition of inventory at year end.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.

(iii) The company has not given any loan to a company, firms or other parties covered in the register maintained under section 189 of Companies Act during the year. So, the para III (a) to III (c) is not applicable to the company.

(iv) As per the information and explanation given to us and on the basis of our examination of the records, the company does not have any loans, investments, guarantees and security under Section 185 and 186 of the Companies Act, 2013.



- (v) The Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the act and the rules framed thereunder.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost records and Audit) Rules, 2014 under section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of Statutory Dues
- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, goods and service tax customs duty, excise duty, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. Further, there were no undisputed amounts outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, custom duty, wealth tax, excise duty, service tax, goods and service tax, value added tax and cess that have not been deposited on account of any dispute are as under:-

Name of the Statue	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending	Amount deposited under protest (Rs. in lacs)
Finance Act, 1994	Service tax	36.11	FY 2015-16	Joint Commissioner (Appeals)	-
Income Tax Act, 1961	Income Tax	0.52	A.Y. 2016-17	Commissioner of Income tax (Appeals)	0.52

- (viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government. The Company has not issued any debentures.
- (ix) As per the information and explanation given to us and on the basis of our examination of the records, the company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. The money raised from term loans had been utilized for the purpose for which it was availed.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, we have neither come across



**SS KOTHARI MEHTA**  
**& COMPANY**  
CHARTERED ACCOUNTANTS

any instance of fraud on or by the Company noticed or reported during the year, nor had been informed of such case by the management.

- (xi) As per the information and explanation given to us and on the basis of our examination of the records, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The company is not Nidhi Company, therefore this clause is not applicable to the company.
- (xiii) As per the information and explanation given to us and on the basis of our examination of the records, the company has transacted with the related parties which are in compliance with sections 188 of Companies Act, 2013 and the details have been disclosed in the financial statements – Refer Note 44 to the financial statements. And the approval for related parties transactions under section 177 is not required as there is no requirement for constitution of audit committee in the Company as per the relevant applicable provisions and rules.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit.
- (xv) As per the information and explanations given to us and on the basis of our examination of the records, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore this clause is not applicable to the company.

For **S. S. KOTHARI MEHTA and Company**  
Chartered Accountants  
Firm Registration No. 000756N





**(Neeraj Bansal)**  
Partner

Membership No. 095960

Place: New Delhi

Date: 17.06.2020

UDIN: 20095960AAAAEV6470



**ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ISGEC HITACHI ZOSEN LIMITED**

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

We have audited the internal financial controls over financial reporting of **ISGEC HITACHI ZOSEN LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind-AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

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



### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind-AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, based on records, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were generally operating effectively as at March 31, 2020, based on "the internal control over financial reporting system & procedures established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For S. S. KOTHARI MEHTA and Company.**

Chartered Accountants

Firm Registration No. 000756N



A handwritten signature in blue ink, appearing to read 'Neeraj Bansal'.

**(Neeraj Bansal)**

Partner

Membership No. 95960

Place: New Delhi

Date: 17.06.2020

UDIN : 20095960AAAAEV6470

ISGEC HITACHI ZOSEN LIMITED  
CIN: U28123HR2012PLC045430  
Balance Sheet as at March 31, 2020

(Rs In Lakhs)

Particulars	Page No	Note No.	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>				
<b>(1) Non Current Assets</b>				
(a) Property, Plant and Equipment	17 & 18	5	7,162.85	4,563.24
(b) Capital Work In Progress	17 & 18	5	166.51	284.47
(c) Right- of- Use Assets	19	5A	5,117.93	-
(d) Other Intangible Assets	20	6	152.57	176.92
(e) Financial Assets				
(i) Loans	21	7	44.40	43.87
(ii) Others	21	8	171.01	111.54
(f) Other Non-current Assets	23	10	12.01	156.20
<b>Sub total (Non current assets)</b>			<b>12,827.28</b>	<b>5,336.24</b>
<b>(2) Current Assets</b>				
(a) Inventories	24	11	21,095.87	18,764.67
(b) Financial Assets				
(i) Trade Receivables	25	12	5,497.52	3,396.29
(ii) Cash and Cash Equivalents	25	13	2,352.20	301.40
(iii) Bank Balances other than (ii) above	25	14	996.33	1,003.37
(iv) Loans	26	15	17.34	15.19
(v) Others	26	16	214.46	456.57
(c) Other Current Assets	26	17	2,022.68	2,101.42
(d) Current tax Assets (net)	33	30	37.82	64.35
<b>Sub total (Current assets)</b>			<b>32,234.23</b>	<b>26,103.26</b>
<b>Total Assets</b>			<b>45,061.51</b>	<b>31,439.50</b>
<b>EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share Capital	27	18	10,000.00	10,000.00
(b) Other Equity	28	19	4,170.18	3,679.81
<b>Sub total (Equity)</b>			<b>14,170.18</b>	<b>13,679.81</b>
<b>LIABILITIES :</b>				
<b>(2) Non- Current Liabilities</b>				
(a) Financial Liabilities				
(i) Others Financial liabilities excl. provisions	29	20	34.11	26.90
(ii) Borrowings	29	21	1,750.00	-
(b) Lease liabilities	29	22	2,834.08	-
(c) Provisions	29	23	405.39	600.45
(d) Deferred Tax Liabilities (Net)	22	9	193.08	21.52
<b>Sub total (Non current liabilities)</b>			<b>5,216.66</b>	<b>648.87</b>
<b>(3) Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	30	24	2,400.00	3,031.25
(ii) Trade Payables				
- Total Outstanding dues of Micro and Small Enterprises	31	25	67.45	73.28
- Total Outstanding dues of Creditors other than Micro and Small Enterprises	31	25	2,768.60	1,658.92
(iii) Others Financial liabilities excl. provisions	32	26	1,326.62	2,629.11
(b) Lease Liabilities	32	27	2,517.97	-
(c) Other Current Liabilities	32	28	15,606.53	9,106.34
(d) Provisions	33	29	987.50	611.92
<b>Sub total (Current liabilities)</b>			<b>25,674.67</b>	<b>17,110.82</b>
<b>Total Equity &amp; Liabilities</b>			<b>45,061.51</b>	<b>31,439.50</b>
Notes to Financial Statement 1 to 49				

The accompanying notes form an integral part of financial statements

As per our report of even date

For and on behalf of the Board of Directors

For S.S. Kothari Mehta & Co.  
Chartered Accountants  
Firm Registration No. 000768N

CA. Neeraj Bansal  
Partner  
Membership No. 095960

Place: **NOIDA**  
Dated: **17/06/2020**



Shalish Kumar  
Chief Financial Officer

Sanjay Gulati  
Managing Director  
DIN: 05201178

Aasha Rani  
Company Secretary  
M.No. A39007

Brajesh Kr. Rai  
Chief Operating Officer

Ravi Jaldka  
Director  
DIN: 00322627



**ISGEC HITACHI ZOSEN LIMITED**  
**CIN: U28123HR2012PLC045430**  
**Statement of Profit and Loss for the year ended 31.03.2020**

(Rs in Lakhs)

	Particulars	Page No.	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
I	Revenue from operations	34	31	28,804.89	22,383.29
II	Other Income	35	32	87.32	103.82
III	<b>Total Income (I+II)</b>			<b>28,892.20</b>	<b>22,487.11</b>
IV	<b>Expenses</b>				
	(a) Cost of Materials Consumed	36	33	18,538.56	15,273.11
	(b) Changes In Inventories of Finished Goods and Work - in - Progress	37	34	(4,479.96)	(5,216.23)
	(c) Employee Benefit Expenses	38 & 39	35	3,569.70	3,333.66
	(d) Finance Costs	40	36	1,047.01	266.13
	(e) Depreciation and Amortisation Expenses	17 & 19	5,5A & 6	3,460.94	809.92
	(f) Other Expenses	41	37	5,642.29	7,700.90
	<b>Total Expenses (IV)</b>			<b>27,778.53</b>	<b>22,167.49</b>
V	<b>Profit/ (Loss) before Tax (III-IV)</b>			<b>1,113.67</b>	<b>319.62</b>
VI	<b>Tax Expense:</b>				
	(a) Current Tax	42	38	410.00	153.61
	(b) Deferred Tax	42	38	5.74	(30.11)
	<b>Total tax Expenses (VI)</b>			<b>415.74</b>	<b>123.50</b>
VII	<b>Profit/ (Loss) for the year (V-VI)</b>			<b>697.93</b>	<b>196.12</b>
VIII	<b>Other Comprehensive Income</b>				
	A (i) Items that will not be reclassified to profit/( loss)				
	-Remeasurements of Post Employment Benefits Obligations	43	39	(47.25)	12.02
	(ii).Income tax relating to above items			20.52	(4.01)
	-Reclassification to P&L				
IX	<b>Total Income including other comprehensive Income (VII+VIII)</b>			<b>671.20</b>	<b>204.13</b>
X	<b>Earning per equity share</b>				
	<b>Basic /Diluted earning per share of Rs. 10 Each</b>	44	40	<b>0.70</b>	<b>0.20</b>

The accompanying notes form an integral part of financial statements

As per our report of even date

For and on behalf of the Board of Directors

For S.S. Kothari Mehta & Co.  
Chartered Accountants  
Firm Registration No.000756

