

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISGEC HITACHI ZOSEN LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying Ind AS financial statements of **ISGEC HITACHI ZOSEN LIMITED** ("the Company"), which comprises the Balance Sheet as at 31st March, 2017, 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.

#### **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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. 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 error or fraud. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of



the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financial position of the Company as at 31<sup>st</sup> March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it 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;
  - e) On the basis of the written representations received from the directors as on 31 March, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 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 B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 litigations on its financial position in its Ind AS financial statements – Refer Note 37 (III) to the Ind AS financial statements;



- ii. As there in no material foreseeable losses, on long term contracts including derivative contracts ;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- iv. As explained to us and on the basis of the information and explanation provided to us, the Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Refer Note 47 to the Ind AS financial statements.

**For S S Kothari Mehta & Co**  
Chartered Accountants  
Firm's Registration No. 000756N



**Neeraj Bansal**  
**Partner**  
Membership No. 095960



Place : New Delhi

Date : 15.05.2017

**Annexure A to the Independent Auditor's Report to the members of ISGEC HITACHI ZOSEN LIMITED dated 15<sup>th</sup> May 2017**

**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. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;  
  
(b) The fixed assets were physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard 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 had constructed the buildings with gross block amounting to Rs. 31.76 lacs on land taken on lease from the holding company.
- ii. The physical verification of inventory has been conducted at reasonable intervals by the management. No material discrepancies were noticed on such physical verification;
- iii. As per the information and explanation given to us and on the basis of our examination of the records, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore sub - clauses (iii) (a), (iii) (b) & (iii) (c) of the Order are not applicable;
- iv. According to the information and explanation given to us, the company has complied with the provision of section 185 and 186 of Act, with respect to the loans, investments, guarantees, and security made.
- v. As per information and explanation provided to us, the Company has not accepted any public deposits during the year. Further, we have not come across any such deposit(s) nor the management has reported any such deposit(s), therefore the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable. Also, as per explanation and information provided to us, there are no orders of Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal which were required to be complied by the company;
- vi. We have broadly reviewed the books and records required to be maintained as specified by the Central Government under sub-section (l) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie, the prescribed accounts and records are being maintained.



vii. (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the financial year concerned 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 or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute are as under:

S. No.	Nature of Statutory Dues	Forum where pending	Year	Amount (Rs. in lacs)
1	Service Tax	Joint Commissioner (Appeals)	2015-16	36.11

- viii. According to the information and explanations given to us and the records of the Company examined by 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. According to the information and explanations given to us and the records of the Company examined by us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. No term loans were raised during the year.
- x. According to the information and explanations given to us, no fraud by the Company or fraud on the Company by its officers or employees has been noticed or reported during the year;
- xi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid or provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act;
- xii. The Company is not a Nidhi Company, hence clause (xii) of the Order is not applicable to the Company;
- xiii. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards;
- 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. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, clause (xv) of para 3 of the Order is not applicable;
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934;

**For S S Kothari Mehta & Co**  
Chartered Accountants  
Firm's Registration No. 000756N



**Neeraj Bansal**  
**Partner**  
Membership No. 095960



**Place : New Delhi**

**Date : 15.05.2017**

**Annexure B to the Independent Auditor's Report to the members of ISGEC HITACHI ZOSEN LIMITED dated 15<sup>th</sup> May 2017**

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 31 March, 2017 in conjunction with our audit of the 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 Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note 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:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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


### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were generally operating effectively as at 31 March, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For S S Kothari Mehta & Co**

Chartered Accountants

Firm's Registration No. 000756N



**Neeraj Bansal**

**Partner**

Membership No. 095960



Place : New Delhi

Date : 15.05.2017



**ISGEC HITACHI ZOSEN LIMITED**  
**CIN: U28123HR2012PLC045430**  
**Balance Sheet as at March 31, 2017**

(Rs in Lakhs)


Particulars		Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>ASSETS</b>					
(1)	<b>Non Current Assets</b>				
	(a) Property, Plant and Equipment	4	3,669.33	3,073.03	2,792.87
	(b) Capital Work In Progress	4	236.66	-	-
	(c) Other Intangible Assets	5	88.92	31.30	37.79
	(d) Intangible Assets Under Development	5	127.93	-	-
	(e) Financial Assets				
	(i) Loans	6	39.85	33.68	19.74
	(ii) Others	7	229.82	116.79	26.43
	(f) Deferred Tax Assets (Net)	8	512.16	763.03	894.16
	(g) Other Non-current Assets	9	37.05	11.20	0.20
	<b>Sub total (Non current assets)</b>		<b>4,941.72</b>	<b>4,029.03</b>	<b>3,771.19</b>
(2)	<b>Current Assets</b>				
	(a) Inventories	10	23,763.26	14,553.19	11,003.09
	(b) Financial Assets				
	(i) Trade Receivables	11	6,322.61	4,952.64	10,714.60
	(ii) Cash and Cash Equivalents	12	319.85	164.87	50.65
	(iii) Bank Balances other than (ii) above	13	662.08	1,227.03	720.97
	(iv) Loans	14	18.07	14.71	12.20
	(v) Others	15	499.55	152.96	291.22
	(c) Other Current Assets	16	2,482.07	2,156.61	3,291.38
	<b>Sub total (Current assets)</b>		<b>34,067.49</b>	<b>23,222.01</b>	<b>26,084.10</b>
	<b>Total Assets</b>		<b>39,009.21</b>	<b>27,251.05</b>	<b>29,855.29</b>
<b>EQUITY AND LIABILITIES</b>					
(1)	<b>Equity</b>				
	(a) Equity Share Capital	17	10,000.00	10,000.00	10,000.00
	(b) Others Equity	18	1,843.21	579.28	(551.47)
	<b>Sub total (Equity)</b>		<b>11,843.21</b>	<b>10,579.28</b>	<b>9,448.53</b>
(2)	<b>Non-Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings	19	509.23	1,029.14	1,414.37
	(ii) Others Financial liabilities excl. provisions	20	18.63	15.12	11.25
	(b) Provisions	21	219.86	77.76	55.56
	(c) Other Non-Current Liabilities				
	<b>Sub total (Non current liabilities)</b>		<b>747.73</b>	<b>1,122.02</b>	<b>1,481.18</b>
(3)	<b>Current Liabilities</b>				
	(a) Financial Liabilities				
	(i) Borrowings	22	7,248.03	963.95	8,939.61
	(ii) Trade Payables	23	3,938.20	1,630.47	2,080.55
	(iii) Others Financial liabilities excl. provisions	24	2,612.47	1,374.21	2,061.05
	(b) Other Current Liabilities	25	12,031.86	11,123.78	5,591.72
	(c) Provisions	26	537.25	245.57	117.32
	(d) Current Tax Liabilities (net)	27	50.47	211.76	135.34
	<b>Sub total (Current liabilities)</b>		<b>26,418.28</b>	<b>15,549.74</b>	<b>18,925.58</b>
	<b>Total Equity &amp; Liabilities</b>		<b>39,009.21</b>	<b>27,251.05</b>	<b>29,855.29</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 S.S. Kothari Mehta & Co.  
Chartered Accountants  
Firm Registration No.000756N

  
**Shajesh Kumar**  
Chief Financial Officer

  
**Brajesh Kr. Rai**  
Chief Operating Officer

  
**CA. Neeraj Bansal**  
Partner  
Membership No. 095960



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

For and on behalf of the Board of Directors

  
**Sanjay Gulati**  
Managing Director  
DIN: 05201178

  
**Hideaki Horuchi**  
Director  
DIN: 07033748

Place: **Noida**  
Dated: **15.05.2017**

**ISGEC HITACHI ZOSEN LIMITED**  
**CIN: U28123HR2012PLC045430**  
**Statement of Profit and Loss for the year ended March 31, 2017**

(Rs in Lakhs)

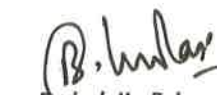
	Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue from operations	28	35,617.32	29,658.07
II	Other Income	29	111.38	85.07
III	<b>Total Income (I+II)</b>		<b>35,728.70</b>	<b>29,743.14</b>
IV	<b>Expenses</b>			
	(a) Cost of Materials Consumed	30	22,206.03	15,995.49
	(b) Changes in Inventories of Finished Goods, Work - in - Progress and Stock - in - trade	31	(6894.47)	(3803.12)
	(c) Employee Benefits Expenses	32	2,841.18	2,561.04
	(d) Finance Costs	33	593.88	887.28
	(e) Depreciation and Amortisation Expenses	4	555.39	472.87
	(f) Other Expenses	34	14,493.87	11,977.41
	<b>Total Expenses (IV)</b>		<b>33,795.90</b>	<b>28,090.97</b>
V	Profit/ (Loss) before Tax (III-IV)		<b>1,932.80</b>	<b>1,652.17</b>
VI	<b>Tax Expense:</b>			
	(a) Current Tax	35	399.01	338.38
	(b) Deferred Tax	8	342.99	473.12
	(c) Previous Year Tax		-	15.80
	Less- MAT Credit Entitlement		(81.40)	(338.38)
	<b>Total tax Expenses (VI)</b>		<b>660.60</b>	<b>488.92</b>
VII	Profit/ (Loss) for the year (V-VI)		<b>1,272.21</b>	<b>1,163.26</b>
VIII	<b>Other Comprehensive Income</b>			
	A (i) Items that will not be reclassified to profit/( loss)			
	-Remeasurements of Post Employment Benefits Obligations		(34.68)	(11.67)
	(ii) Income tax relating to above items		10.72	3.61
	B (i) Items that will be reclassified to profit/( loss)			
	-Change in fair value of cross currency interest rate swap		(39.34)	55.29
	-Reclassification to P&L		55.02	(79.72)
IX	<b>Total Income including other comprehensive Income (VII+VIII)</b>		<b>1,263.92</b>	<b>1,130.75</b>
X	<b>Earning per equity share</b>			
	<b>Basic /Diluted earning per share of Rs. 10 Each</b>	36	<b>1.27</b>	<b>1.16</b>

The accompanying notes form an integral part of financial statements


As per our report of even date

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

  
Shailesh Kumar  
Chief Financial Officer

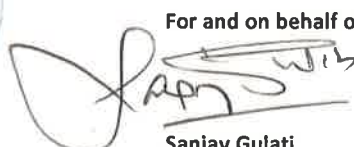
  
Brajesh Kr. Rai  
Chief Operating Officer

  
Aasha Rani  
Company Secretary  
M.No.A39007

  
CA. Neeraj Bansal  
Partner  
Membership No. 095960



Place: **Noida**  
Dated: **15.05.2017**

  
For and on behalf of the Board of Directors  
Sanjay Gulati  
Managing Director  
DIN: 05201178

  
Hideaki Horiuchi  
Director  
DIN:07033748

**ISGEC HITACHI ZOSEN LIMITED**  
**CIN: U28123HR2012PLC045430**  
**Cash Flow Statement for the year ended 31st March, 2017**

(Rs in Lakhs)

