

K.C. MALHOTRA & CO.
CHARTERED ACCOUNTANTS

R-79, GREATER KAILASH-I,
NEW DELHI- 110 048 (INDIA)
Phone: + 91-11-41608133, 26418337
E.mail: rem_kemalhotra@yahoo.co.in

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ISGEC COVEMA LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Isgec Covema Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income) for the year ended March 31, 2017, 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. (hereinafter referred to as 'standalone Ind AS financial statements')

Management's Responsibility for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone 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, issued by the Institute of Chartered Accountants of India, as 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 standalone 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone 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 the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone 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 on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS of the financial position of the company as at March 31, 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 sub-section (11) of section 143 of the Act, we give in 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, the statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act read with relevant rule issued thereunder.
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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" and
 - (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 does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, as required to be transferred to the Investor Education and protection Fund by the Company.
- iv The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016- Refer Note 10.

For K.C.Malhotra & Co.
Chartered Accountants
(Regn.No.000057N)



(Ramesh Malhotra)
Membership No.013624
Place: New Delhi
Date:28th.May,2017

K.C. MALHOTRA & CO.
CHARTERED ACCOUNTANTS

R-79, GREATER KAILASH-I,
NEW DELHI- 110 048 (INDIA)
Phone: + 91-11-41608133, 26418337
E.mail: rcm_kem_malhotra@yahoo.co.in

Annexure 'A'to Auditors' Report

The annexure referred to in Independent Auditor's Report of even date to the members of Isgec Covema Limited on the standalone financial Statements as of and for the year ended 31st.March,2017

- I The Company does not have any tangible assets as at March 31, 2017 and, accordingly, the requirements under paragraph 4(i) of the Order are not applicable to the Company and hence not been commented upon.
- ii The Company's business does not involve inventories and accordingly the requirements paragraph 4(ii) of the Order are not applicable to the Company and hence not been commented upon.
- iii According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- v The Company has not accepted any deposits from the public.
- vi Maintenance of cost records has not been prescribed to the company by the Central Government under Section 148(1) of the Companies Act, 2013
- vii a)The company is regular in depositing with appropriate authorities undisputed statutory dues including, income-tax, and other material statutory dues applicable to it.The provisions relating to provident fund, employees' state insurance, wealth tax, duty of custom, cess and duty of excise are not applicable to the company.
b)According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to provident fund, wealth tax, duty of custom, cess, employee state insurance and duty of excise are not applicable to the company.
c)According to the information and explanations given to us, there are no dues of income tax, sales tax and service tax, which have not been deposited on account of any dispute. The provisions relating to customs duty and excise duty are not applicable to the Company.
- viii The Company did not have any outstanding dues from banks, financial institutions, debenture holders or government.
- ix Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer) and term loans hence, reporting under clause (ix) of the order is not applicable to the Company and hence not commented upon.
- x Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the Company by the officers and employees of the company has been noticed or reported during the year.



- xi The provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company. Therefore, the requirements under paragraph 3(xi) of the Order are not applicable to the Company and hence not commented upon.
- xii In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- xiii According to the information and explanations given by the management, there are no transactions with the related parties during the year under audit and accordingly reporting under clause 3(xiii) in so far as relates to section 188 of the Act is not applicable to the company and hence not commented upon. The provisions of section 177 are not applicable to the company and accordingly reporting under clause 3(xiii) in so far as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- xiv According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit and hence provisions of clause 3(xiv) are not applicable and not commented upon.
- xv Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.



For K.C.Malhotra & Co.
Chartered Accountants
(Firm Regn.No.000057N)

(Ramesh Malhotra)
Partner
Membership No:013624
Place:New Delhi
Date:28th.May,2017

Annexure B to the Auditor's Report

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 Covema Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2017.

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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 as specified 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 judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of



financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 K.C.Malhotra & Co.
Chartered Accountants
(Firm Regn.No.000057N)



(Ramesh Malhotra)
Partner
Membership No: 013624
Place :New Delhi
Date:28th.May,2017

ISGEC COVEMA LIMITED
CIN: U52109DL1986PLC025908
BALANCE SHEET AS AT 31.03.2017

(IN INR)

	Note	31.03.2017	31.03.2016	01.04.2015
ASSETS				
Non - current assets				
(a) Property, plant and equipment	4	-	-	59,603
(b) Financial assets				
(i) Investments				
(ii) Trade receivables	5	9,740,312	11,217,944	11,217,944
(iii) Loans				
(iv) Others	6	30,000	30,000	30,000
(c) Deferred tax assets (net)	7	2,052,545	2,042,073	1,783,443
(d) Other non - current assets	8	2,489,762	2,489,762	3,615,516
Total non-current assets		14,312,619	15,779,779	16,706,506
Current assets				
(a) Inventories				
(b) Financial assets				
(i) Investments				
(ii) Trade receivables	9	-	810,938	
(iii) Cash and cash equivalents	10	10,179,493	10,832,817	10,070,524
(iv) Loans				
(v) Others (to be specified)	11	233,996	23,601	115,312
(c) Current tax assets (net)	12	33,872	504,409	66,561
(d) Other current assets	13	1,547,778	1,661,238	-
Total current assets		11,995,139	13,833,003	10,252,397
Total assets		26,307,758	29,612,782	26,958,903
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	14	20,000,000	20,000,000	20,000,000
(b) Other equity				
Reserves and surplus	15	5,621,835	5,663,561	6,241,923
Total equity		25,621,835	25,663,561	26,241,923
LIABILITIES				
Non - current liabilities				
(a) Financial liabilities				
(i) Borrowings				
(ii) Trade payables				
(iii) Other financial liabilities				
(b) Provisions				
(c) Deferred tax liabilities (net)				
(d) Other non - current liabilities	16	442,104	442,104	598,104
Total non-current liabilities		442,104	442,104	598,104
Current liabilities				
(a) Financial liabilities				
(i) Borrowings				
(ii) Trade payables	17	240,803	3,429,594	112,876
(iii) Other financial liabilities				
(b) Other current liabilities	18	3,016	77,523	6,000
(c) Provisions				
(d) Current tax liabilities (net)				
Total current liabilities		243,819	3,507,117	118,876
Total equity and liabilities		26,307,758	29,612,782	26,958,903