Shailesh Kumar  
Chief Financial Officer

Brajesh Kr. Rai  
Chief Operating Officer

CA. Neeraj Bansal  
Partner  
Membership No. 095960

Aasha Rani  
Company Secretary  
M.No.A39007

Place: NOIDA  
Dated: 17/06/2020

Sanjay Gulati  
Managing Director  
DIN: 05201178

Ravi Jaidka  
Director  
DIN: 00322627

ISGEC HITACHI ZOSEN LIMITED  
CIN: U28123HR2012PLC045430  
Statement of Cash Flows for the year ended 31st March, 2020

	Year ended 31.3.2020	Year ended 31.03.2019
(Rs In Lakhs)		
<b>A. Cash flow from Operating activities:</b>		
Net (loss)/profit before tax but after exceptional /extraordinary Items	1,113.67	319.62
<b>Adjustments for:</b>		
Depreciation and amortisation Expenses	3,460.94	809.92
Finance cost	1,047.01	266.13
Interest and other Income	(87.32)	(96.94)
Profit on Sale of Fixed Assets	-	(1.83)
<b>Operating profit before working capital changes</b>	<b>5,534.30</b>	<b>1,296.90</b>
<b>Adjustments for changes in working capital :</b>		
- (Increase)/Decrease In Trade Receivables	(2,101.23)	650.36
- (Increase)/Decrease In Other Receivables	578.32	(975.34)
- (Increase)/Decrease In Inventories	(2,331.19)	(7,822.05)
- Increase/(Decrease) In Trade and Other payable	6,279.37	5,695.71
<b>Cash generated from operations</b>	<b>7,959.56</b>	<b>(1,154.42)</b>
- Taxes (Paid) / Refunds (Net of TDS)	(197.13)	(267.16)
<b>Net cash (used In)/ from operating activities</b>	<b>7,762.43</b>	<b>(1,421.58)</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of fixed assets	(3,390.46)	(1,438.11)
Sale of Fixed Assets	-	26.02
Interest Received (Revenue)	76.04	125.15
<b>Net cash used In Investing activities</b>	<b>(3,314.43)</b>	<b>(1,286.94)</b>
<b>C. Cash flow from Financing activities:</b>		
Proceeds/(Repayment) from Secured loans	1,118.75	2,522.27
Cash payments for the interest portion of the lease liability	(541.32)	-
Cash payments for the principal portion of the lease liability	(2,293.68)	-
Interest and other Borrowing cost Paid	(500.13)	(271.25)
Payment of Dividend (including DDT)	(180.83)	(301.39)
<b>Net cash (used In)/ from financing activities</b>	<b>(2,397.21)</b>	<b>1,949.62</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>2,050.80</b>	<b>(758.89)</b>
<b>Cash and cash equivalents at Beginning of the Period</b>	<b>301.40</b>	<b>1,060.30</b>
<b>Cash and cash equivalents at ending of the Period</b>	<b>2,352.20</b>	<b>301.40</b>
<b>Cash and cash equivalents comprise</b>		
Cash and Cheques in hand	0.59	11.98
<b>Balance with Scheduled Banks :</b>		
Current Accounts	2,351.61	289.42
<b>Total</b>	<b>2,352.20</b>	<b>301.40</b>

The notes referred to above form an integral part of the financial statements.

**Note:**

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

**(ii) Changes in liabilities arising from financing activities**

Particulars	Year ended 31.3.2020	Year ended 31.03.2019
<b>Opening borrowings</b>	3,031.25	-
<b>Cash flows:</b>		
Proceeds from Non current borrowings	2,000.00	-
Proceeds from current borrowings	2,400.00	3,031.25
Repayment of borrowings	3,031.25	-
<b>Closing borrowings</b>	<b>4,400.00</b>	<b>3,031.25</b>

As per our report of even date

For and on behalf of the Board of Directors

S.S. Kothari Mehta & Co.  
Chartered Accountants  
Firm Registration No. 000266N

CA. Neera] Bansal  
Partner  
Membership No. 095960

Place: **ND 20A**  
Dated: **17/06/2020**



Shalish Kumar  
Chief Financial Officer

Brajesh Kr. Rai  
Chief Operating Officer

Aasha Rani  
Company Secretary  
M.No. A39007

Sanjay Gulati  
Managing Director  
DIN: 05201178

Ravi Jaidka  
Director  
DIN: 00322627



ISGEC HITACHI ZOSEN LIMITED  
CIN: U28123HR2012PLC045430

Statement of changes in equity for the period ended as on March 31, 2020

A. Equity share capital (Rs in Lakhs)		
As at April 1, 2019	Changes during the year	As at March 31, 2020
10,000	-	10,000

As at April 1, 2018	Changes during the year	As at March 31, 2019
10,000	-	10,000

Particulars	Reserves and Surplus		Other Reserves	Total
	Retained earnings		Cash Flow Hedge Reserve	
Balance as at April 1, 2019	3,679.81		-	3,679.81
Profit for the period	697.93		-	697.93
Adjusted during the year			-	
Other Comprehensive Income	(26.73)		-	(26.73)
Dividend Paid (Including DDT)	(180.83)		-	(180.83)
<b>Total comprehensive Income</b>	<b>490.37</b>		-	<b>490.37</b>
Balance as at March , 2020	4,170.18		-	4,170.18

Particulars	Reserves and Surplus		Other Reserves	Total
	Retained earnings		Cash Flow Hedge Reserve	
Balance as at April 1, 2018	3,777.08		(4.26)	3,772.82
Profit for the period	196.12		-	196.12
Adjusted during the year			4.26	4.26
Other Comprehensive Income	8.01		-	8.01
Dividend Paid (Including DDT)	(301.39)		-	(301.39)
<b>Total comprehensive Income</b>	<b>(97.27)</b>		<b>4.26</b>	<b>(93.01)</b>
Balance as at March 31, 2019	3,679.81		-	3,679.81

The accompanying notes form an integral part of financial statements

C. Nature and Purpose of Reserve

Retained Earnings

This comprise company's undistributed profit after taxes.

Cash flow hedge reserve

The company uses hedging instrument as part of its management of foreign currency risk associated with borrowing in foreign exchange. For hedging the foreign currency risk, the company uses cross currency interest rate swap which is designated as cash flow hedge. Amounts recognised in cash flow hedge reserve is reclassified to statement of profit and loss, when the hedge item affects profit and loss.

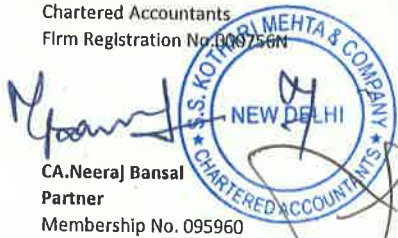
As per our report of even date

For and on behalf of the Board of Directors

For S.S. Kothari Mehta & Co.  
Chartered Accountants  
Firm Registration No. 009756N

Shailesh Kumar  
Chief Financial Officer

Brajesh Kr. Rai  
Chief Operating Officer



CA. Neeraj Bansal  
Partner  
Membership No. 095960

Sanjay Gulati  
Managing Director  
DIN: 05201178

Aasha Rani  
Company Secretary  
M.No. A39007

Ravi Jaidka  
Director  
DIN: 00322627



Place: Noida  
Dated: 17/06/2020

## ISGEC HITACHI ZOSEN LIMITED

### 1. Corporate Information

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

### 2. Summary of Significant Accounting Policies

#### 2.1 Basis of Preparation

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

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

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

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

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

#### 2.2 Use of Estimates

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

#### 2.2 Revenue Recognition

##### Sale of products and rendering of service

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

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



## ISGEC HITACHI ZOSEN LIMITED

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

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

### Other Income

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

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

### 2.3 Inventories

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

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

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

### 2.4 Property, Plant & Equipment

#### Recognition

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

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

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





## ISGEC HITACHI ZOSEN LIMITED

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

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

### Derecognition

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

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

### 2.5 Intangible Assets

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

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

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

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

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

### 2.6 Depreciation and Amortization

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

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

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



## ISGEC HITACHI ZOSEN LIMITED

### 2.7 Impairment of Non-Financial Assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

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

### 2.8 Employee Benefits

#### (i) Provident Fund

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

#### (ii) Gratuity

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

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

#### (iii) Leave Encashment

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

#### (iv) Pension

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



## ISGEC HITACHI ZOSEN LIMITED

### (v) Other Short Term Benefits

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

### (vi) Ind AS 19 – plan amendment, curtailment or settlement:

Effective April 1, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

The Company does not have any impact on account of this amendment.

## 2.9 Leases

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

### Where the Company is the lessee

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

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

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

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are premeasured with a corresponding adjustment to the related right of use asset if the



## ISGEC HITACHI ZOSEN LIMITED

Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### Transition

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of approximately by ₹ 7,645.73 Lakhs, and a lease liability of ₹ 7,645.73 Lakhs. Consequently, Interest on lease liability of ₹ 541.31 Lakhs and Depreciation on Right-of-Use of assets ₹ 2,527.80 Lakhs has been debited to Profit & Loss Account. Actual Payment towards lease rent is of ₹ 2,835.00 Lakhs, resulting in net effect of notional expense of ₹ 234.11 Lakh, which will be set-off by the end of the lease period. The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9.55%. Ind AS 116 will result in an increase in cash in flows from operating activities and an increase in cash out flows from financing activities on account of lease payments.