Particulars	Year ended 31.3.2017	Year ended 31.3.2016
<b>A. Cash flow from Operating activities:</b>		
Net (loss)/profit before tax but after exceptional /extraordinary items	1,932.80	1,652.17
<b>Adjustments for:</b>		
Depreciation and amortisation Expenses	555.39	472.87
Finance cost	580.26	874.18
Interest and other Income	111.38	(79.66)
Profit on Sale of Fixed Assets	-	(1.62)
Liability no longer required written back	-	
<b>Operating profit before working capital changes</b>	<b>3,179.83</b>	<b>2,917.95</b>
<b>Adjustments for changes in working capital :</b>		
- (Increase)/Decrease in Trade Receivables	(1,369.97)	5,761.95
- (Increase)/Decrease in Other Receivables	(337.13)	58.87
- (Increase)/Decrease in Inventories	(9,210.07)	(3,550.10)
- Increase/(Decrease) in Trade and Other payable	4,325.02	4,881.15
<b>Cash generated from operations</b>	<b>(3,412.31)</b>	<b>10,069.82</b>
- Taxes (Paid) / Refunds (Net of TDS)	(161.29)	60.64
<b>Net cash (used in)/ from operating activities</b>	<b>(3,573.61)</b>	<b>10,130.46</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of fixed assets	(1,573.91)	(750.97)
Sale of Fixed Assets	-	6.06
Interest Received (Revenue)	118.54	64.27
<b>Net cash used in investing activities</b>	<b>(1,455.37)</b>	<b>(680.67)</b>
<b>C Cash flow from Financing activities:</b>		
Proceeds/(Repayment) of Equity Share Capital		
Proceeds/(Repayment) from Secured loans	5,764.17	(8,439.02)
Interest and other Borrowing cost Paid	(580.22)	(896.53)
<b>Net cash (used in)/ from financing activities</b>	<b>5,183.95</b>	<b>(9,335.56)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>154.98</b>	<b>114.22</b>
<b>Cash and cash equivalents As at March 31,2016</b>	<b>164.87</b>	
<b>Cash and cash equivalents As at March 31,2017</b>	<b>319.85</b>	50.65
<b>Cash and cash equivalents comprise</b>		
Cash, Cheques & Drafts (In hand)	3.61	0.48
<b>Balance with Scheduled Banks :</b>		
Current Accounts	316.24	164.39
Term Deposit & Margin Money with Banks (against Bank Guarantees & Letter of Credit issued by Bank)		
<b>Total</b>	<b>319.85</b>	<b>164.87</b>

The accompanying notes form an integral part of financial statements

As per our report of even date

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

*Mans*

CA. Neeraj Bansal  
Partner  
Membership No. 095960

Place: *Noida*  
Dated: *15.05.2017*



*Shafiq*  
Shafiq Kumar  
Chief Financial Officer

*B. Krishna*  
Brajesh Kr. Rai  
Chief Operating Officer  
*Asha Rani*  
Aasha Rani  
Company Secretary  
M.No.A39007

*Sanjay Gulati*  
For and on behalf of the Board of Directors  
Sanjay Gulati  
Managing Director  
DIN: 05201178

*Hideaki Horiuchi*  
Hideaki Horiuchi  
Director  
DIN: 07033748

**ISGEC HITACHI ZOSEN LIMITED**  
**CIN: U28123HR2012PLC045430**

**Statement of changes in equity for the year ended as on March 31, 2017**

**A. Equity share capital**

(Rs in Lakhs)

As at April 1, 2015	Changes during the year	As at March 31, 2016	Changes during the year	As at March 31, 2017
10,000	-	10,000	-	10,000

**B. Other equity**

(Rs in Lakhs)

Particulars	Reserves and Surplus	Other Reserves	Total
	Retained earnings	Cash Flow Hedge Reserve	
<b>Restated Balance as at April 1, 2015</b>	(531.59)	(19.88)	(551.47)
Profit for the period	1,163.26		1,163.26
Other Comprehensive income	(8.07)	(24.44)	(32.50)
<b>Total comprehensive income for the year</b>	<b>1,155.19</b>	<b>(24.44)</b>	<b>1,130.75</b>
<b>Balance as at March 31, 2016</b>	<b>623.60</b>	<b>(44.32)</b>	<b>579.28</b>
Profit for the period	1,272.21		1,272.21
Other Comprehensive income	(23.96)	15.68	(8.28)
<b>Total comprehensive income for the year</b>	<b>1,248.24</b>	<b>15.68</b>	<b>1,263.92</b>
<b>Balance as at 31.3.2017</b>	<b>1,871.84</b>	<b>(28.64)</b>	<b>1,843.21</b>

*The accompanying notes form an integral part of financial statements*

As per our report of even date


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

  
Shailesh Kumar  
Chief Financial Officer

  
Brajesh Kr. Rai  
Chief Operating Officer

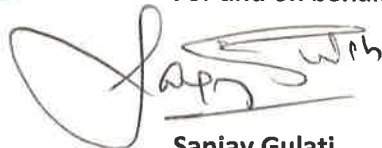
  
Aasha Rani  
Company Secretary  
M.No.A39007

CA. Neeraj Bansal  
Partner  
Membership No. 095960

Place:   
Dated: 15.05.2017



For and on behalf of the Board of Directors

  
Sanjay Gulati  
Managing Director  
DIN: 05201178

  
Hideaki Horiuchi  
Director  
DIN:07033748

# 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

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company, with effect from 1 April 2016, has adopted Indian Accounting Standards (the 'IND AS') notified under the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amended) Rules, 2016. For all periods up to and including the year ended 31st March 2016, the Company had prepared its financial statements in accordance with accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (referred to as 'Indian GAAP').

These financial statements are the Company's first IND AS financial statements. The Company has adopted all the IND AS standards and the adoption was carried out in accordance with IND AS 101 First time adoption of Indian Accounting Standards. Previous period numbers in the financial statements have been restated to Ind AS. Reconciliations and descriptions of the effect of the transition has been summarized in Note No. 45. The details of the first time adoption exemptions availed by the Company is given in Note No. 44a.

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.



## ISGEC HITACHI ZOSEN LIMITED

### 2.3 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The specific recognition criteria described below must also be met before revenue is recognized.

#### Sale of products

Revenue from the sale of products is recognized on dispatch of goods from the factory/ other locations, when all the significant risk and rewards of ownership of the goods have passed to the buyer, the amount of revenue and costs associated with the transaction can be measured reliably and no significant uncertainty exists regarding the amount of Consideration that will be derived from the sales of goods. Revenue is measured at the fair value (refer 2.18) of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### Rendering of Services

Revenue in case of services carried out is recognised on the rendering of services as per the terms of the contract /agreements/job orders.

#### 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.

### 2.3 Inventories

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

**Finished goods and work in progress:** are valued at lower of cost or net realizable value. Cost includes cost of direct materials and applicable direct manufacturing and administrative overheads. Value of finished stock is inclusive of excise duty.

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

### 2.4 Property, Plant & Equipment

#### Transition to Ind AS

The Company has adopted optional exemption under Ind AS-101 and elected to continue with the carrying value of all its property, plant and equipment as recognized in the financial statement at the date of transition i.e. at 1st April, 2015, measured as per the previous GAAP and use that as its deemed cost as at the transition date, refer note no. 44a.



## ISGEC HITACHI ZOSEN LIMITED

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

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

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

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 recognised 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 amortisation 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.

On the date of transition to Ind AS, existing carrying value as per previous GAAP has been adopted as deemed cost.

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



## 2.6 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 amortised over a period not exceeding ten years on a straight line method.

## 2.7 Impairment of Non-Financial Assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does 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 Recognised 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 recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income.





## ISGEC HITACHI ZOSEN LIMITED

### (iii) Leave Encashment

The expected cost of accumulating compensated absences 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 Liability is classified as current liability as the company does not have any conditional right to defer the payments.

Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income.

### (iv) Pension

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

### (v) Other Short Term Benefits

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

## 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.

For arrangements entered into prior to 1 April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### Where the Company is the lessee

A lease is classified at the inception date as a finance lease or an operating lease. The Company has taken equipment, plant and machinery and other movable assets under non-cancellable operating lease and payment made for the same is charged to statement of Profit and Loss.

Payments made under lease for other assets are charged to statement of Profit and Loss as per respective lease agreements.

## 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.



## ISGEC HITACHI ZOSEN LIMITED

### Deferred Tax

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

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

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

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

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

### MAT

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

### 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.

A contingent liability is disclosed when

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or



## ISGEC HITACHI ZOSEN LIMITED

(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 recognised 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 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



## ISGEC HITACHI ZOSEN LIMITED

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.

### **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.



# ISGEC HITACHI ZOSEN LIMITED

## 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 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 recognised 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.

## 2.17 Preliminary Expenses

All expenses prior to commencement of commercial operation are aggregated as preliminary expenses. These are to be amortised and over of 5 financial years on commencement of commercial operations.

## 2.18 Fair Value Measurement

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

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

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

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

The Entity uses valuation techniques that are appropriate in the circumstances and for which sufficient



## ISGEC HITACHI ZOSEN LIMITED

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

Notes to Financial Statements as at March 31, 2017

Note 4 : Property, plant and equipments/ Capital work in progress

(Rs in Lakhs)

Particulars	Building	Plant and machinery		Furniture and Fittings	Office equipments		Vehicles	Electrical Installation and equipment			Computer and Data processing unit	General Laboratory Equipments	Total	Capital work in progress
		P & M	Tools & Implements		Office equipment	Library		Electronic equipment	Electrical Installation	Refrigeration And Air Conditioning Machine				
<b>Gross Carrying Value</b>														
As at April 1,2015	29.76	2,564.22	117.94	68.50	22.12	3.97	37.32	9.13	200.06	18.67	50.80	18.67	3,141.15	
Additions	2.00	638.91	13.32	4.09	8.05		35.05	2.45	5.45	1.15	30.37	6.38	747.21	
Disposal /Transfer					0.06		9.93						9.99	
As at March 31,2016	31.76	3,203.12	131.26	72.60	30.11	3.97	62.44	11.58	205.51	19.81	81.18	25.04	3,878.37	
Additions		886.45	112.86	12.80	2.62		8.04	1.41	59.05	8.98	30.78	7.34	1,130.33	236.66
Disposals/transfers														
As at March 31,2017	31.76	4,089.57	244.11	85.40	32.73	3.97	70.48	12.99	264.56	28.80	111.95	32.39	5,008.71	236.66
<b>Accumulated depreciation</b>														
As at April 1,2015	1.46	182.13	34.57	28.22	9.13	2.00	18.34	2.52	30.25	5.00	29.62	5.04	2,323.54	
Depreciation charge for the year	1.38	321.43	33.14	11.65	7.31	0.93	7.45	2.09	44.57	3.72	24.11	4.84	462.62	
Disposals/transfers					0.00		5.55						5.55	
As at March 31,2016	2.84	503.55	67.71	39.86	16.44	2.93	20.25	4.61	74.82	8.72	53.73	9.88	805.35	
Depreciation charge for the year	1.41	388.91	36.31	12.53	6.73	0.49	13.73	2.33	37.67	3.76	25.79	4.37	534.03	
Disposals/transfers														
As at March 31,2017	4.25	892.47	104.02	52.39	23.17	3.42	33.98	6.94	112.49	12.48	79.52	14.26	1,339.38	
<b>Net Carrying Value</b>														
As at April 01,2015	28.29	2,382.08	83.37	40.29	13.00	1.97	18.98	6.60	169.81	13.66	21.19	13.63	2,792.87	
As at March 31,2016	28.92	2,699.57	63.55	32.73	13.67	1.04	42.19	6.96	130.69	11.09	27.44	15.16	3,073.03	
As at March 31,2017	27.51	3,197.11	140.09	33.01	9.57	0.55	36.50	6.05	152.07	16.31	32.43	18.13	3,669.33	236.66

Notes :

- Property, plant and equipment pledged as security (Refer Note 19 & 22)
- Contractual Commitment towards purchase of Property, Plant and Equipment, Refer Note No. 38
- Opening balances of Gross block and accumulated depreciation have been regrouped/ reclassified/rearranged wherever considered necessary.
- Borrowing cost capitalised during the periods is nil.