### 2.10 Taxes

#### Current income tax

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

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

Effective April 1, 2019 Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. The Company does not have any impact on account of this amendment.

#### Deferred Tax

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

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



## ISGEC HITACHI ZOSEN LIMITED

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

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

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

### **MAT**

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

### **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments**

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

The Company has adopted the standard on April 1, 2019 and has adjusted the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

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

### **2.11 Borrowing Cost**

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

### **2.12 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.



## ISGEC HITACHI ZOSEN LIMITED

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 recognized because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

### 2.13 Earning Per Share

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

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

### 2.14 Financial instruments

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

#### Initial recognition

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

#### Subsequent measurement

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

##### A. Non-derivative financial instruments

###### (i) Debt instrument carried at amortized cost

A debt instrument is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms



## ISGEC HITACHI ZOSEN LIMITED

of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

### (iv) Financial liabilities

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

## B. Derivative financial instruments

### (i) Initial recognition and subsequent measurement

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

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

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

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

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

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

### Derecognition

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

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



## ISGEC HITACHI ZOSEN LIMITED

### Reclassification of financial assets

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

### 2.15 Cash and cash equivalents

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

### 2.16 Impairment of Financial Assets

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

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

### 2.17 Government Grants

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

### 2.18 Foreign Exchange Transactions

Financial statements are presented in INR, which is company's functional currency.

Monetary assets and liabilities denominated in foreign currencies (except financial instruments designated as Hedge Instruments) are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

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

### 2.19 Fair Value Measurement

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

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





## ISGEC HITACHI ZOSEN LIMITED

based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

### 3. Critical accounting estimates and Judgements

#### i. Income taxes:

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

#### ii. Defined Benefit Plans:

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

#### iii. Contingencies

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



## ISGEC HITACHI ZOSEN LIMITED

### 4. Recent Accounting pronouncements

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



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

Notes 5 : Property, plant and equipments/ Capital work in progress

(Rs in Lakhs)

Particulars	Others Building	Factory Building	Plant and machinery		Office equipments			Electrical installation and equipment				Computer and Data processing unit	General Laboratory Equipments	Total Assets	Capital work in progress
			P & M	Tools & implements	Furniture and Fittings	Office equipment	Library	Vehicles	Electronic equipment	Electrical installation	Refrigeration And Air Conditioning Machine				
<u>Gross Carrying Value</u>															
As at April 01, 2019	30.29	133.07	5,836.28	281.95	73.69	51.96	1.97	69.88	13.61	237.37	35.60	176.26	60.20	7,002.13	284.47
Additions	-	806.36	2,210.12	122.31	16.24	19.28	-	35.71	0.67	163.89	5.62	36.82	49.91	3,466.90	3,348.94
Disposal / Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	30.29	939.43	8,046.39	404.26	89.93	71.24	1.97	105.59	14.28	401.25	41.22	213.08	110.10	10,469.03	3,466.90
<u>Accumulated depreciation</u>															
As at April 1, 2019	5.40	18.39	1,766.38	175.59	45.69	34.64	1.77	41.34	8.15	152.07	17.81	149.36	22.31	2,438.89	-
Depreciation charge for the year	1.22	11.14	688.87	59.25	9.47	11.21	-	13.21	1.77	22.25	5.28	24.24	19.36	867.28	-
Disposals/transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	6.61	29.53	2,455.25	234.84	55.16	45.85	1.77	54.55	9.92	174.32	23.09	173.61	41.67	3,306.17	-
<u>Net Carrying Value</u>															
As at March 31, 2019	24.90	114.68	4,069.90	106.36	28.00	17.32	0.20	28.55	5.46	85.30	17.79	26.90	37.89	4,563.24	-
As at March 31, 2020	23.68	909.90	5,591.14	169.42	34.77	25.39	0.20	51.04	4.35	226.93	18.12	39.47	68.44	7,162.85	-

Notes :

- (i) Property, Plant and Equipment Hypothecated as security (Refer Note 21)
- (ii) Opening balances of Gross block and accumulated depreciation have been regrouped/ reclassified/rearranged wherever considered necessary.
- (iii) Borrowing cost capitalised during the year of Rs 145.89 Lakh



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

Note 5 : Property, plant and equipments/ Capital work in progress

Particulars	Building	Factory Building	Plant and machinery			Office equipments			Electrical installation and equipment				Computer and Data processing unit	General Laboratory Equipments	Total	Capital work in progress
			P & M	Tools & implements	Furniture and Fittings	Office equipment	Library	Vehicles	Electronic equipment	Electrical installation	Refrigeration And Air Conditioning Machine					
<b>Gross Carrying Value</b>																
As at April 01, 2018	30.29	133.07	4,716.83	250.58	69.68	38.05	1.97	101.74	11.21	237.37	31.78	161.98	28.56	5,813.12	73.22	
Additions	-	-	1,119.45	34.81	4.01	13.91	-	31.86	2.40	-	3.82	14.72	31.63	1,224.76	1,438.11	
Disposal /Transfer	-	-	-	3.44	-	-	-	-	-	-	-	0.45	-	35.75	1,226.86	
As at March 31, 2019	30.29	133.07	5,836.28	281.95	73.69	51.96	1.97	69.88	13.61	237.37	35.60	176.26	60.20	7,002.13	284.47	
<b>Accumulated depreciation</b>																
As at April 4, 2018	4.12	6.34	1,200.75	133.09	35.01	22.56	1.69	32.14	6.43	122.27	12.69	116.27	14.03	1,707.59	-	
Depreciation charge for the year	1.27	12.05	565.62	45.61	10.67	12.08	0.09	17.39	1.72	29.80	5.12	33.34	8.28	743.05	-	
Disposals/transfers	-	-	-	3.11	-	-	-	8.19	-	-	-	0.25	-	11.55	-	
As at March 31, 2019	5.40	18.39	1,766.38	175.59	45.69	34.64	1.77	41.34	8.15	152.07	17.81	149.36	22.31	2,438.89	-	
<b>Net Carrying Value</b>																
As at March 31, 2018	26.17	126.73	3,516.08	117.49	34.67	15.48	0.29	69.60	4.78	115.10	19.09	45.71	14.54	4,105.72	-	
As at March 31, 2019	24.90	114.68	4,069.90	106.36	28.00	17.32	0.20	28.55	5.46	85.30	17.79	26.90	37.89	4,565.24	-	

Notes :

- Property, Plant and Equipment Hypothecated as security (Refer Note 21)
- Contractual Commitment towards purchase of Property, Plant and Equipment, Refer Note No. 42
- Opening balances of Gross block and accumulated depreciation have been regrouped/ reclassified/rearranged wherever considered necessary.
- Borrowing cost capitalised during the period is nil.



Note 5A : Right of Use Assets

(Rs In Lakhs)

Particulars	Category of ROU	Total
	Manufacturing Assets	
Balance as at 1 April, 2019	-	-
Addition	7,645.73	7,645.73
Disposal	-	-
Balance as at 31st March 2020	7,645.73	7,645.73

Provision for depreciation

Particulars	Category of ROU	Total
	Manufacturing Assets	
Balance as at 1 April, 2019	-	-
Transfer from Plant property & equipment	-	-
Addition	2,527.80	2,527.80
Disposal	-	-
Balance as at 31st March 2020	2,527.80	2,527.80
Net Carrying Value as at 31st March 2020	5,117.93	5,117.93

Interest charge for the year on lease liabilities	541.32
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Total cash outflow (payment) for leases	
Leases for which Right to use assets is recognised	2,835.00
Leases considered as short term	-

Movement in Lease liabilities for the year ended 31st March 2020:-

Particular	Total
Balance as at 1 April, 2019	-
Addition	7,645.73
Finance cost accrued during the period	541.32
Deletion	-
Payment of lease liability	2,835.00
Balance as at 31 March, 2020	5,352.05



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

Note 6 : Other Intangible Assets

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

Notes:

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

Note 6 : Other Intangible Assets

(Rs in Lakhs)	
Particulars	Computer Software
<b>Gross carrying value</b>	
As at April 1,2018	336.26
Additions	2.11
Disposal /Transfer	-
<b>As at March 31, 2019</b>	<b>338.36</b>
<b>Accumulated depreciation :</b>	
As at April 1,2018	94.58
Depreciation charge for the year	66.86
Disposals/transfers	-
<b>As at March 31, 2019</b>	<b>161.44</b>
<b>Net carrying value</b>	
As at March 31,2018	241.68
<b>As at March 31, 2019</b>	<b>176.92</b>

Notes:

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



ISGEC HITACHI ZOSEN LIMITED

Notes to Financial Statements as at March 31, 2020

Note 7: Non Current Financial Assets- Loans

Particulars	(Rs in lakhs)	
	As at March 31,2020	As at March 31,2019
<b><u>Loans Receivable considered good - Secured</u></b>		
- Loan to Employees (Loan to Employees are secured by way of hypothecation of Vehicles)	25.94	25.91
<b><u>Loans receivable considered good - Unsecured</u></b>		
- Loan to Employees	16.15	15.66
- Security Deposits	2.30	2.30
<b>Total</b>	<b>44.40</b>	<b>43.87</b>

Note 8 Non Current Financial Assets -Others

Particulars	(Rs in lakhs)	
	As at March 31,2020	As at March 31,2019
<b><u>Unsecured, considered good</u></b>		
Fixed Deposit with Bank with more than 12 months maturity Period (under lien)(Refer Note no 14.1)	171.01	111.54
<b>Total</b>	<b>171.01</b>	<b>111.54</b>



Note : 9 Deferred Tax

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

Particulars	As at March 31,2020	As at March 31,2019
(a) Deferred Tax Assets/(Liabilities)		
WDV of Property, Plant and Equipments	(294.50)	(272.35)
Timing Difference as per section 43B of Income Tax Act	96.70	59.87
Provision for Expected Credit Loss	0.55	0.46
Net deferred tax Assets/(Liabilities)	(197.25)	(212.02)
(b) MAT credit Entitlement	4.17	190.50
<b>Total Deferred tax assets/(Liabilities)</b>	<b>(193.08)</b>	<b>(21.52)</b>

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

Particulars	Defined Benefit Obligation	PPE	Other Items	Total
At 31st March 2019	59.87	(272.35)	0.46	(212.02)
(Charged)/credited:-				
-to profit & loss	36.83	(22.15)	0.09	14.77
-to other Comprehensive Income	-	-	-	-
-Deferred tax on basis Adjustment	-	-	-	-
<b>As at March 31,2020</b>	<b>96.70</b>	<b>(294.50)</b>	<b>0.55</b>	<b>(197.25)</b>

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

Particulars	Amount	Amount
At April 1, 2019	190.50	274.21
Add:		
MAT credit Entilement	-	-
Less:		
MAT credit utilised and adjusted with Tax provision	(186.33)	(83.71)
<b>As at March 31,2020</b>	<b>4.17</b>	<b>190.50</b>





**ISGEC HITACHI ZOSEN LIMITED**

**Notes to Financial Statements as at March 31, 2020**

**Note 10 : Other Non-current Assets**

(Rs. In Lakhs)

Particulars	As at March 31,2020	As at March 31,2019
(Unsecured, considered good)		
Capital advances	11.81	156.01
Advances other than capital advances:		
- Security Deposits	0.20	0.20
<b>Total</b>	<b>12.01</b>	<b>156.20</b>



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

Note 11 : Inventories

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
(a) Raw Materials and Components	3,465.81	4,381.55
(b) Material under Inspection/ in Transit		
- Raw materials and Components	275.30	1,098.77
- Capital Assets	-	47.92
(c) Stores and Spares	139.71	134.81
(d) Firm Commitment on Purchases	6.11	372.66
(e) Work-in-Progress :		
- Engineering Goods	17,208.93	12,275.46
(f) Finished Goods	-	453.51
<b>Total</b>	<b>21,095.87</b>	<b>18,764.67</b>



**ISGEC HITACHI ZOSEN LIMITED**

Notes to Financial Statements as at March 31, 2020

**Note 12 Current Financial Assets-Trade Receivables**

Particulars	(Rs In Lakhs)	
	As at March 31,2020	As at March 31,2019
Trade receivable considered good - unsecured	5,497.52	3,396.29
Trade receivable which have significant increase in credit risk		-
Trade receivable - Credit Impaired	1.58	1.33
Less: Provision for Expected credit loss	(1.58)	(1.33)
<b>Total</b>	<b>5,497.52</b>	<b>3,396.29</b>

**Note 12.1 Break-up for security details:**

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
Trade receivable considered good - unsecured		
-Related parties (refer note no 44.1)	117.65	269.16
-Others	5,381.45	3,128.46
Less: Provision for Expected credit loss	(1.58)	(1.33)
<b>Total</b>	<b>5,497.52</b>	<b>3,396.29</b>

**Note 13 : Cash and Cash Equivalents**

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
i) (a) Cash on hand	0.59	0.31
(b) Cheques in hand		11.67
ii) Balance with Banks:		
-On Current and Cash Credit Accounts	1,148.55	289.42
iii) -In Fixed Deposits Accounts within 3 months from the date of deposit (Refer Note-14.1)(free from lien)	1,203.06	-
<b>Total</b>	<b>2,352.20</b>	<b>301.40</b>

**Note 14 : Other Bank Balances**

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
Balance with banks:		
-In Fixed Deposits Accounts within 3 months from the date of deposit (Refer Note-14.1)(under lien)	610.84	759.04
-In Fixed Deposits Accounts maturing after 3 months but within one year from the date of deposit (Refer Note- 14.1) (under lien)	385.49	244.33
<b>Total</b>	<b>996.33</b>	<b>1,003.37</b>

**Note 14.1 Fixed Deposits With Banks**

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
<b>a) Free From Lien</b>		
i) Maturing within 3 months from date of deposit	1,203.06	-
<b>b) Under Lien</b>		
i) Maturing within 3 months from date of deposit	610.84	759.04
ii) Maturing after 3 months from date of deposit but within one year of Balance Sheet date	385.49	244.33
iii) Maturing after one year of Balance Sheet date (Classified as non current financial asset(Others ))	171.01	111.54



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

Note 15 Current Financial Assets - Loans

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
<b>Loans receivable considered good - Secured</b>		
-Loan to Employees (Car) (Loan to Employees are secured by way of hypothecation of Vehicles)	5.57	5.24
<b>Loans receivable considered good - Unsecured</b>		
- Loan to Employees (Furnitures & Vehicles)	11.41	9.23
- Loan to Employees (Others)	0.36	0.72
<b>Total</b>	<b>17.34</b>	<b>15.19</b>

Note 16 Current Financial Assets -Others

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
Forward Derivatives	-	410.49
Hedging Reserve (Forward derivistires -Ind AS)	157.11	-
Interest accrued but not due on Fixed Deposits	57.35	46.07
<b>Total</b>	<b>214.46</b>	<b>456.57</b>

Note 17 Other Current Assets

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
Advance to Suppliers	501.45	102.90
Balances with Government Departments and Others	1,423.43	1,848.81
Prepaid Expenses	40.38	30.40
Export Incentive Receivables	28.89	113.36
Imprest to Employees	22.03	0.77
Other Assets (Related Party)	6.50	5.19
<b>Total</b>	<b>2,022.68</b>	<b>2,101.42</b>



## Note 18 : Equity Share Capital

Particulars	As at March 31,2020		As at March 31,2019	
	Number of shares	(Rs in Lakhs)	Number of shares	(Rs in Lakhs)
<b>Authorised</b>				
Equity shares of Rs.10 each with voting rights	11,00,00,000	11,000	11,00,00,000	11,000
<b>Issued</b>				
Equity shares of Rs.10 each with voting rights	10,00,00,000	10,000	10,00,00,000	10,000
<b>Subscribed and Fully Paid-up</b>				
Equity shares of Rs.10 each with voting rights	10,00,00,000	10,000	10,00,00,000	10,000
	<b>10,00,00,000</b>	<b>10,000</b>	<b>10,00,00,000</b>	<b>10,000</b>

## Notes:

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

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

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

Particulars	As at March 31,2020		As at March 31,2019	
	Number of shares	(Rs in Lakhs)	Number of shares	(Rs in Lakhs)
Equity shares outstanding at the beginning of the year	10,00,00,000	10,000	10,00,00,000	10,000
Add: Issued during the year				
Less: Shares bought back				
Equity shares outstanding at the end of the year			10,00,00,000	10,000

## c) Detail of Shares held by Holding Company:

Name of the Holding Company	As at March 31,2020		As at March 31,2019	
	Number of shares held	% Holding in that class of shares	Number of shares held	% Holding in that class of shares
Isgec Heavy Engineering Limited	5,10,00,000	51%	5,10,00,000	51%

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

	As at March 31,2020		As at March 31,2019	
	Number of shares	% Holding In that	Number of shares	% Holding In that
Equity shares with voting rights				
(i) Isgec Heavy Engineering Limited, India and its nominees	5,10,00,000	51%	5,10,00,000	51%
(ii) Hitachi Zosen Corporation, Japan and its nominees	4,90,00,000	49%	4,90,00,000	49%



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

Note 19 : Other Equity

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
<b>A. Reserve and Surplus</b>		
- Retained Earnings		
Balance outstanding at the beginning of the year	3,679.81	3,777.08
Net Profit /(-)Loss for the year	697.93	196.12
Dividend Paid (Including DDT)	(180.83)	(301.39)
-Remeasurements of Post employment benefit obligation,net of tax (see Note 39)	(26.73)	8.01
<b>Balance outstanding for the year</b>	<b>4,170.18</b>	<b>3,679.81</b>

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

Particulars	As at	
	March 31,2020	March 31,2019
<b>B. Others</b>		
Cash flow Hedge Reserve		
Balance outstanding at the beginning of the year	-	(4.26)
Adjusted during the year	-	4.26
Deferred hedging gain and loss reclassify to profit and loss	-	-
Gain/Loss on Cash flow Hedge	-	-
<b>Balance outstanding for the year</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B)</b>	<b>4,170.18</b>	<b>3,679.81</b>

Note 19.2 : Nature and Purpose of Reserve

**Retained Earnings**

This comprise company's undistributed profit after taxes.