## Note 5 : Other Intangible Assets

(Rs in Lakhs)

Particulars	Computer software	Intangible Asset Under Development
<b>Gross carrying value</b>		
As at April 1,2015	49.33	-
Additions	3.76	-
Disposal /Transfer		
<b>As at March 31,2016</b>	<b>53.09</b>	<b>-</b>
Additions	78.98	127.93
Disposals/transfers	-	-
<b>As at March 31,2017</b>	<b>132.07</b>	<b>127.93</b>
<b>Accumulated depreciation :</b>		
As at April 1,2015	11.54	-
Depreciation charge for the year	10.25	-
Disposals/transfers	-	-
<b>As at March 31,2016</b>	<b>21.79</b>	<b>-</b>
Depreciation charge for the year	21.36	-
Disposals/transfers	-	-
<b>As at March 31,2017</b>	<b>43.15</b>	<b>-</b>
<b>Net carrying value</b>		
As at April 1,2015	37.79	-
As at March 31,2016	31.30	-
<b>As at March 31,2017</b>	<b>88.92</b>	<b>127.93</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.
- 3) Intangible asset under development includes expenses incurred towards implementation of ERP.





ISGEC HITACHI ZOSEN LIMITED

Notes to Financial Statements as at March 31, 2017

Note 6: Non Current Financial Assets- Loans

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
<b><u>Secured considered good</u></b>			
- Loan to Employees (Loan to Employees are secured by way of hypothecation of Vehicles)	23.00	20.07	10.01
<b><u>Unsecured considered good</u></b>			
- Loan to Employees	15.00	13.58	9.70
- Security Deposits	1.85	0.03	0.03
<b>Total</b>	<b>39.85</b>	<b>33.68</b>	<b>19.74</b>

Note 7 Non Current Financial Assets -Others

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
Fixed deposit with Bank with more than 12 months maturity period (under lien)	229.82	116.79	26.43
<b>Total</b>	<b>229.82</b>	<b>116.79</b>	<b>26.43</b>



**Note : 8 Deferred Tax**

**8.1 The balance comprises temporary differences attributable to:**

(Rs. in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Deferred Tax Assets/(Liabilities)			
WDV of Assets	(260.94)	(218.48)	(216.50)
Timing Difference as per section 43B of Income Tax Act	58.33	45.34	36.44
Accumulated tax losses	-	299.28	772.20
Preliminary Expenses	-	3.51	7.02
Net deferred tax Assets/(Liabilities)	(202.62)	129.65	599.16
(b) MAT credit Entitlement	714.77	633.38	295.00
<b>Total Deferred tax assets/(Liabilities)</b>	<b>512.16</b>	<b>763.03</b>	<b>894.16</b>

8.2 The Company has recognized deferred tax assets on carried forward tax losses for year ended March 31, 2016 and April 1, 2015. The company operations are expected to be profitable in future years. The losses are available for eight years for offsetting against future taxable income.

**8.3 Movement In Deferred tax Liabilities/Deferred Tax Assets**

Particulars	Defined Benefit Obligation	Other Provisions	Fixed Assets	Tax Losses	Other Items	Total
At 1 April 2015	36.44	-	(216.50)	772.20	7.02	599.16
(Charged)/credited:-						
-to profit & loss	(4.06)	9.36	(1.98)	(472.92)	(3.51)	(473.12)
-to other Comprehensive Income	3.61	-	-	-	-	3.61
-Deferred tax on basis Adjustment	-	-	-	-	-	-
At 31st March 2016	35.98	9.36	(218.48)	299.28	3.51	129.65
(Charged)/credited:-						
-to profit & loss	5.73	(3.46)	(42.46)	(299.28)	(3.51)	(342.99)
-to other Comprehensive Income	10.72	-	-	-	-	10.72
-Deferred tax on basis Adjustment	-	-	-	-	-	-
At 31st March 2017	52.43	5.90	(260.94)	-	-	(202.62)

**8.4 Movement In MAT credit entitlement**

(Rs. in Lakhs)

Particulars	Amount
At April 1, 2015	295.00
(Charged)/credited:-	
-to profit & loss	338.38
-to other Comprehensive Income	-
At March 31, 2016	633.38
(Charged)/credited:-	
-to profit & loss	81.40
-to other Comprehensive Income	-
At March 31, 2017	714.78



**ISGEC HITACHI ZOSEN LIMITED****Notes to Financial Statements as at March 31, 2017****Note 9 : Other Non-current Assets****(Rs in Lakhs)**

<b>Particulars</b>	<b>As at March 31,2017</b>	<b>As at March 31,2016</b>	<b>As at April 1,2015</b>
(Unsecured, considered good)			
Capital advances	36.85	11.00	
Advances other than capital advances:			
- Security Deposits	0.20	0.20	0.20
<b>Total</b>	<b>37.05</b>	<b>11.20</b>	<b>0.20</b>



**ISGEC HITACHI ZOSEN LIMITED****Notes to Financial Statements as at March 31, 2017****Note 10 : Inventories****(Rs in Lakhs)**

<b>Particulars</b>	<b>As at March 31,2017</b>	<b>As at March 31,2016</b>	<b>As at April 1,2015</b>
(a) Raw Materials and components	4,243.45	2,111.50	2,354.01
(b) Stores and Spares	98.00	77.49	93.07
(c) Scrap Inventory	-	-	4.69
(d) Material Under Inspection/ in Transit	384.25	221.10	211.34
(e) Work-in-Progress :			
- Engineering Goods	17,460.69	12,143.10	8,339.98
(f) Finished Goods	240.00	-	-
(g) Finished Goods in transit	1,336.88	-	-
<b>Total</b>	<b>23,763.26</b>	<b>14,553.19</b>	<b>11,003.09</b>



**ISGEC HITACHI ZOSEN LIMITED**  
**Notes on Financial Statements**

**Note 11 Current Financial Assets-Trade Receivables**

(Rs in lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
Trade receivables			
-Related parties	369.48	525.26	3,672.37
-Others	5,955.74	4,427.38	7,042.23
Less: Allowance for doubtful debts	(2.62)	-	-
<b>Total</b>	<b>6,322.61</b>	<b>4,952.64</b>	<b>10,714.60</b>

**Note 11.1 Break-up for security details:**

(Rs in lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
<b>Trade receivables</b>			
Unsecured, considered good	6,322.61	4,952.64	10,714.60
Doubtful	2.62	-	-
	<b>6,325.23</b>	<b>4,952.64</b>	<b>10,714.60</b>
Allowance for doubtful debts	(2.62)	-	-
<b>Total</b>	<b>6,322.61</b>	<b>4,952.64</b>	<b>10,714.60</b>

**Note 12 : Cash and Cash Equivalent**

(Rs in lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
i) Cash on hand	3.61	0.48	0.59
ii) Balance with Banks:			
-On Current and Cash Credit Accounts	316.24	164.39	50.05
<b>Total</b>	<b>319.85</b>	<b>164.87</b>	<b>50.65</b>

**Note 13 : Other Bank Balances**

(Rs in lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
Balance with banks:			
-In Fixed Deposits Accounts within 3 months from the date of deposit (Refer Note-13.1)(under lien)	353.82	70.47	355.58
-In Fixed Deposits Accounts maturing after 3 months but within one year from the date of deposit (Refer Note- 13.1) (under lien)	308.26	1,139.29	365.39
Earmarked balances with banks			
-Held as margin money (Refer Note- 13.1)	-	17.27	-
<b>Total</b>	<b>662.08</b>	<b>1,227.03</b>	<b>720.97</b>

**Note 13.1 Fixed Deposits With Banks**

(Rs in lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
a) Under Lien			
i) Maturing within 3 months from date of deposit	353.82	70.47	355.58
ii) Maturing after 3 months from date of deposit but within one year of Balance Sheet date	308.26	1,139.29	365.39
iii) Maturing after one year of Balance Sheet date (Classified as non current financial asset(Others ))	229.82	116.79	-



## Note 14 Current Financial Assets - Loans

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
<b>Secured considered good</b>			
-Loan to Employees (Loan to Employees are secured by way of hypothecation of Vehicles)	4.32	3.24	2.10
<b>Unsecured considered good</b>			
- Loan to Employees	13.75	11.47	10.10
<b>Total</b>	<b>18.07</b>	<b>14.71</b>	<b>12.20</b>

## Note 15 Current Financial Assets -Others

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
Cross Currency Swap	15.95	55.29	-
Forward Derivatives	448.45	55.36	264.29
Interest accrued but not due on Deposits	35.16	42.32	26.93
<b>Total</b>	<b>499.55</b>	<b>152.96</b>	<b>291.22</b>

## Note 16 Other Current Assets

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
<b>Advances other than Capital Advances</b>			
Advance to Suppliers	341.73	480.55	1,046.06
Balances with Government Departments and Others	1,943.98	1,525.43	1,888.15
Prepaid Expenses	26.08	18.51	16.96
Export incentive receivable	70.23	-	189.67
Imprest to Employees	14.54	83.75	2.07
Firm Commitment on Purchases	49.66	3.39	117.05
Others	35.86	44.98	31.41
<b>Total</b>	<b>2,482.07</b>	<b>2,156.61</b>	<b>3,291.38</b>



Note 17 : Equity Share Capital

Particulars	As at		As at		As at	
	Number of shares	(Rs in Lakhs)	Number of shares	(Rs in Lakhs)	Number of shares	(Rs in Lakhs)
<b>Authorized</b> Equity shares of Rs.10 each with voting rights	11,00,00,000	11,000	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	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	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>	<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		As at	
	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	-	-	-	-
<b>Equity shares outstanding at the end of the year</b>	<b>10,00,00,000</b>	<b>10,000</b>	<b>10,00,00,000</b>	<b>10,000</b>

c) Detail of Shares held by Holding Company:

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

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

Class of shares/Name of the shareholders:	As at		As at		As at	
	Number of shares held	% Holding in that class of	Number of shares held	% Holding in that class of	Number of shares held	% Holding in that class of
Equity shares with voting rights						
(i) Isgec Heavy Engineering Limited, India and its nominees	5,10,00,000	51%	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%	4,90,00,000	49%



**ISGEC HITACHI ZOSEN LIMITED**

Notes to Financial Statements as at March 31, 2017

**Note 18 : Other Equity**

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016
<b>A. Reserve and Surplus</b>		
- Retained Earnings		
Balance outstanding at the beginning of the year	623.60	(531.59)
Net profit for the year	1,272.21	1,163.26
-Remeasurements of Post employment benefit obligation,net of tax (see Note 18.1)	(23.96)	(8.07)
<b>Balance outstanding at the close of the year</b>	<b>1,871.84</b>	<b>623.60</b>

Note 18.1 : There is an item of the other comprehensive income, recognised directly in retained earnings

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016
<b>B. Others</b>		
Cash flow Hedge Reserve		
Balance outstanding at the beginning of the year	(44.32)	(19.88)
During the year		
Deferred hedging gain and loss reclassify to profit and loss	55.02	(79.72)
Gain/Losses on Cash flow Hedge	(39.34)	55.29
<b>Balance outstanding at the close of the year</b>	<b>(28.64)</b>	<b>(44.32)</b>

<b>Grand Total (A+B)</b>	<b>1,843.21</b>	<b>579.28</b>
--------------------------	-----------------	---------------

**Note 18.2 : 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 profit and loss, when the hedge item affects profit and loss.