**Cash flow hedge reserve**

The company uses hedging instrument as part of its management of foreign currency risk associated with borrowing in foreign exchange. For hedging the foreign currency risk, the company uses cross currency interest rate swap which is designated as cash flow hedge. Amounts recognised in cash flow hedge reserve is reclassified to statement of profit and loss, when the hedge item affects profit and loss.



## Note 20 Non Current Financial Liabilities- Others

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
Deposits from Employees (under Company Car Scheme)	13.99	10.42
Security Deposits received,	20.12	16.49
<b>Total</b>	<b>34.11</b>	<b>26.90</b>

## Note 21 Non Current Financial Liabilities- Others

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
Term loan from Banks	1,750.00	-
<b>Total</b>	<b>1,750.00</b>	

## Note 21.1 Detail of Term Loans from Banks:

Initial Loan Amount	Loan Outstanding As at March 31,2020	Current maturity	Rate of Interest	(Rs in Lakhs)
				Term of Repayment
2,000.00	2,000.00	250.00	MCLR 1Y + 0.80% p.a.	5 Year (Initial year being moratorium Period). Payable in 16 equal quarterly installments in subsequent 4 years.

## Security Details

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

## Note 22 Non Current Financial Liabilities- Others

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
Lease Liability	2,834.08	-
<b>Total</b>	<b>2,834.08</b>	

## Note 23 Non Current Provisions

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
(I) Provision for Employee Benefits: - Provision for Pension (unfunded)	22.53	25.54
(II) Others Provision for Warranty (Refer note 23.1)	382.86	574.90
<b>Total</b>	<b>405.39</b>	<b>600.45</b>

## Note 23.1 Movement of provision for Liabilities

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
<b>Movement of provision for Warranties.</b>		
(i) Opening Balance	958.17	831.07
(ii) Provided for during the year	269.47	202.89
(iii) Used during the year	2.34	75.80
(iv) Reversed during the year	151.90	-
<b>Closing Balance</b>	<b>1,073.40</b>	<b>958.17</b>
<b>Break up of Closing Balance</b>		
Long term provisions	382.86	574.90
Short term provisions	690.54	383.27

**ISGEC HITACHI ZOSEN LIMITED**

Notes to Financial Statements as at March 31, 2020

**Note 24 Current Financial Liabilities -Short Term Borrowings**

(Rs in Lakhs)

Particulars	As at March 31,2020	As at March 31,2019
<b>i) Secured</b>		
(a) Loans repayable on demand		
-Cash Credit from Banks(Refer note 24.1)	-	1,031.32
-Working Capital Demand loan(Refer note 24.2)	-	1,999.93
- Packing Credit Loan ( Refer note 24.3)	2,400.00	-
<b>Total</b>	<b>2,400.00</b>	<b>3,031.25</b>

**Note 24.1**

Details of Securities offered for Cash credit :-

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

**Note 24.2**

Details of Securities offered for Working Capital Demand Loan :-

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

**Note 24.3**

Details of Securities offered for Packing Credit loan :-

- 1.) Secured against first pari-passu charge on current assets including stocks & moveable fixed
- 2.) Corporate Guarantee of Isgec Heavy Engineering Limited.
- 3.) Rate of interest is ranging from 4.95% to 5.30%





ISGEC HITACHI ZOSEN LIMITED

Notes to Financial Statements as at March 31, 2020

Note 25 Current Financial Liabilities-Trade Payables

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
(a) Total Outstanding dues of Micro and Small Enterprises (Refer Note 25.1)	67.45	73.28
(b) Total Outstanding dues of Creditors other than Micro and Small Enterprises		
(i) To related Parties (Refer Note 44.1)		
- Isgec Heavy Engineering Ltd	184.60	146.25
- Hitachi Zosen Corporation, Japan	1,740.40	956.49
(ii) To others	843.61	556.18
<b>Total</b>	<b>2,836.06</b>	<b>1,732.20</b>

Note 25.1 Trade Payables to MSME

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

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
a) Amount remaining unpaid to any supplier		
Principal Amount	78.50	133.61
Interest due thereon	-	-
b) Interest paid under Micro and Small Enterprises (Development) Act, 2006	-	-
c) Interest due (Other than (b) above)	-	-
d) Interest accrued and unpaid	0.30	-



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

Note 26 Current Financial Liabilities- Others

Particulars	(Rs In Lakhs)	
	As at March 31,2020	As at March 31,2019
(a) Hedging Reserve (Forward derivatives -Ind AS)	-	748.45
(b) Forward derivatives -Ind AS	157.11	-
(c) Interest accrued but not due on borrowings	10.09	4.55
(d) Current maturities of long term debt	250.00	-
(e) Payables to Employees	68.74	209.98
(f) Retention monies	32.83	0.12
(g) Supplier of Capital goods	171.50	253.55
(h) Other Liabilities		
- Stale Cheque	1.20	1.20
-Expenses Payable#	635.15	1,411.27
<b>Total</b>	<b>1,326.62</b>	<b>2,629.11</b>

\*For detail of security for current maturities of long term debt please refer Note 21.1

Note 26.1

Movement of provision for CSR

Particulars	(Rs In lakhs)	
	As at March 31,2020	As at March 31,2019
(i) Opening Balance	44.95	13.01
(ii) Provided for during the year	37.09	45.85
(iii) Incurred during The year	28.74	-13.92
<b>Closing Balance (#Included In Expenses Payable)</b>	<b>53.30</b>	<b>44.95</b>

Note 27 Current Financial Liabilities- Others

Particulars	(Rs In Lakhs)	
	As at March 31,2020	As at March 31,2019
a) Lease liability	2,517.97	
<b>Total</b>	<b>2,517.97</b>	

Note 28 Other Current Liabilities

Particulars	(Rs in Lakhs)	
	As at March 31,2020	As at March 31,2019
(a) Advance from Customers (unrelated)	6,419.11	7,673.08
(b) Advance from Customers (related)		
-Hitachi Zosen Corporation, Japan	9,102.23	1,084.88
-Isgec Heavy Engineering Ltd.	-	135.76
(c) Statutory dues payable (including PF, TDS and GST)	76.75	121.30
(d) EPCG deferred liability (Customs duty)	8.45	
(e) Other liabilities		91.31
<b>Total</b>	<b>15,606.53</b>	<b>9,106.34</b>



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

Note 29 Current Liabilities-Provisions

(Rs In lakhs)

Particulars	As at March 31,2020	As at March 31,2019
<b>(I) Provision for Employee Benefits:</b>		
(a) Provision for Leave Encashment (unfunded )	206.94	165.80
(b) Provision for Pension (unfunded )	2.76	2.76
(c) Provision for Gratuity (funded)	87.27	60.09
<b>(II) Others</b>		
(a) Provision for Warranty	690.54	383.27
<b>Total</b>	<b>987.50</b>	<b>611.92</b>

Note 30 Current Tax Liability

(Rs In lakhs)

Particulars	As at March 31,2020	As at March 31,2019
Provision for Income Tax	2,040.24	1,816.57
Less: Advance Tax and TDS	(2,078.06)	(1,880.92)
<b>Total</b>	<b>(37.82)</b>	<b>(64.35)</b>



ISGEC HITACHI ZOSEN LIMITED

Notes to Financial Statements as at March 31, 2020

Note 31 : Revenue from Operations

(Rs in Lakhs)

Particulars	Year ended March 31 ,2020	Year ended March 31,2019
<b>(a) Sale of Goods</b>		
Sale of Products -(Domestic )	18,977.35	16,047.10
Sale of Products -(Export)	6,088.20	1,782.75
Claim Received (Export)	-	78.71
Claim Received (Domestic)	-	10.01
Store sale	125.07	115.98
	<b>25,190.61</b>	<b>18,034.55</b>
<b>(b) Sale of services</b>		
Job work /Site work services	1,775.58	2,483.61
Receipt from other Services	14.78	43.89
	<b>1,790.35</b>	<b>2,527.50</b>
<b>(c) Other operating revenues (Refer Note 31.1 below)</b>	1,823.92	1,821.24
<b>Grand Total</b>	<b>28,804.89</b>	<b>22,383.29</b>

Note 31.1 Other Operating Revenue

(Rs in Lakhs)

Particulars	Year ended March 31 ,2020	Year ended March 31,2019
Foreign exchange fluctuation gain	142.18	3.71
Foreign Exchange Flu -on Excess Forward derivatives -Ind As	197.93	-
Scrap and Waste Sale	285.15	449.47
Export Incentive received	42.71	310.79
Excess provision and Liabilities written back	1,155.80	1,042.07
Unclaimed balances written back	0.14	15.19
<b>Total</b>	<b>1,823.92</b>	<b>1,821.24</b>



**ISGEC HITACHI ZOSEN LIMITED**

Notes to Financial Statements as at March 31, 2020

**Note 32 Other Income**

(Rs In Lakhs)

Particulars	Year ended	March	Year ended	March
	31,2020		31,2019	
<b>Interest Income</b>				
- On Bank Deposits		87.32		96.88
- Other Interest		-		0.05
- Other Misc. income		-		5.05
- Profit on sale of Fixed Assets		-		1.83
<b>Total</b>		<b>87.32</b>		<b>103.82</b>



**ISGEC HITACHI ZOSEN LIMITED**

Notes to Financial Statements as at March 31, 2020

**Note 33 Cost of Materials, Components, Stores and Spares Consumed**

(Rs In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Raw Materials & Components (Refer Note 33.1)	18,265.71	15,072.24
Stores and Spares	272.85	200.86
<b>Total</b>	<b>18,538.56</b>	<b>15,273.11</b>

**Note 33.1 Details of Raw Materials and Components Consumed**

(Rs In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Raw Materials- Iron and Steel	8,026.84	6,278.35
Others Item	10,238.87	8,793.89
<b>Total</b>	<b>18,265.71</b>	<b>15,072.24</b>



**ISGEC HITACHI ZOSEN LIMITED**

Notes to Financial Statements as at March 31, 2020

**Note 34 Changes In Inventories of Finished Goods and Work - In - Progress**

(Rs In Lakhs)

Particulars	Year ended March 31 ,2020	Year ended March 31,2019
<b>Opening stock</b>		
Work - in - Progress	12,275.46	7,263.75
Finished Goods	453.51	249.00
<b>Total</b>	<b>12,728.97</b>	<b>7,512.74</b>
<b>Closing stock</b>		
Work - in - Progress	17,208.93	12,275.46
Finished Goods	-	453.51
<b>Total</b>	<b>17,208.93</b>	<b>12,728.97</b>
<b>Net ( Increase)/Decrease In Inventory (-)/(+)</b>	<b>(4,479.96)</b>	<b>(5,216.23)</b>



Notes to Financial Statements as at March 31, 2020  
 Note 35 Employees Benefits Expenses

(Rs in Lakhs)		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, Wages and Bonus	3,938.55	3,153.61
Contribution to Provident and other Funds	170.46	134.51
Staff Welfare Expenses	60.69	45.55
<b>Total</b>	<b>3,569.70</b>	<b>3,333.66</b>

**Note 35.1 Details of Employees Benefits Expenses**

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

**e) Defined Contribution Plan:**

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

Particulars	2019-20	2018-19
Provident Fund	170.46	134.51
<b>Total</b>	<b>170.46</b>	<b>134.51</b>

**b) Defined Benefits Plan :**

Description	(Rs in Lakhs)				(Rs in Lakhs)	
	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non funded)	Gratuity (Funded)	Leave Encashment (Non-funded)
	2019-20	2019-20	2018-19	2018-19	2017-18	2017-18
<b>i. Change In Present value of Obligation</b>						
a. Present Value of Obligation at the beginning of the year	299.73	165.80	286.51	174.46	257.13	169.67
b. Interest cost	22.96	12.70	22.35	13.61	19.28	12.73
c. Current service cost	50.33	32.87	99.43	26.88	42.53	32.75
d. Benefits paid	(20.67)	(45.99)	(28.93)	(39.79)	(14.08)	(33.77)
e. Actuarial (gain) / loss	49.84	41.56	(19.62)	(9.35)	(18.35)	(6.91)
f. Present Value of Obligation at the end of the Year	402.19	206.94	299.73	165.80	286.51	174.46
<b>ii. Change In the Fair Value of Plan Assets</b>						
a. Fair Value of Plan Assets at the beginning of the year	239.64	N.A	217.37	N.A	150.25	N.A
Acquisition adjustment						
b. Fund opening difference	1.29	-	(5.51)	-	-	-
c. Actual return on plan assets	23.91	-	18.87	-	17.49	-
d. Fund charges	(4.27)	-	(4.01)	-	-	-
e. Contributions	75.00	-	41.85	-	63.71	-
f. Benefits paid	(20.67)	-	(28.93)	-	(14.08)	-
g. Actuarial Gain / (Loss) on Plan Assets						
h. Fair Value of Plan Assets at the end of the Year	314.92	-	239.64	-	217.37	-





Description	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)
	2019-20	2019-20	2018-19	2018-19	2017-18	2017-18
<b>iii. Reconciliation of Fair Value of Assets and Obligations in Balance Sheet.</b>						
a. Present Value of Obligation at the end of the Year	402.19	206.94	299.73	165.80	286.51	174.46
b. Fair value of Planned assets at the end of the Year	314.92		239.64		217.37	
c. Amount recognised in the Balance Sheet	(87.27)	(206.94)	(60.09)	(165.80)	(69.14)	(174.46)
<b>iv. Expenses reconciled in the statement of Profit &amp; Loss</b>						
a. Current Service Cost	50.33	32.87	39.43	26.88	42.53	32.75
b. Net Interest Cost	5.39	12.70	5.39	13.61	8.02	12.73
c. Expected Return on Plan Assets						
d. Net actuarial (gain)/loss recognised in profit/loss		41.56		(9.35)		(6.91)
e. Expenses recognised in the statement of Profit & Loss		87.13		31.13		38.56
<b>v. 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	(49.84)		19.62		18.35	
c. Actuarial gain / (loss) for the year on Asset	2.58		(7.60)		6.22	
d. Unrecognized actuarial gain/(loss) at the end of the year	(47.25)		12.02		24.57	
<b>vi. Maturity Profile of Defined Benefit Obligation</b>						
1 Within the next 12 months (next annual reporting period)	14.14	16.64	11.87	16.03	5.13	5.32
2 Between 2 and 5 years	51.68	29.16	38.82	85.82	35.98	19.88
3 Between 6 and 10 years	336.37	161.13	249.05	63.95	245.40	149.26
<b>vii. Quantitative sensitivity analysis for significant assumptions is as below</b>						
<b>(f). Impact of the change in discount rate</b>						
Present Value of Obligation at the end of the year						
a. Impact due to increase of 0.50 %	(28.37)	-14.69	(20.79)	(11.46)	(21.11)	(13.42)
b. Impact due to decrease of 0.50 %	31.45	16.28	23.03	2.13	23.47	14.96
<b>(g). Impact of the change in salary increase</b>						
Present Value of Obligation at the end of the year						
a. Impact due to increase of 0.50 %	31.38	16.22	23.18	2.05	23.42	14.93
b. Impact due to decrease of 0.50 %	(28.56)	(14.73)	(21.09)	(11.63)	(21.26)	(13.52)

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.

**(iii) 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.

<b>viii. Major categories of plan assets (as percentage of total plan assets)</b>						
Insurer Managed Funds	100%		100%		100%	
<b>ix. Actuarial assumptions</b>						
<b>a. Economic Assumptions</b>						
i. Discounting Rate	6.76%	6.76%	7.66%	7.80%	7.80%	7.80%
ii. Salary escalation	6.50%	6.50%	6.50%	6.50%	7.50%	7.50%
<b>b. Demographic Assumption</b>						
i. Retirement Age (Years)	60	60	60	60	60	60
<b>ii. Mortality rates inclusive of provision for disability</b>						
	100% of IALM (2012-14)		100% of IALM (2006-08)			
<b>iii. Attrition at Ages</b>						
	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3	3	3	3	3	3
From 31 to 44 years	2	2	2	2	2	2
Above 44 years	1	1	1	1	1	1
<b>Mortality Rates for specimen ages</b>						
	Age	Mortality Rate	Age	Mortality Rate	Age	Mortality Rate
	15	0.000698	45	0.002579	75	0.038221
	20	0.000924	50	0.004436	80	0.061985
	25	0.000931	55	0.007513	85	0.100979
	30	0.000977	60	0.011162	90	0.163507
	35	0.001202	65	0.015932	95	0.259706
	40	0.00168	70	0.024058	100	0.397733



**ISGEC HITACHI ZOSEN LIMITED**

Notes to Financial Statements as at March 31, 2020

**Note 36 Finance Costs**

(Rs In Lakhs)

Particulars	Year ended	March	Year ended	March
	31,2020	31,2019	31,2019	
Interest on ECB/ Term Loan		0.62		22.71
Interest Expenses		452.71		190.92
Interest on Income tax & Others		0.03		7.91
Other Borrowing cost		52.33		44.59
Interest on lease liability		541.32		-
<b>Total</b>		<b>1,047.01</b>		<b>266.13</b>



## ISGEC HITACHI ZOSEN LIMITED

Notes to Financial Statements as at March 31, 2020

## Note 37 Other Expenses

(Rs in Lakhs)

Particulars	Year ended	March	Year ended	March
	31,2020		31,2019	
Power & Fuel		943.18		766.81
Other Manufacturing Expenses		2,781.64		2,085.88
Lease Rent		-		2,835.00
Repairs to:				
-Machinery		152.92		152.66
-Building and Road (incl.civil service)		44.37		39.77
-Others		0.69		0.69
Insurance		15.27		23.21
Rates and Taxes		18.13		33.77
Brokerage and Commission		224.73		365.21
Bank Charges		168.66		94.68
Corporate Bank Guarantee charges		21.08		18.75
Electricity and Water Charges		57.60		49.35
Advertisement and Business Promotion Expenses		5.10		0.91
Office & Miscellaneous Expenses		496.83		477.03
Auditor's Remuneration				
-Statutory Audit Fees		2.50		1.25
Packing, Forwarding and Transportation Expenses		190.61		354.60
CSR Expenses		37.09		45.85
Travelling Expenses		282.38		354.14
Foreign Exchange Flu -on Excess Forward derivatives -Ind As		197.93		-
Provision for Expected Credit Loss		1.58		1.33
<b>Total</b>		<b>5,642.29</b>		<b>7,700.90</b>