## Note 19 :Non Current Financial Liabilities -Borrowings

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
<b>Secured Long Term Borrowings ( Refer Note 19.1)</b>			
-Term Loans			
-From banks in foreign currency			
-External Commercial Borrowings	509.23	1,029.14	1,414.37
<b>Total</b>	<b>509.23</b>	<b>1,029.14</b>	<b>1,414.37</b>

## Note 19.1 Detail of Term Loans from Banks:

Initial Loan Amount	Loan Outstanding As at March 31,2017	Current maturity	Long Term	Rate of Interest	Term of Repayment
1,853.40	972.58	463.35	509.23	LIBOR+2.75%	Repayable quarterly instalments of \$ 1,87,500 each. Last instalment due on 22nd January 2019.

## Security Details

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

(b) The corporate guarantee of Isgec Heavy Engineering Limited.

## Note 20 Non Current Financial Liabilities- Others

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
Deposits from Employees (under Company Car Scheme)	17.63	14.12	11.25
Security Deposits received.	1.00	1.00	-
<b>Total</b>	<b>18.63</b>	<b>15.12</b>	<b>11.25</b>

## Note 21 Non Current Provisions

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
<b>(I) Provision for Employee Benefits:</b>			
- Provision for Pension (unfunded )	31.06	33.78	33.85
<b>(II) Others</b>			
Provision for after sale service(Refer note 21.1 and 21.2)	188.81	43.98	21.71
<b>Total</b>	<b>219.86</b>	<b>77.76</b>	<b>55.56</b>

## Note 21.1 Movement of provision for Liabilities

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
<b>(A) Movement of provision for Performance Warranties / After Sales Services</b>			
(i) Opening Balance	131.95	35.80	4.34
(ii) Provided for during the year	445.47	131.95	31.53
(iii) Used during the year	131.95	35.80	0.07
(iv) Reversed during the year	-	-	-
<b>Closing Balance</b>	<b>445.47</b>	<b>131.95</b>	<b>35.80</b>
<b>Break up of Closing Balance</b>			
Long term provisions	188.81	43.98	21.71
Short term provisions	256.67	87.97	14.09
<b>(B) Timing of outflow/uncertainties</b>	Outflow will happen as and when claims are made by Customers.		

**ISGEC HITACHI ZOSEN LIMITED**

Notes to Financial Statements as at March 31, 2017

**Note 22 Current Financial Liabilities -Short Term Borrowings**

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
<b>i) Secured</b>			
(a) Loans repayable on demand			
-Cash Credit from Banks(Refer note 22.1)	2,209.69	963.95	8,939.61
-Working Capital Demand loan(Refer note 22.2)	1,500.00	-	-
(b) Other Secured loan from banks			
- Packing Credit from Banks(Refer note 22.3)	2,500.00	-	-
-Buyers Credit from Banks (in USD)(Refer note 22.4)	1,038.34	-	-
<b>Total</b>	<b>7,248.03</b>	<b>963.95</b>	<b>8,939.61</b>

**Note 22.1**

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)
- 2.) Corporate Guarantee of Isgec Heavy Engineering Limited.
- 3.) Rate of interest is ranging from 9.45% to 12.75%

**Note 22.2**

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)
- 2.) Corporate Guarantee of Isgec Heavy Engineering Limited.
- 3.) Rate of interest is 7.70%

**Note 22.3**

Details of Securities offered for above short term Borrowing :-

- 1.) Secured against first pari-passu charge on present and future current assets & moveable fixed assets (excluding assets if any charged to term lenders)
- 2.) Corporate Guarantee of Isgec Heavy Engineering Limited.
- 3.) Rate of interest is 5.40%

**Note 22.4**

Details of Securities offered for above short term Borrowing :-

- 1.) Secured against first Pari-Passu charge on current assets including stocks & moveable fixed assets(excluding assets if any charged to term lenders)
- 2.) Corporate Guarantee of Isgec Heavy Engineering Limited.
- 3.) Rate of interest is 7.10% including hedging of USD-INR



**ISGEC HITACHI ZOSEN LIMITED**

Notes to Financial Statements as at March 31, 2017

**Note 23 Current Financial Liabilities-Trade Payables**

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
(a) To Micro, Medium & Small Enterprises (Refer Note 23.1)	5.95	36.81	56.11
(b) To other than Micro, Medium & Small Enterprises			
(i) To related Parties			
- To Isgec Heavy Engineering Ltd	387.21	233.82	38.93
- To Hitachi Zosen Corporation, Japan	2,771.79	534.60	640.90
(ii) To others	773.24	825.24	1,344.60
<b>Total</b>	<b>3,938.20</b>	<b>1,630.47</b>	<b>2,080.55</b>

**Note 23.1 Trade Payables to Micro, Medium and Small Enterprises**

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
a) Amount remaining unpaid to any supplier			
Principal Amount	5.95	36.81	56.11
Interest due thereon	Nil	Nil	Nil
b) Interest paid under Micro, Small and Medium Enterprises (Development) Act, 2006	Nil	Nil	Nil
c) Interest due (Other than (b) above)	Nil	Nil	Nil
d) Interest accrued and unpaid	Nil	Nil	Nil



## Note 24 Current Financial Liabilities- Others

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
(a) Current Maturities of long -term debt			
(i) External Commercial Borrowing (Refer note 19.1 )*	463.35	463.35	463.35
(b) Firm Commitment on Sales	609.00	56.31	378.75
(c) Interest accrued but not due on borrowings	43.09	29.43	38.67
(d) Payables to Employees	180.05	167.03	185.31
(e) Retention monies	2.70	-	-
(f) Supplier of Capital goods	47.04	13.08	55.84
(g) Other Liabilities			
- Stale Cheque	6.28	6.03	2.94
-Expenses Payable	1,260.95	638.98	936.19
<b>Total</b>	<b>2,612.47</b>	<b>1,374.21</b>	<b>2,061.05</b>

\*For detail of security for current maturities of long term debt please refer Note 19.1

## Note 25 Other Current Liabilities

(Rs in Lakhs)

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
(a) Advance from customers (unrelated)	7,049.21	5,551.59	2,579.89
(b) Advance from customers (related)			
-Hitachi Zosen Corporation, Japan	4,409.61	5,195.92	2,893.71
-Isgec Heavy Engineering Ltd.	220.00	138.74	-
(c) Statutory dues payable (including PF and tax deducted at source)	151.25	84.10	118.12
(d) Other liabilities	201.80	153.42	-
<b>Total</b>	<b>12,031.86</b>	<b>11,123.78</b>	<b>5,591.72</b>



Note 26 Current Liabilities-Provisions

( Rs In lakhs)			
Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
<b>(I) Provision for Employee Benefits:</b>			
(a) Provision for Leave Encashment (unfunded )	169.67	116.45	84.96
(b) Provision for Pension (unfunded )	2.52	2.11	4.14
(c ) Provision for Gratuity (funded)	106.88	39.05	14.13
<b>(II) Others</b>			
(a) Provision for after sale service	256.67	87.97	14.09
(b) Provision for CSR (Refer Note-26.1)	1.52	-	-
<b>Total</b>	<b>537.25</b>	<b>245.57</b>	<b>117.32</b>

Note 26.1

Movement of provision for CSR

Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
(i) Opening Balance			
(ii) Provided for during the year	1.52	-	-
(iii) Incurred during The year	-	-	-
<b>Closing Balance</b>	<b>1.52</b>		

Gross Amount required to be spent during the year 1.52

Note 27 Current Tax Liability

( Rs In lakhs)			
Particulars	As at March 31,2017	As at March 31,2016	As at April 1,2015
Provision for Income Tax(net of Advance tax And TDS)	50.47	211.76	135.34
	-	-	-
<b>Total</b>	<b>50.47</b>	<b>211.76</b>	<b>135.34</b>



ISGEC HITACHI ZOSEN LIMITED

Notes to Financial Statements as at March 31, 2017

Note 28 : Revenue from Operations

(Rs in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>(a) Sale of Goods</b>		
Sale of products - Domestic	28,283.62	24,603.19
Sale of products - Export	5,707.17	3,708.33
Store sale	3.37	16.32
	<b>33,994.16</b>	<b>28,327.84</b>
<b>(b) Sale of services</b>		
Job work /Site work services	493.17	146.59
Receipt from other Services	-	10.00
	<b>493.17</b>	<b>156.59</b>
(c) Other operating revenues (Refer Note 28.1 below)	1,130.00	1,173.64
<b>Grand Total</b>	<b>35,617.32</b>	<b>29,658.07</b>

Note 28.1 Other Operating Revenue

(Rs in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Foreign exchange fluctuation gain (Net)	-	116.36
Scrap and Waste Sale(including E.duty)	365.11	364.52
Excess provision written back.	294.30	375.97
Claim received (Export)	130.76	306.21
Miscellaneous Income	25.15	10.58
Export incentive and duty draw back	0.79	-
Export incentive received	313.89	-
<b>Total</b>	<b>1,130.00</b>	<b>1,173.64</b>



**ISGEC HITACHI ZOSEN LIMITED**

Notes to Financial Statements as at March 31, 2017

**Note 29 Other Income**

(Rs in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>Interest Income</b>		
- On Bank Deposits	111.17	76.35
- Other Interest	0.21	3.31
Other Misc. Receipts	-	1.62
Insurance claim receipt	-	3.79
<b>Total</b>	<b>111.38</b>	<b>85.07</b>



**ISGEC HITACHI ZOSEN LIMITED**

Notes to Financial Statements as at March 31, 2017

**Note 30 Cost of Materials, Components, Stores and Spares Consumed**

(Rs in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Raw Materials & Components (Refer Note 30.1)	21,920.11	15,857.19
Consumption of Stores and Spares	285.92	138.29
<b>Total</b>	<b>22,206.03</b>	<b>15,995.49</b>

**Note 30.1 Details of Raw Materials and Components Consumed**

(Rs in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Iron and Steel	11,040.76	6,533.15
Components and other items issued for Jobs	10,879.35	9,324.04
<b>Total</b>	<b>21,920.11</b>	<b>15,857.19</b>





**ISGEC HITACHI ZOSEN LIMITED**  
**Notes to Financial Statements as at March 31, 2017**

**Note 31 Changes in Inventories of Finished Goods, Work - in - Progress and Stock - in - trade**  
**(Rs in Lakhs)**

<b>Particulars</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
<b>Opening stock</b>		
Work - in - Progress	12,143.10	8,339.98
Finished Goods	-	-
<b>Total</b>	<b>12,143.10</b>	<b>8,339.98</b>
<b>Closing stock</b>		
Work - in - Progress	17,460.69	12,143.10
Finished Goods	240.00	-
Finished Goods in transit	1,336.88	-
<b>Total</b>	<b>19,037.56</b>	<b>12,143.10</b>
<b>Net increase in Inventory (-)</b>	<b>(6,894.47)</b>	<b>(3,803.12)</b>



Note 32 Employees Benefits Expenses

(Rs in Lakhs)

Particulars	Year ended	
	March 31, 2017	March 31, 2016
Salaries, Wages and Bonus	2,692.17	2,426.67
Contribution to Provident and other Funds	120.63	109.44
Staff Welfare Expenses	28.38	24.93
<b>Total</b>	<b>2,841.18</b>	<b>2,561.04</b>

Note 32.1 Details of Employees Benefits Expenses

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

a) Defined Contribution Plan:

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

Particulars	2016-17	2015-16
Provident Fund	120.63	109.44
<b>Total</b>	<b>120.63</b>	<b>109.44</b>

b) Defined Benefits Plan :

(Rs in Lakhs)

Description	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)
	2016-17	2016-17	2015-16	2015-16	2014-15	2014-15
<b>i. Change in Present value of Obligation</b>						
a. Present Value of Obligation at the beginning of the Period	174.40	116.45	120.01	84.96	89.11	63.18
b. Interest cost	13.08	8.73	9.60	6.80	7.21	5.33
c. Current service cost	43.34	36.63	32.74	30.49	22.15	22.70
d. Benefits paid	(10.41)	(22.83)	(2.35)	(21.14)	(1.37)	(16.20)
e. Actuarial (gain) / loss	36.72	30.69	14.40	15.34	2.90	9.95
f. Present Value of Obligation at the end of the Period	257.13	169.67	174.40	116.45	120.01	84.96
<b>ii. Change in the Fair Value of Plan Assets</b>						
a. Fair Value of Plan Assets at the beginning of the Period	135.35	N.A	105.88	N.A	77.73	N.A
Acquisition adjustment						
b. Actual return on plan assets	12.19	-	11.20	-	7.94	-
c. Contributions	13.12	-	20.62	-	21.77	-
d. Benefits paid	(10.41)	-	(2.35)	-	(1.37)	-
e. Actuarial Gain / (Loss) on Plan Assets	0.00	-	-	-	(0.19)	-
f. Fair Value of Plan Assets at the end of the Period	150.25	-	135.35	-	105.88	-



Description	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)	Gratuity (Funded)	Leave Encashment (Non-funded)
	2016-17	2016-17	2015-16	2015-16	2014-15	2014-15
<b>III. Reconciliation of Fair Value of Assets and Obligations In Balance Sheet.</b>						
a. Present Value of Obligation at the end of the Period	257.13	169.67	174.40	116.45	120.01	84.96
b. Present Value of Obligation at the end of the Period	150.25	-	135.35	-	105.88	-
c. Amount recognised in the Balance Sheet	(106.88)	(169.67)	(39.05)	(116.45)	(14.13)	(84.96)
<b>IV. Expenses reconciled in the statement of Profit &amp; Loss</b>						
a. Current Service Cost	43.34	36.63	32.74	30.49	22.15	22.70
b. Net interest Cost	2.93	8.74	1.13	6.80	7.21	5.33
c. Expected Return on Plan Assets	-	-	-	-	(7.92)	-
d. Net actuarial (gain)/loss recognised in profit/loss	-	30.68	-	15.34	3.08	9.95
e. Expenses recognised in the statement of Profit & Loss	46.27	76.05	33.87	52.63	24.52	37.98
<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	(36.72)	-	(14.40)	-	-	-
c. Actuarial gain / (loss) for the year on Asset	2.04	-	2.73	-	-	-
d. Unrecognized actuarial gain/(loss) at the end of the year	(34.68)	-	(11.67)	-	-	-
<b>vi Maturity Profile of Defined Benefit Obligation</b>						
1 Within the next 12 months (next annual reporting period)	10.64	8.00	-	-	-	-
2 Between 2 and 5 years	27.07	18.93	-	-	-	-
3 Between 6 and 10 years	219.42	142.74	-	-	-	-
<b>vii Quantitative sensitivity analysis for significant assumptions is as below</b>						
<b>(i). Impact of the change in discount rate</b>						
Present Value of Obligation at the end of the period	257.13	169.67	-	-	-	-
a. Impact due to increase of 0.50 %	(19.45)	(13.39)	-	-	-	-
b. Impact due to decrease of 0.50 %	21.71	14.98	-	-	-	-
<b>ii) Impact of the change in salary increase</b>						
Present Value of Obligation at the end of the period	257.13	169.67	-	-	-	-
a. Impact due to increase of 0.50 %	21.60	14.90	-	-	-	-
b. Impact due to decrease of 0.50 %	(19.54)	(13.45)	-	-	-	-

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

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

**(II) Sensitivity Analysis Method**

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

<b>viii Major categories of plan assets (as percentage of total plan assets)</b>				
Insurer Managed Funds	100%	100%	-	-
<b>ix Actuarial assumptions</b>				
<b>a. Economic Assumptions</b>				
i. Discounting Rate	7.50%	7.50%	7.50%	7.50%
ii. Salary escalation	7.50%	7.50%	6.50%	6.50%
<b>b. Demographic Assumption</b>				
i. Retirement Age (Years)	60	60	60	60
ii. Mortality rates inclusive of provision for disability	100% of IALM (2006 - 08)		100% of IALM (2006 - 08)	
iii. Ages	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3	3	3	3
From 31 to 44 years	2	2	2	2
Above 44 years	1	1	1	1
<b>Mortality Rates for specimen ages</b>				

Age	Mortality Rate	Age	Mortality Rate	Age	Mortality Rate
15	0.000614	45	0.002874	75	0.039637
20	0.000888	50	0.004946	80	0.060558
25	0.000984	55	0.007888	85	0.091982
30	0.001056	60	0.011534	90	0.138895
35	0.001282	65	0.017009	95	0.208585
40	0.001803	70	0.025855	100	0.311628



**ISGEC HITACHI ZOSEN LIMITED****Notes to Financial Statements as at March 31, 2017****Note 33 Finance Costs****(Rs in Lakhs)**

<b>Particulars</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
Interest on External Commercial Borrowings	131.99	184.59
Interest Expenses	413.32	658.89
Interest on Income tax	19.50	-
Other Borrowing cost	29.07	43.80
<b>Total</b>	<b>593.88</b>	<b>887.28</b>



## Note 34 Other Expenses

(Rs in Lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Power & Fuel	760.29	742.95
Other Manufacturing Expenses	5,739.55	3,588.92
Lease Rent	2,835.00	2,836.35
Repairs to:		
-Machinery	194.51	168.67
-Building	21.98	25.06
-Others	1.22	5.28
Insurance	42.50	38.34
Rates and Taxes	1.69	9.30
Swachh Bharat Cess	41.82	16.52
Krishi Kalyan Cess	34.52	-
Brokerage and Commission	420.82	645.53
Bank Charges	202.96	165.20
Electricity and Water Charges	48.79	45.39
Advertisement and Business promotion expenses.	4.16	3.74
Office & Miscellaneous expenses	427.74	389.12
Auditor's Remuneration		
-Statutory audit fees	1.25	1.00
Packing, Forwarding and Transportation Expenses	744.45	1,046.75
CSR Expenses	1.52	-
Travelling Expenses	453.36	340.37
Export Incentive Written off	-	189.56
Excise Duty	2,478.91	1,719.33
Foreign exchange fluctuation Loss	34.22	-
Provision for Expected Credit Loss (Debt)	2.62	-
<b>Total</b>	<b>14,493.87</b>	<b>11,977.41</b>



**ISGEC HITACHI ZOSEN LIMITED**  
**Notes to Financial Statements as at March 31, 2017**

**Note 35 : Tax Expense**

**A. Income Tax Expenses**

Particulars	(Rs. in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>(a) Current tax</b>		
Current tax on profit for the period	399.01	338.38
Adjustments for current tax of prior periods	-	15.80
<b>Total Current tax expense</b>	<b>399.01</b>	<b>354.18</b>
<b>(b) Deferred tax</b>		
Decrease (increase) in deferred tax assets	342.99	473.12
(Decrease) increase in deferred tax Liabilities	-	-
<b>Total Deffered Tax Expenses</b>	<b>342.99</b>	<b>473.12</b>
<b>(c) MAT</b>		
Mat Credit Entitlement	(81.40)	(338.38)
<b>Total Income Tax Expense</b>	<b>660.60</b>	<b>488.92</b>

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

Particulars	(Rs. in Lakhs)	
	Year ended March 31, 2017	Year ended March 31, 2016
Profit before tax	1,898.12	1,640.50
<b>Tax at Indian tax rate of 33.063% (F.Y. 2015-16-30.9%)</b>	<b>627.58</b>	<b>506.91</b>
Add: Expenses disallowed for Tax Purposes		
-Loss on sale of fixed Assets	-	0.07
- CSR Expenses	0.50	-
- Interest on income Tax	6.45	-
- Previous Year Tax adjustment	-	15.80
Less: Non- Taxable Income		
-Profit on sale of Fixed Assets	-	(0.58)
Change in Tax rate	26.07	(33.29)
<b>Income Tax expenses Charged to P/L</b>	<b>660.60</b>	<b>488.92</b>



**ISGEC HITACHI ZOSEN LIMITED****Notes to Financial Statements as at March 31, 2017****Note 36 Earning Per Share**

In accordance with 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:

<b>Particulars</b>	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
a) Net Profit/(Loss) available to Equity Shareholders (Rs. In Lakhs)	1,272.21	1,163.26
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) <b>Basic &amp; Diluted Earning per Share (In Rs.)</b>	<b>1.27</b>	<b>1.16</b>



## Note 37 Contingent Liabilities &amp; Assets

Contingent Liabilities not provided for:

(Rs. In lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I Bonds executed in favour of President of India against EPCG license	2,995.06	21,040.91	15,490.21
II Bonds executed in favour of President of India against advance authorization.	16,028.52	427.20	364.50
III <u>Other Contingent Liability</u>			
Disputed Case with Central Excise & service Tax dept.	36.11	49.56	-
Others	-	20.00	23.55
IV Letters of Credit outstanding at year end including SBLC	4,369.83	9,903.05	3,255.45

## 38. Commitments

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	46.80	-	-

## 38.1 Commitments

(Rs in Lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Lease Rent Charges			
(i) The Company has taken equipments, plant & machinery and other movable assets under non cancellable operating lease in accordance with Ind As -17 on 'leases', the lease rent charged to statement of profit and loss for the year:	2,835	2,835	2,750
(ii) The Company has taken equipments, plant & machinery and other movable assets under non cancellable operating lease. In accordance with Ind As -17 on 'leases disclosure' of the future minimum lease rent to be paid under non cancellable operating leases in the aggregate and for each of the following periods.			
Future minimum lease payments			
not later than one year	2,835	2,835	2,830
later than one year and not later than five years	11,340	11,340	11,320
later than five years	-	2,835	5,660
<b>Total</b>	<b>14,175</b>	<b>17,010</b>	<b>19,810</b>





**ISGEC HITACHI ZOSEN LIMITED**  
**Notes to Financial Statements as at March 31, 2017**

**Note 39 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.

(Rs. In lakhs)

Description	Year ended March 31, 2017			Year ended March 31, 2016		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Revenue by geographical market	29,779.39	5,837.93	35,617.32	25,643.53	4,014.54	29,658.07