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

Note 38 : Tax Expense

A. Income Tax Expenses

Particulars	(Rs In Lakhs)	
	As at March 31,2020	Year ended March 31, 2019
<b>(a) Current tax</b>		
Current tax on profit for the year	410.00	153.61
<b>Total Current tax expense</b>	<b>410.00</b>	<b>153.61</b>
<b>(b) Deferred tax</b>		
Decrease (Increase) in deferred tax assets	5.74	(30.11)
<b>Total Deferred Tax Expenses</b>	<b>5.74</b>	<b>(30.11)</b>
<b>Total Income Tax Expense</b>	<b>415.74</b>	<b>123.50</b>

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

Particulars	(Rs In Lakhs)	
	As at March 31,2020	Year ended March 31, 2019
Profit before tax	1,086.94	327.62
Tax	379.82	109.37
Add: Expenses disallowed for Tax Purposes		
- CSR Expenses	12.96	15.31
- Other comprehensive Income	20.52	
Less: Non- Taxable Income		
- Profit on sale of Fixed Assets		(0.61)
Change In Tax rate	2.43	(0.57)
<b>Income Tax expenses Charged to Profit &amp; Loss A/c</b>	<b>415.74</b>	<b>123.50</b>



**ISGEC HITACHI ZOSEN LIMITED**

**Notes to Financial Statements as at March 31, 2020**

**Note 39 Other Comprehensive Income/Expense**

(Rs In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(A) (I) Items that will not be reclassified to profit or loss - Actuarial (Gain)/ Loss On Defined Benefit Plans	(47.25)	12.02
(II) Income tax relating to Items that will not be reclassified to profit or loss	20.52	(4.01)
<b>Total</b>	<b>(26.73)</b>	<b>8.01</b>



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

**Note 40 Earning Per Share**

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Net Profit/(Loss) available to Equity Shareholders (Rs. in Lakhs)	697.93	196.12
b) Number of Equity Shares outstanding during the year for the purpose of calculation of Earning Per Share	10,00,00,000	10,00,00,000
c) Nominal value of Equity Shares (In Rs.)	10.00	10.00
d) Basic & Diluted Earning per Share (In Rs.)	0.70	0.20



Note 41 Contingent Liabilities & Assets

Contingent Liabilities not provided for:

Particulars	(Rs. in lakhs)	
	As at March 31,2020	As at March 31,2019
I Bonds executed in favour of President of India against EPCG license	824.16	3,652.54
II Bonds executed in favour of President of India against advance authorization.	20,870.26	15,013.24
III Bonds executed with JNPT customs for import on re-export basis .	-	13.18
IV Bonds executed in favour of Commissioner of Customs against Project Import at Concessional Rate	3,005.00	-
V BGs executed in favour of Commissioner of Customs against PAC	132.30	-
VI <u>Other Contingent Liability</u>		
Disputed Case with Central Excise & service Tax dept.	36.11	36.11
Others - Income Tax Appeal (A.Y. 2016-17)	0.52	0.52
VII Letters of Credit outstanding at year end including SBLC	6,978.68	7,103.33

42. Commitments

Particulars	As at March 31,2020	As at March 31,2019
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	151.28	2,036.70



**ISGEC HITACHI ZOSEN LIMITED**

Notes to Financial Statements as at March 31, 2020

**Note 43 Segment Reporting**

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

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

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

Description	(Rs. in lakhs)					
	Year ended March 31, 2020			Year ended March 31, 2019		
	India	Outside India	Total	India	Outside India	Total
Revenue from Customers	21,889.67	6,915.21	28,804.89	18,894.65	3,488.64	22,383.29

b) These assets are allocated based on the operation and physical location of the assets

Description	(Rs. in lakhs)					
	Year ended March 31, 2020			Year ended March 31, 2019		
	India	Outside India	Total	India	Outside India	Total
Carrying amount of assets	7,493.94	-	7,493.94	5,180.83	-	5,180.83
Addition to fixed assets	3,508.41	-	3,508.41	1,226.86	-	1,226.86

c) No. of Customers individually accounted for more than 10% of the revenue in the year ended March 31, 2020 - 4

Particulars	% in Total Sales
Sales to Customers individually accounted for more than 10% of the revenue	83%
Sales to Customers - other than above	17%





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

**Note 44 Related Party Transactions**

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

**(a) Joint Venture Partners**

Name	Type	Ownership Interest	
		As at March 31, 2020	As at March 31, 2019
Isgec Heavy Engineering Limited	Joint Venture Partners	51%	51%
Hitachi Zosen Corporation, Japan	Joint Venture Partners	49%	49%

**(b) Key Management Personnel**

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

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

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

**(d) Other related party**

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



44.1 Following transactions were carried out with related parties in the ordinary course of business during the year and balances as on date 31.03.2020

(Rs in Lakhs)

Nature of Transactions	Name of Related Party	2019-20					2018-19						
		Holding Company	Investing /Fellow Subsidiary Company	Key Management Personnel	Total	Holding Company	Investing /Fellow Subsidiary Company	Key Management Personnel	Total				
<b>A) Purchase of Goods</b>													
	Isgec Heavy Engineering Ltd	14.37				14.37				43.96			43.96
	Hitachi Zosen Corporation		2,104.76			2,104.76				2,312.64			2,312.64
<b>Purchase of Goods Total</b>		<b>14.37</b>	<b>2,104.76</b>			<b>2,119.13</b>				<b>43.96</b>	<b>2,312.64</b>		<b>2,356.60</b>
<b>B) Service Received</b>													
	Isgec Heavy Engineering Ltd	329.06				329.06				311.71			311.71
	Isgec Heavy Engineering Ltd -HO	21.08				21.08				18.75			18.75
	Hitachi Zosen Corporation		4.49			4.49					317.71		317.71
<b>Services Received Total</b>		<b>350.14</b>	<b>4.49</b>			<b>354.63</b>				<b>330.46</b>	<b>317.71</b>		<b>648.18</b>
<b>C) Sale of Goods</b>													
	Isgec Heavy Engineering Ltd	564.44				564.44				899.66			899.66
	Isgec Titan Metal Fabricators Pvt. Ltd.	7.86				7.86							
	Hitachi Zosen Corporation		3,646.76			3,646.76					259.22		259.22
	Isgec Heavy Engineering Ltd									10.61			10.61
<b>Sale of Goods Total</b>		<b>572.30</b>	<b>3,646.76</b>			<b>4,219.06</b>				<b>910.27</b>	<b>259.22</b>		<b>1,169.50</b>



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

Nature of Transactions	Name of Related Party	2019-20				2018-19			
		Holding Company	Investing / Fellow Subsidiary Company	Key Management Personnel	Total	Holding Company	Investing / Fellow Subsidiary Company	Key Management Personnel	Total
D) Service Rendered	Isgec Heavy Engineering Ltd.	629.43			629.43	407.09			407.09
	Isgec Titan Metal Fabricators Pvt. Ltd.					4.29			4.29
	Hitachi Zosen Corporation		827.01		827.01		1,665.65		1,665.65
Services Rendered Total		629.43	827.01		1,456.45	411.38	1,665.65		2,077.02
Sale of Goods & Services Total		1,201.73	4,473.77		5,675.50	1,321.65	1,924.87		3,246.52
E) Rent Paid									
Lease Rent Paid	Isgec Heavy Engineering Ltd	2,835.00			2,835.00	2,835.00			2,835.00
Rent Paid Total		2,835.00			2,835.00	2,835.00			2,835.00
F) Dividend Paid									
Dividend Paid	Isgec Heavy Engineering Ltd	76.50			76.50	127.50			127.50
	Hitachi Zosen Corporation		73.50		73.50		122.50		122.50
Dividend Paid Total		76.50	73.50		150.00	127.50	122.50		250.00
G) Amount Receivable									
Trade Receivables	Isgec Heavy Engineering Ltd	17.52			17.52	26.37			26.37
	Isgec Titan Metal Fabricators Pvt. Ltd.	3.68			3.68				
	Hitachi Zosen Corporation		96.44		96.44		242.79		242.79
Other receivable	Isgec Heavy Engineering Ltd	6.50			6.50	5.19			5.19
Amount Receivable Total		27.71	96.44		124.15	31.56	242.79		274.35