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

(Rs. In lakhs)

Description	Year ended March 31, 2017			Year ended March 31, 2016		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Carrying amount of assets	4,159.89	-	4,159.89	3,115.53	-	3,115.53
Addition to fixed assets	1,209.31	-	1,209.31	750.97	-	750.97

No. of Customers individually accounted for more than 10% of the revenue in the year ended March 31, 2017 - 4



**ISGEC HITACHI ZOSEN LIMITED****Notes to Financial Statements as at March 31, 2017****Note 40 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, 2017	As at March 31, 2016	As at April 1, 2015
Isgec Heavy Engineering Limited	Joint Venture Partners	51%	51%	51%
Hitachi Zosen Corporation, Japan	Joint Venture Partners	49%	49%	49%

**(b) Key Management Personnel**

Mr. Sanjay Gulati (Managing Director)

Mr. Shailesh Kumar (CFO)

Ms. Aasha Rani (Company Secretary)

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

Hitachi Zosen India Pvt. Limited

**(d) Other related party**

Isgec Hitachi Zosen Limited group  
gratuity cum life insurance scheme  
trust

(Post-employment benefit plan of ISGEC)



40.1 Following transactions were carried out with related parties in the ordinary course of business during the year and balances as on date 31.03.2017

(Rs in Lakhs)													
Nature of Transactions	Name of Related Party	2016-17				2015-2016				2014-2015			
		Holding Company	Investing /Fellow Subsidiary Comapny	Key Management Personnel	Total	Holding Company	Investing /Fellow Subsidiary Comapny	Key Management Personnel	Total	Holding Company	Investing /Fellow Subsidiary Comapny	Key Management Personnel	Total
<b>A) Purchase of Goods, Services.</b>													
Purchase of Goods	Isgec Heavy Engineering Ltd	566.65	-	-	566.65	166.27	-	-	166.27	81.42	-	-	81.42
	Hitachi Zosen Corporation	-	1,818.66	-	1,818.66	-	2,050.09	-	2,050.09	-	2,330.59	-	2,330.59
Capital Goods	Isgec Heavy Engineering Ltd	-	-	-	-	1.27	-	-	-	-	-	-	-
	Hitachi Zosen Corporation	-	-	-	-	-	254.35	-	-	-	-	-	-
<b>Purchase of Goods Total</b>		<b>566.65</b>	<b>1,818.66</b>	<b>-</b>	<b>2,385.31</b>	<b>167.54</b>	<b>2,304.45</b>	<b>-</b>	<b>2,216.36</b>	<b>81.42</b>	<b>2,330.59</b>	<b>-</b>	<b>2,412.01</b>
<b>B) Service Received</b>													
	Isgec Heavy Engineering Ltd	478.00	-	-	478.00	602.65	-	-	602.65	43.16	-	-	43.16
	Hitachi Zosen Corporation	-	1,124.89	-	1,124.89	-	73.14	-	73.14	-	496.56	-	496.56
<b>Services Received Total</b>		<b>478.00</b>	<b>1,124.89</b>	<b>-</b>	<b>1,602.89</b>	<b>602.65</b>	<b>73.14</b>	<b>-</b>	<b>675.79</b>	<b>43.16</b>	<b>496.56</b>	<b>-</b>	<b>539.72</b>
<b>C) Sale of Goods, Services.</b>													
Sale of Goods	Isgec Heavy Engineering Ltd	1.21	-	-	1.21	732.97	-	-	732.97	318.84	-	-	318.84
	Hitachi Zosen Corporation	-	5,831.12	-	5,831.12	-	4,027.66	-	4,027.66	-	19,430.87	-	19,430.87
<b>Sale of Goods Total</b>		<b>1.21</b>	<b>5,831.12</b>	<b>-</b>	<b>5,832.33</b>	<b>732.97</b>	<b>4,027.66</b>	<b>-</b>	<b>4,760.63</b>	<b>318.84</b>	<b>19,430.87</b>	<b>-</b>	<b>19,749.71</b>



## ISGEC HITACHI ZOSEN LIMITED

Notes to Financial Statements as at March 31, 2017

Nature of Transactions	Name of Related Party				Holding Company	Investing /Fellow Subsidiary Company	Key Management Personnel	Total	Holding Company	Investing /Fellow Subsidiary Company	Key Management Personnel	Total	
Service Rendered	Isgec Heavy Engineering Ltd.	62.84		62.84	35.89			35.89	95.00			95.00	
	Hitachi Zosen Corporation		370.92	370.92									
<b>Services Rendered Total</b>		<b>62.84</b>	<b>370.92</b>	<b>433.77</b>	<b>35.89</b>			<b>35.89</b>	<b>95.00</b>			<b>95.00</b>	
<b>Sale of Goods &amp; Services Total</b>		<b>64.05</b>	<b>6,202.04</b>	<b>6,266.10</b>	<b>768.86</b>	<b>4,027.66</b>		<b>4,796.52</b>	<b>413.84</b>	<b>19,430.87</b>		<b>19,844.71</b>	
<b>D) Rent Paid</b>													
Lease Rent Paid	Isgec Heavy Engineering Ltd.	2,835.00		2,835.00	2,836.35			2,836.35	2,749.80			2,749.80	
<b>Rent Paid Total</b>		<b>2,835.00</b>		<b>2,835.00</b>	<b>2,836.35</b>			<b>2,836.35</b>	<b>2,749.80</b>			<b>2,749.80</b>	
<b>E) Other Expenses</b>													
Other Expenses	Hitachi Zosen Corporation		91.46	91.46									
<b>Other Expenses Total</b>			<b>91.46</b>	<b>91.46</b>									
<b>E) Amount Receivable</b>													
Trade Receivables	Isgec Heavy Engineering Ltd.				513.31			513.31	19.24			19.24	
	Hitachi Zosen Corporation		369.48	369.48		8.42		8.42		3,653.12		3,653.12	
Other receivable	Isgec Heavy Engineering Ltd.				3.52			3.52					
<b>Amount Receivable Total</b>			<b>369.48</b>	<b>369.48</b>	<b>516.84</b>	<b>8.42</b>		<b>525.26</b>	<b>19.24</b>	<b>3,653.12</b>		<b>3,672.37</b>	
<b>F) Amount Payable</b>													
Payables	Isgec Heavy Engineering Ltd.	387.21		387.21	233.82			233.82	38.93			38.93	
Payables	Hitachi Zosen Corporation		2,771.79	2,771.79		534.60		534.60		640.90		640.90	
<b>Amount Payable Total</b>		<b>387.21</b>	<b>2,771.79</b>	<b>3,159.00</b>	<b>233.82</b>	<b>534.60</b>		<b>768.42</b>	<b>38.93</b>	<b>640.90</b>		<b>679.83</b>	
<b>G) Advance received from customers.</b>													
Other Current Liabilities	Isgec Heavy Engineering Ltd.	220.00		220.00	138.74			138.74					
Other Current Liabilities	Hitachi Zosen Corporation		4,409.61	4,409.61		5,195.92		5,195.92		2,893.71		2,893.71	
<b>Total Advance received from customers.</b>		<b>220.00</b>	<b>4,409.61</b>	<b>4,629.61</b>	<b>138.74</b>	<b>5,195.92</b>		<b>5,334.67</b>		<b>2,893.71</b>		<b>2,893.71</b>	
<b>H) Managerial Remuneration</b>													
	Managing Director			70.14	70.14			59.92	59.92			50.49	50.49
<b>I) Remuneration to Key Managerial personnel</b>													
	Chief Financial Officer			15.45	15.45			15.26	15.26			11.02	11.02
	Company Secretary			4.80	4.80			5.95	5.95			7.53	7.53

## Remuneration to KMP includes:

Particulars	(Rs in Lakhs)	
	2016-17	2015-16
Post Employment Benefit -Defined Contribution Plan	1.70	0.86

## 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.



## Note 41 : Fair Value Measurement

## Financial instruments by category

(Rs.in Lakhs)

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI
<b>Financial Asset</b>									
Cross currency swap		15.95			55.29			-	
Forward derivatives		448.45			55.36			264.29	
Trade receivables	6,322.61	-	-	4,952.64	-	-	10,714.60	-	-
Loans	57.92	-	-	48.39	-	-	31.95	-	-
Cash and Cash Equivalents	981.93	-	-	1,391.90	-	-	771.62	-	-
Others	729.37	-	-	269.75	-	-	317.64	-	-
<b>Total Financial Assets</b>	<b>8,091.83</b>	<b>464.39</b>	<b>-</b>	<b>6,662.69</b>	<b>110.65</b>	<b>-</b>	<b>11,835.80</b>	<b>264.29</b>	<b>-</b>
<b>Financial Liabilities</b>									
Borrowings	7,757.26	-	-	1,993.09	-	-	10,353.99	-	-
Trade payables	3,938.20	-	-	1,630.47	-	-	2,080.55	-	-
Other Financial Liabilities	2,631.10	-	-	1,389.34	-	-	2,072.29	-	-
<b>Total Financial Liabilities</b>	<b>14,326.55</b>	<b>-</b>	<b>-</b>	<b>5,012.89</b>	<b>-</b>	<b>-</b>	<b>14,506.83</b>	<b>-</b>	<b>-</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 group 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 April 1, 2015	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 April 1, 2015</b>				
<b>(i) Financial Assets</b>				
<b>Loans &amp; Advances</b>				
Loans to Employees	19.71			19.71
Security Deposit	0.03			0.03
	19.74			19.74
<b>(ii) Financial Liabilities</b>				
Borrowings	10,353.99			10,353.99
	<b>10,353.99</b>			<b>10,353.99</b>
<b>(B) Financial Assets and Liabilities measured at Fair value- recurring fair value measurement at April 1, 2015</b>				
Cross currency swap	-		-	
Forward derivatives	264.29		264.29	
<b>Total</b>	<b>264.29</b>	<b>-</b>	<b>264.29</b>	<b>-</b>

Particulars	Carrying Value March 31, 2016	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, 2016</b>				
<b>(i) Financial Assets</b>				
<b>Loans &amp; Advances</b>				
Loans to Employees	33.65			33.65
Security Deposit	0.03			0.03
	33.68	-	-	33.68
<b>(ii) Financial Liabilities</b>				
Borrowings	1993.09			1993.09
	<b>1,993.09</b>	<b>-</b>		<b>1,993.09</b>
<b>(B) Financial Assets and Liabilities measured at Fair value- recurring fair value measurements at March 31, 2016</b>				
Cross currency swap	55.29		55.29	
Forward derivatives	55.36		55.36	
<b>Total</b>	<b>110.65</b>	<b>-</b>	<b>110.65</b>	<b>-</b>



Particulars	Carrying Value March 31, 2017	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, 2017</b>				
<b>(i) Financial Assets</b>				
<b>Loans &amp; Advances</b>				
Loans to Employees	38.00			38.00
Security Deposit	1.85			1.85
	<b>39.85</b>			<b>39.85</b>
<b>(ii) Financial Liabilities</b>				
Borrowings	7,757.26			7,757.26
	<b>7,757.26</b>	-		<b>7,757.26</b>
<b>(B) Financial Assets and Liabilities measured at Fair value- recurring fair value measurements at March 31, 2017</b>				
Cross currency swap	15.95		15.95	
Forward derivatives	448.45		448.45	
<b>Total</b>	<b>464.39</b>	-	<b>464.39</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 the fair value.



**42. 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 are 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.

**I. Market risk**

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

The sensitivity analyses in the following sections relate to the position as at 31st March 2017 and 31st March 2016.

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	31-03-2017	31-03-2016	01-04-2015
Variable rate borrowings	2,718.92	1,993.09	10,353.99
Fixed rate borrowings	5,501.69	463.35	463.35
<b>Total borrowings</b>	<b>8,220.61</b>	<b>2,456.44</b>	<b>10,817.34</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-17			31-Mar-16		
	Weighted average interest rate (%)	Balance	% of total loans	Weighted average interest rate (%)	Balance	% of total loans
Loans repayable on demand (Cash Credit)	8.75%	2,718.92	33%	10.67%	1,993.09	18.42%
External Commercial Borrowings (including USD_INR Hedging Cost)	11.20%	972.58	12%	11.20%	1,492.49	13.80%
Interest rate swaps (notional principal amount)	-	972.58	-	-	1,492.49	-
<b>Net exposure to cash</b>		<b>2,718.92</b>			<b>1,993.09</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		Impact on Profit before Tax	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
INR	+60	+50	16.31	9.97
	-60	-50	-16.31	-9.97





(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 obtained foreign currency loans and 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:

<b>Foreign currency exposure as at 31st March, 2017</b>	<b>USD</b>	<b>Euro</b>	<b>JPY</b>	<b>Others</b>	<b>Total</b>
Trade Receivables	372.98				372.98
ECB Loan	972.58				972.58
Interst on ECB Loan	6.96				6.96
Trade payables	817.45	70.57	2,019.47	1.07	2,908.55
Hedged Portion	2,120.93	46.67	1,928.00		4,095.60
Net Exposure to foreign	49.04	23.90	91.46	1.07	165.46

<b>Foreign currency exposure as at 31st March, 2016</b>	<b>USD</b>	<b>Euro</b>	<b>JPY</b>	<b>Others</b>	<b>Total</b>
Trade Receivables	13.90	-	-	-	13.90
ECB Loan	1,492.49				1,492.49
Interst on ECB Loan	9.64				9.64
Trade payables		9.86	534.60	-	544.46
Hedged Portion	1,506.39	9.86	470.82	-	1,987.06
Net Exposure to foreign	9.64	-	63.78	-	73.43

**Foreign currency sensitivity**

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

<b>Particulars</b>	<b>2016-17</b>		<b>2015-16</b>	
	<b>1% Increase</b>	<b>1% decrease</b>	<b>1% Increase</b>	<b>1% decrease</b>
USD	0.49	-0.49	0.10	-0.10
Euro	0.24	-0.24	-	-
JPY	0.91	-0.91	0.64	-0.64
Others	0.01	-0.01	-	-

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.

II. Credit risk

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

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

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

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

Ageing	Not Due	Less than 6 months	6-12 months	More than 12 Months	Total
<b>As at 31-03-2017</b>					
Gross Carrying Amount		5,801.99	523.24		6,325.23
Expected loss Rate (in percentage)		-	0.50%		-
Expected Credit Loss (in `)		-	2.62		2.62
<b>Carrying Amount (net of Impairment)</b>		<b>5,801.99</b>	<b>520.62</b>		<b>6,322.61</b>
<b>As at 31-03-2016</b>					
Gross Carrying Amount		4,920.01	32.63		4,952.64
Expected loss Rate (in percentage)		-	-		-
Expected Credit Loss (in `)		-	-		-
<b>Carrying Amount (net of Impairment)</b>		<b>4,920.01</b>	<b>32.63</b>		<b>4,952.64</b>
<b>As at 01-04-2015</b>					
Gross Carrying Amount		10,709.57	5.03		10,714.60
Expected loss Rate (in percentage)		-	-		-
Expected Credit Loss (in `)		-	-		-
<b>Carrying Amount (net of Impairment)</b>		<b>10,709.57</b>	<b>5.03</b>		<b>10,714.60</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
<b>As at 01-04-2015</b>	-
Provided during the year	-
<b>As at 31-03-2016</b>	-
Provided during the year	2.62
<b>As at 31-03-2017</b>	2.62

During the year the Company has recognised loss allowance of Rs. 2.62 Lakhs under 12 months ECL method.

III. 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:

As at 31-03-2017	Carrying Amount	On Demand	Less than 12 months	12 months to 3 years	Total
Borrowings	8,220.61	3,709.69	4,001.69	509.23	8,220.61
Trade payables	3,938.20	-	3,938.20	-	3,938.20
Other Liabilities	2,631.10	-	2,631.10	-	2,631.10
<b>Total</b>	<b>14,789.90</b>	<b>3,709.69</b>	<b>10,570.98</b>	<b>509.23</b>	<b>14,789.90</b>

As at 31-03-2016	Carrying Amount	On Demand	Less than 12 months	12 months to 3 years	Total
Borrowings	2,456.44	963.95	463.35	1,029.14	2,456.44
Trade payables	1,630.47	-	1,630.47	-	1,630.47
Other Liabilities	1,389.34	-	1,389.34	-	1,389.34
<b>Total</b>	<b>5,476.24</b>	<b>963.95</b>	<b>3,483.15</b>	<b>1,029.14</b>	<b>5,476.24</b>

Financing Arrangements

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fund based limit	6,751.97	9,036.05	560.39



**Note 43 : 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, 2017	As at March 31, 2016	As at April 1, 2015
Debt	8,220.61	2,456.44	10,817.34
Less: Cash & cash equivalent	(319.85)	(164.87)	(50.65)
Net Debt	7,900.75	2,291.56	10,766.69
Total Equity	11,843.21	10,579.28	9,448.53
Total Equity and Net Debt	19,743.96	12,870.85	20,215.22
<b>Net debt to debt and equity ratio (Gearing Ratio)</b>	<b>0.40</b>	<b>0.18</b>	<b>0.53</b>

**Notes-**

(i) Debt is defined as long-term and short-term borrowings including current maturities (excluding derivatives) as described in notes 19,22 & 24

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

**(b) Loan Covenants**

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

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

**(C) Dividends**

	(Rs in Lakhs)	
	For the Year ended	
	March 31, 2017	March 31, 2016
<b>(i) Dividend proposed but not recognised in the books of accounts*</b>		
For the year ended 31st March 2017 the directors have recommended the payment of a final dividend of Rs` 0.20/-equity share. ( 31st March 2016- Nil	200.00	0.00
* 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, 2017

#### **Note 44: Transition to IND AS**

These financial statements, for the year ended 31st March, 2017, are the first, the company has prepared in accordance with IND AS. For the periods upto and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with Paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the company has prepared its financial statement to comply with the IND AS for the year ending 31st March, 2017, together with the comparative date as at and for the year ended 31st March, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, Company's opening balance sheet was prepared as at 1st April, 2015, the date of transition to IND AS. This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April, 2015 and the financial statements as at and for the year ended 31st March, 2016.

#### **Note 44(A): Exemptions and Exceptions opted by the company on the date of transition:-**

IND AS 101 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under IND AS. The Company has applied the following exemptions and exceptions:

##### **a) Exemptions from retrospective application**

###### **i) Deemed Cost**

IND AS 101 permits first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in financial statements as at the date of transition to IND AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by IND AS 38 intangible Assets. Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets at their previous GAAP carrying value.

###### **ii) Leases**

The Company has applied the transition provision in Appendix C of IND AS 17, "Determining whether an arrangement contains a Lease", and has assessed all arrangement as at the date of transition to Ind AS.

##### **b) Exceptions from retrospective application**

###### **i) Classification and measurement of financial assets:-**

The Company has classified the financial assets in accordance with IND AS 109 on the basis of facts and circumstances that exists at the date of transition to IND AS.

###### **ii) Estimates**

The estimates of 01.04.2015 and 31.03.2016 are consistent with those made for the same date in accordance with the previous GAAP.



**Note 44 (A) Notes to the first time adoption of IND AS**

**1) Defined benefit liabilities**

Under previous GAAP, actuarial gains and losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability/ asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under IND AS instead of the statement of profit and loss.

**2) Deferred tax**

Previous GAAP required deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. IND AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of IND AS 12 approach has resulted in recognition of deferred tax on new temporary differences which were not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

**3) Sale of goods**

Under Indian GAAP, sale of goods were presented as net of excise duty. However, under IND AS, sale of goods includes excise duty. Excise duty on sale of goods is presented as a part of other expenses in statement of profit and loss.

**4) Cross currency interest rate swap**

Under Indian GAAP, the company had initially recognised the foreign currency borrowings at the forward rate and also recognised the interest as per the terms of swap agreement. IND AS 109 requires, when the company uses hedging instrument as part of its management of foreign currency risk associated with borrowing in foreign exchange. The company creates cash flow hedge reserve to give the effect of cross currency swap. The cash flow hedge reserve is reclassified to profit and loss, when the hedge item affects profit and loss.

**5) Forward Contracts**

Under previous GAAP, at the inception of forward contract, the forward premium was separated and amortised as expense over the tenure of swap and difference of spot rate between the date of booking of forward and reporting date as an expense in the statement of profit and loss. IND AS requires fair valuation of derivatives at each reporting date.



Note 45: Reconciliation between Balance Sheet, Statement of Profit and Loss and Cash Flow Statement prepared under previous IGAAP and those presented under Ind AS

(a) Effect of Ind AS adoption on the Balance Sheet as at April 1, 2015

Particulars	Notes to first time adoption	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per IND AS
<b>ASSETS</b>				
(1) Non - current assets				
(a) Property, plant and equipment		2,792.87	-	2,792.87
(b) Capital work - in - progress		-	-	-
(c) Other intangible assets		37.79	-	37.79
(d) Intangible assets under development		-	-	-
(e) Financial assets				
(i) Loans		19.74	-	19.74
(ii) Others (to be specified)		26.43	-	26.43
(f) Deferred tax assets (net)		592.14	302.02	894.16
(g) Other non - current assets		306.57	-306.37	0.20
		<b>3,775.54</b>	<b>-4.35</b>	<b>3,771.19</b>
(2) Current assets				
(a) Inventories		11,003.09	-	11,003.09
(b) Financial assets				
(i) Trade receivables		10,717.23	-2.64	10,714.60
(ii) Cash and cash equivalents		50.65	-	50.65
(iii) Other Bank balances		720.97	-	720.97
(iv) Loans		12.20	-	12.20
(v) Others (to be specified)		26.93	264.29	291.22
(c) Current tax assets (net)		-	-	-
(d) Other current assets		3,185.69	105.69	3,291.38
		<b>25,716.76</b>	<b>367.34</b>	<b>26,084.10</b>
<b>Total assets</b>		<b>29,492.30</b>	<b>362.99</b>	<b>29,855.29</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Equity share capital		10,000.00	-	10,000.00
(b) Other equity		-512.85	-38.62	-551.47
		<b>9,487.15</b>	<b>-38.62</b>	<b>9,448.53</b>
<b>LIABILITIES</b>				
(1) Non - current liabilities				
(a) Financial liabilities				
(i) Borrowings		1,390.05	24.32	1,414.37
(iii) Other financial liabilities		11.25	-	11.25
(b) Provisions		55.56	-	55.56
		<b>1,456.86</b>	<b>24.32</b>	<b>1,481.18</b>
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings		8,939.61	-	8,939.61
(ii) Trade payables		2,082.00	-1.46	2,080.55
(iii) Other financial liabilities		1,682.30	378.75	2,061.05
(b) Other current liabilities		5,591.72	-	5,591.72
(c) Provisions		117.32	-	117.32
(d) Current tax liabilities (net)		135.34	-	135.34
		<b>18,548.29</b>	<b>377.29</b>	<b>18,925.58</b>
<b>Total Equity &amp; Liabilities</b>		<b>29,492.30</b>	<b>362.99</b>	<b>29,855.29</b>