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

H) Amount Payable																				
Payables	Isgec Heavy Engineering Ltd - YNR	161.79									161.79									146.25
	Isgec Heavy Engineering Ltd -NOIDA	22.81									22.81									16.88
Payables	Hitachi Zosen Corporation				1,740.40						1,740.40					956.49				956.49
	Amount Payable Total	184.60			1,740.40						1,925.00					956.49				1,119.62
I) Advance received from customers.																				
Other Current Liabilities	Isgec Heavy Engineering Ltd																			135.76
Other Current Liabilities	Hitachi Zosen Corporation				9,102.23						9,102.23					1,084.88				1,084.88
	Total Advance received from customers.				9,102.23						9,102.23					1,084.88				1,220.64
J) Managerial Remuneration	Managing Director								98.95		98.95									89.66
	Chief Financial Officer								19.66		19.66									19.77
	Company Secretary								8.84		8.84									6.71
K) Remuneration to Key Managerial Personnel																				

Remuneration to KMP includes:

Particulars	(Rs in Lakhs)	
	2019-20	2018-19
Post Employment Benefit -Defined Contribution Plan	2.42	2.15

Terms and Conditions

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

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



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

Note 45 : Fair Value Measurement  
Financial instruments by category

(Rs.in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amortised Cost	FVTPL	Amortised Cost	FVTPL
<b>Financial Asset</b>				
Cross currency swap				
Forward derivatives	5,497.52		3,396.29	410.49
Trade receivables	61.74		59.06	
Loans	2,352.20		301.40	
Cash and Cash Equivalents	1,381.80		1,571.48	
Others				
<b>Total Financial Assets</b>	<b>9,283.26</b>		<b>5,328.23</b>	<b>410.49</b>
<b>Financial Liabilities</b>				
Forward derivatives		157.11		
Borrowings	4,400.00		3,031.25	
Trade payables	2,836.06		1,732.20	
Other Financial Liabilities	1,360.73		2,611.06	
Others				
<b>Total Financial Liabilities</b>	<b>8,596.79</b>		<b>7,374.51</b>	

(i) Fair Value Hierarchy

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

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

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

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

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



(Rs. in Lakhs)

Particulars	Carrying Value March 31, 2019	Fair Value Measurement using		
		Quoted price in Active Market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>(A) Financial Assets and Liabilities measured at amortised cost for which fair values are disclosed at March 31, 2019</b>				
(i) Financial Assets				
Loans & Advances	41.57			41.57
Loans to Employees	2.30			2.30
Security Deposit	43.87			43.87
(ii) Financial Liabilities				
Borrowings	3,031.25			3,031.25
	3,031.25			3,031.25
<b>(B) Financial Assets and Liabilities measured at Fair value- recurring fair value measurements at March 31, 2019</b>				
Forward derivatives	410.49		410.49	
<b>Total</b>	<b>410.49</b>	<b>-</b>	<b>410.49</b>	<b>-</b>

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

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

Specific valuation technique used to value financial instrument includes:

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

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

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

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

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



**ISGEC HITACHI ZOSEN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31.03.2020**

**46. COVID-19 Impact**

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

**47. FINANCIAL RISK MANAGEMENT**

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

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

**Market risk**

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

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

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

**(a) Interest rate risk**

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

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

Particulars	31-03-2020	31-03-2019
Variable rate borrowings	4,400.00	3,031.25
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>4,400.00</b>	<b>3,031.25</b>

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

Particulars	31-Mar-20			31-Mar-19			(Rs.In Lakhs)
	Weighted average Interest rate (%)	Balance	% of total loans	Weighted average Interest rate (%)	Balance	% of total loans	
Loans repayable on Demand (Cash Credit)/PCRE	4.95%	2,400.00	55%	8.58%	3,031.25	100%	
Term Loan	9.35%	2,000.00	45%	0.00%	-	0%	
<b>Net exposure to cash</b>		<b>4,400.00</b>			<b>3,031.25</b>		

**(iii) Sensitivity**

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

Particulars	Increase/ Decrease In Basis Points		Impact on Profit before Tax	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
INR	+60	+60	14.40	18.19
	-60	-60	-14.40	-18.19



(b) Foreign currency risk

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

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

Foreign currency exposure as at 31st March, 2020					(Rs. In Lakhs)
	USD	Euro	JPY	GBP	Total
Trade Receivables	106.24	412.70	-	-	518.94
Trade payables	1,802.98	15.43	48.39	-	1,866.80
Hedged Portion	1,790.69	428.13	48.39	-	2,267.21
Net Exposure to foreign	118.54	-	-	-	118.54

Foreign currency exposure as at 31st March, 2019					Total
	USD	Euro	JPY	Others	Total
Trade Receivables	269.72	649.38	-	-	919.10
Trade payables	3.04	2.62	965.92	56.84	1,028.42
Hedged Portion	269.72	649.38	929.55	56.84	1,905.49
Net Exposure to foreign	3.04	2.62	36.37	-	42.04

Foreign currency sensitivity

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

Particulars	2019-20		2018-19	
	1% increase	1% decrease	1% increase	1% decrease
USD	-	-	-	-
Euro	1.19	1.19	0.03	0.03
JPY	-	-	0.03	0.03
Others	-	-	0.36	0.36

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

(c) Price Risk

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

Credit risk

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

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

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





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

(Rs.in Lakhs)					
Ageing	Not Due	Less than 6 months	6-12 months	More than 12 Months	Total
As at 31-03-2020					
Carrying Amount	1,984.19	2,990.10	411.89	111.35	5,497.52
Expected loss Rate (in percentage)			0.01		
Expected Credit Loss (in')			1.58		1.58
<b>Carrying Amount (net of Impairment)</b>	<b>1,984.19</b>	<b>2,990.10</b>	<b>410.31</b>	<b>111.35</b>	<b>5,495.95</b>
As at 31-03-2019					
Carrying Amount		3,130.23	266.06		3,396.29
Expected loss Rate (in percentage)			0.01		
Expected Credit Loss (in')			1.33		1.33
<b>Carrying Amount (net of Impairment)</b>		<b>3,130.23</b>	<b>264.73</b>		<b>3,394.96</b>

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

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

Particulars	ECL for Trade Receivables
As at 01-04-2019	1.33
Provided during the year	1.58
Reversed During the Year	1.33
As at 31-03-2020	1.58

#### Liquidity Risk

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

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

(Rs.in Lakhs)					
As at 31-03-2020	Carrying Amount	On Demand	Less than 12 months	12 months to 5 years	Total
Borrowings	4,400.00	2,400.00	250.00	1,750.00	4,400.00
Trade payables	2,836.06		2,836.06		2,836.06
Other Liabilities	1,360.73		1,360.73		1,360.73
<b>Total</b>	<b>8,596.79</b>	<b>2,400.00</b>	<b>4,446.79</b>	<b>1,750.00</b>	<b>8,596.79</b>
As at 31-03-2019					
Borrowings	3,031.25	3,031.25			3,031.25
Trade payables	1,732.20		1,732.20		1,732.20
Other Liabilities	2,611.06		2,611.06		2,611.06
<b>Total</b>	<b>7,374.51</b>	<b>3,031.25</b>	<b>4,343.27</b>		<b>7,374.52</b>

#### Financing Arrangements

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

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Fund based limit	11,600.00	11,968.75



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

**Note 48 : Capital Management**

**(a) Risk Management**

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

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

Particulars	(Rs in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
Debt	4,400.00	3,031.25
Less: Cash & cash equivalent	(2,352.20)	(301.40)
Net Debt	2,047.80	2,729.85
Total Equity	14,170.18	13,679.81
Total Equity and Net Debt	16,217.97	16,409.66
<b>Net debt to debt and equity ratio (Gearing Ratio)</b>	<b>0.13</b>	<b>0.17</b>

**Notes-**

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

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

**(b) Loan Covenants**

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

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

**(C) Dividends**

	(Rs in Lakhs)	
	For the Year ended	
	March 31, 2020	March 31, 2019
<b>(i) Proposed Dividend</b>		
For the year ended 31st March 2020, the Directors have recommended the payment of a Final Dividend of Rs. 0.40 Equity share	400.00	150.00
<b>(ii) Dividend Paid During the Year (Proposed Dividend of Previous Year)</b>	150.00	250.00
* The proposed dividend is subject to the approval of shareholders in the ensuing general meeting		



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

**Note: 49 Information on Cost Audit :**

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

Sl. No.	Particulars	Description	
(a)	Product covered for Cost Audit	Other Machinery	
(b)	Full Particulars of Cost Auditor	K. C. KOHLI & CO B-92, SUBHADRA COLONY SARAI ROHILLA DELHI -110035	
(c)	Filling of Cost Audit Report	Year ended March 31, 2020	Year ended March 31, 2019
	i) Date of filing of Cost Audit Report		27.08.2019
	ii) Due date of filing of Cost Audit Report	Not yet due	30.09.2019

As per our report of even date

For and on behalf of the Board of Directors

For S.S. Kothari Mehta & Co.  
Chartered Accountants  
Firm Registration No.0007560

CA. Neeraj Bansal  
Partner  
Membership No. 095960

Place: **KOZDA**  
Dated: **17/06/2020**



*Shailish Kumar*  
Shailish Kumar  
Chief Financial Officer

*Sanjay Gulati*  
Sanjay Gulati  
Managing Director  
DIN: 05201178

*Aasha Rani*  
Aasha Rani  
Company Secretary  
M.No.A39007

*Brajesh Kr. Rai*  
Brajesh Kr. Rai  
Chief Operating Officer

*Ravi Jaidka*  
Ravi Jaidka  
Director  
DIN: 00322627