## (b) Effect of Ind AS adoption on the Balance Sheet as at March 31, 2016

	Particulars	Notes to first time adoption	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per IND AS
	<b>ASSETS</b>				
(1)	<b>Non - Current assets</b>				
	(a) Property, plant and equipment		3,073.03	-	3,073.03
	(b) Capital work - in - progress		-	-	-
	(c) Other intangible assets		31.30	-	31.30
	(d) Intangible assets under development		-	-	-
	(e) Financial assets				
	(i) Trade receivables		-	-	-
	(ii) Loans		33.68	-	33.68
	(iii) Others (to be specified)		116.79	-	116.79
	(f) Deferred tax assets (net)		124.78	638.26	763.03
	(g) Other non - current assets		644.58	-633.38	11.20
			<b>4,024.16</b>	<b>4.88</b>	<b>4,029.03</b>
(2)	<b>Current assets</b>				
	(a) Inventories		14,553.19	-	14,553.19
	(b) Financial assets				
	(i) Trade receivables		4,955.99	-3.35	4,952.64
	(ii) Cash and cash equivalents		164.87	-	164.87
	(iii) Other Bank balances		1,227.03	-	1,227.03
	(iv) Loans		14.71	-	14.71
	(v) Others (to be specified)		42.32	110.65	152.96
	(d) Other current assets		2,164.58	-7.98	2,156.61
			<b>23,122.69</b>	<b>99.32</b>	<b>23,222.01</b>
	<b>Total assets</b>		<b>27,146.85</b>	<b>104.20</b>	<b>27,251.05</b>
	<b>EQUITY AND LIABILITIES</b>				
	<b>EQUITY</b>				
	(a) Equity share capital		10,000.00	-	10,000.00
	(b) Other equity		637.53	-58.25	579.28
			<b>10,637.53</b>	<b>-58.25</b>	<b>10,579.28</b>
	<b>LIABILITIES</b>				
(1)	<b>Non - current liabilities</b>				
	(a) Financial liabilities				
	(i) Borrowings		926.70	102.44	1,029.14
	(ii) Other financial liabilities		15.12	-	15.12
	(b) Provisions		77.76	-	77.76
			<b>1,019.58</b>	<b>102.44</b>	<b>1,122.02</b>
(2)	<b>Current liabilities</b>				
	(a) Financial liabilities				
	(i) Borrowings		963.95	-	963.95
	(ii) Trade payables		1,626.77	3.70	1,630.47
	(iii) Other financial liabilities		1,317.90	56.31	1,374.21
	(b) Other current liabilities		11,123.78	-	11,123.78
	(c) Provisions		245.57	-	245.57
	(d) Current tax liabilities (net)		211.76	-	211.76
			<b>15,489.74</b>	<b>60.01</b>	<b>15,549.74</b>
	<b>Total Equity &amp; Liabilities</b>		<b>27,146.85</b>	<b>104.20</b>	<b>27,251.05</b>



(c) Reconciliation to Statement of Profit and Loss as previously reported as on March 31, 2016 under IGAAP to Ind AS

	Particulars	Notes to first time adoption	IGAAP Year ended March 31,2016	Ind AS Adjustments	IND AS Year ended March 31,2016
I	Revenue from operations		27,943.16	1,714.91	29,658.07
II	Other Income		85.07	-	85.07
III	<b>Total Income (I + II)</b>		<b>28,028.23</b>	<b>1,714.91</b>	<b>29,743.14</b>
IV	Expenses				
	Cost of materials consumed		15,995.49	-	15,995.49
	Changes in Inventories of finished goods, stock - in - trade and work - in - progress		-3,803.12	-	-3,803.12
	Employee benefits expenses		2,572.71	-11.67	2,561.04
	Finance costs		887.28	-	887.28
	Depreciation and amortization expenses		472.87	-	472.87
	Other expenses		10,269.45	1,707.97	11,977.41
	<b>Total expenses</b>		<b>26,394.68</b>	<b>1,696.29</b>	<b>28,090.97</b>
V	<b>Profit / (loss) before exceptional items and tax (I - IV)</b>		<b>1,633.55</b>	<b>18.62</b>	<b>1,652.17</b>
VI	Exceptional items				
VII	<b>Profit / (loss) before tax (V - VI)</b>		<b>1,633.55</b>	<b>18.62</b>	<b>1,652.17</b>
VIII	Tax expense				
	(1) Current tax		338.38	-	338.38
	Less: MAT Credit Entitlement		-338.38	-	-338.38
	(2) Deferred tax		467.37	5.75	473.12
	(3) Previous Year Tax		15.80	-	15.80
			483.17	5.75	488.92
XIII	<b>Profit / (loss) for the period (IX + XII)</b>		<b>1,150.38</b>	<b>12.87</b>	<b>1,163.25</b>
XIV	Other comprehensive income				
	A Items that will not be reclassified to profit or loss		-	-	-
	(i) Remeasurements gain/losses on the defined benefit plans		-	-11.67	-11.67
	(ii) Income tax relating to Items that will not be reclassified to profit or loss		-	3.61	3.61
	B Items that will be reclassified to profit or loss		-	-	-
	(i) The effective portion of gains and loss of hedging instruments in a cash flow hedge		-	55.29	55.29
	(ii) Reclassification to P&L		-	-79.72	-79.72
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-
			-	-32.50	-32.50
XV	<b>Total comprehensive Income for the period (XIII + XIV)</b>		<b>1,150.38</b>	<b>-19.63</b>	<b>1,130.75</b>





(d) Equity Reconciliation As At March 31, 2016

(Rs. In Lakhs)

Particulars	Notes to first time adoption	Retained Earnings	Cash flow Hedge reserve	Total Impact on Other Equity
As at 31st March, 2016 (IGAAP) (A)		637.53	-	637.53
<b>Adjustments</b>				
Impact of cross currency interest swap			(99.60)	(99.60)
Loan has been re-instated at closing exchange rate (USD/INR)		(98.24)		(98.24)
Forward contract has been fair valued		(4.64)		(4.64)
Employee benefits		79.72		79.72
change in deferred tax		(2.14)		
Preliminary expenses written off at transition		11.37		
Change in fair value of cross currency interest rate swap			55.29	
<b>Total IND AS adjustments (B)</b>		<b>(13.93)</b>	<b>(44.32)</b>	<b>(58.25)</b>
<b>As at March 31, 2016 (Ind AS) (A) + (B)</b>		<b>623.60</b>	<b>(44.32)</b>	<b>579.28</b>

(e) Equity Reconciliation As At April 1, 2015

(Rs. In lakhs)

Particulars	Notes to first time adoption	Retained Earnings	Cash flow Hedge reserve	Total Impact on Other Equity
As at April 1, 2015 (IGAAP) (A)		(512.85)	-	(512.85)
<b>Adjustments</b>				
Impact of cross currency interest swap			(19.88)	
Loan has been re-instated at closing exchange rate (USD/INR)		(20.12)		(20.12)
Forward contract has been fair valued		1.39		1.39
<b>Total IND AS adjustments (B)</b>		<b>(18.74)</b>	<b>(19.88)</b>	<b>(38.62)</b>
<b>As at April 1, 2015 (Ind AS) (A) + (B)</b>		<b>(531.59)</b>	<b>(19.88)</b>	<b>(551.47)</b>

(f) Total Comprehensive Reconciliation

(Rs. In Lakhs)

Particulars	Notes to first time adoption	Year ended March 31, 2016
Net Income under previous GAAP		1150.38
<b>Adjustments</b>		
1) Change in Deferred tax		(5.75)
2) Employee benefits		11.67
3) Loan has been re-instated at closing exchange rate (USD/INR)		(78.12)
4) Reclassified from OCI to profit and loss		79.72
5) Forward contract has been fair valued		(6.03)
6) Preliminary expenses written off at transition		11.37
<b>Profit for the period under Ind AS</b>		<b>1163.25</b>
Other comprehensive income		(32.50)
<b>Total comprehensive income under Ind AS</b>		<b>1130.75</b>



**ISGEC HITACHI ZOSEN LIMITED**  
**Notes to Financial Statements as at March 31, 2017**

**Note: 46 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	M/S Jugal K. Puri & Associates Cost Accountants, Plot No. 3, Sector-22, Gurgaon 122015, Haryana	
(c)	Filing of Cost Audit Report	<b>Year ended March 31, 2017</b>	<b>Year ended March 31, 2016</b>
	i) Date of filing of Cost Audit Report	Not Yet due	24.08.2016
	ii) Due date of filing of Cost Audit Report	30.09.2017	24.08.2016

**Note 47 : Details of Specified Bank Notes ("SBNs") held and transacted during the period from 08th November 2016 to 31st December 2016 as defined in MCA notification G.S.R. 308 (E) dated March 31, 2017 provided in the table below:**

(Rs.in Lakhs)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	1.19	0.00	1.19
(+) Permitted receipts	-	3.86	3.86
(-) Permitted payments	-	3.17	3.17
(-) Amount deposited in Banks	1.19	0.00	1.19
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>0.69</b>	<b>0.69</b>

**Note : 48 Standards issued but not yet effective**

The standard issued, but not yet effective up to the date of issuance of the Company financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.

**Ind AS 115 Revenue from Contracts with Customers**

Ind AS 115 was issued in February 2015 and establishes a five step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come into force from accounting period commencing on or after 1st April 2018. The Company will adopt the new standard on the required effective date. During the current year, the Company performed a preliminary assessment of Ind AS 115, which is subject to changes arising from a more detailed ongoing analysis.


**Amendment to Ind AS 7:**

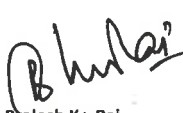
In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards)(Amendments) Rules, 2017, notifying amendment to Ind AS 7, 'Statement of Cash Flows'. This amendment is in accordance with the recent amendment made by International Accounting Standards Board (IASB) to IAS 7. The amendment is applicable to the company from April 1, 2017. The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flow items, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

**Note: 49** Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.


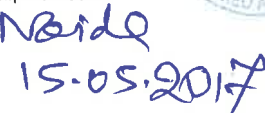
As per our report of even date  
 For S.S. Kothari Mehta & Co.  
 Chartered Accountants  
 Firm Registration No.000756N

  
 Shailesh Kumar  
 Chief Financial Officer

  
 Brajesh Kr. Rai  
 Chief Operating Officer

  
 Aasha Rani  
 Company Secretary  
 M.No.A39007

CA. Neeraj Bansal  
 Partner  
 Membership No. 095960

Place:   
 Dated: 



  
 For and on behalf of the Board of Directors  
 Sanjay Gulati  
 Managing Director  
 DIN: 05201178

  
 Hideaki Horiuchi  
 Director  
 DIN: 07033748