The above balance sheet should be read in conjunction with the accompanying notes

In terms of our report of even date
For K.C.Malhotra & Co.
Chartered Accountants
(Firm regn.No.000057N)

Partner

Place: New Delhi

date: 28-5-2017



For and on behalf of the Board of Directors

(S.K. Khorana)
Director
DIN: 00085300

(V.K Luthra)
Director
DIN: 02837289

ISGEC COVEMA LIMITED
CIN: U52109DL1986PLC025908
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2017

(IN INR)

	Income	Note	31.03.2017	31.03.2016
I	Revenue from operations	19	-	24,000,000
II	Other Income	20	605,728	1,038,348
III	Total income (I + II)		605,728	25,038,348
IV	Expenses			
	Erection & Civil Cost	21	550,000	25,458,095
	Finance costs	22	484	6,153
	Other expenses	23	89,133	411,092
	Total expenses		639,617	25,875,340
V	Profit / (loss) before exceptional items and tax (I - IV)		(33,889)	(836,992)
VI	Exceptional items			-
VII	Profit / (loss) before tax (V - VI)		(33,889)	(836,992)
VIII	Tax expense	24		
	(1) Current tax		18,309	-
	(2) Deferred tax		(10,472)	(258,630)
IX	Profit / (loss) for the period after tax (VII-VIII)		(41,726)	(578,362)
X	Other comprehensive income			
	A (i) Items that will not be reclassified to profit or loss			
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	B (i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
XI	Total comprehensive income/(deficit) for the year (IX + X)		(41,726)	(578,362)
XII	Earnings per equity share			
	Basic & Diluted	25	(0.02)	(0.29)

The above statement of profit and loss should be read in conjunction with the accompanying notes

In terms of our report of even date

For K.C.Malhotra & Co.

Chartered Accountants

(Firm regn.No.000057N)

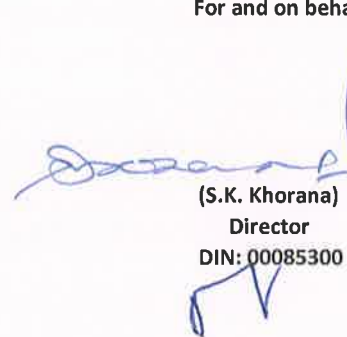


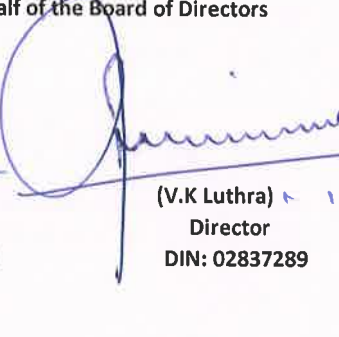
Partner

Place: New Delhi

date: 28-5-2017

For and on behalf of the Board of Directors


(S.K. Khorana)
 Director
 DIN: 00085300


(V.K. Luthra)
 Director
 DIN: 02837289

Isgec Covema Limited

CIN: U52109DL1986PLC025908

Cash Flow Statement for the year ended 31st March.2017

	31.3.2017	31.3.2016
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	(33,889)	(836,992)
Adjustment for :		
Interest Income	(605,728)	(882,348)
Loss on write off of Fixed assets	-	59,603
Change in Operating assets and liabilities		
Decrease /(increase) in operating assets:		
Non-current financial assets -Trade receivables	1,477,632	-
Other non-current assets	-	1,125,754
Current financial assets - Trade receivables	810,938	(810,938)
Other financial assets	(210,395)	91,711
Current tax assets (net)	470,537	(437,848)
Other current assets	113,460	(1,661,238)
Increase / (decrease) in Operating Liabilities :		
Other non-current liabilities		(156,000)
Other financial liabilities	2,415	
Trade payable	(3,191,206)	3,316,718
Other Current Liabilities	(74,507)	71,523
Cash generated from operations	(1,240,743)	(120,055)
Taxes paid	(18,309)	-
Net cash outflow from operating activities	(1,259,052)	(120,055)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest Received	605,728	882,348
Net Cash inflow (outflow) from Investing Activities	605,728	882,348
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash inflow (outflow) from financial Activities	-	-
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(653,324)	762,293
Cash and Cash Equivalents as at the beginning of the year	10,832,817	10,070,524
Cash and Cash Equivalents as at the end of the year	10,179,493	10,832,817

The above statement of cash flows should be read in conjunction of the accompanying notes

In terms of our report of even date

For K.C.Malhotra & Co.

Chartered Accountants

(Firm regn.No.000057N)



Partner

Place: New Delhi

Date: 28.5.2017

For and on behalf of the Board of Directors


(S.K. Khorana)
Director
DIN: 00085300


(V.K Luthra)
Director
DIN: 02837289

Isgec Covema Limited
Notes to financial statements for the year ended 31.03.2017

Statement of changes in equity

A : Equity share capital

As at 1.4.2015	20,000,000
Changes in equity share capital	-
As at 31.3.2016	20,000,000
Changes in equity share capital	-
As at 31.3.2017	20,000,000

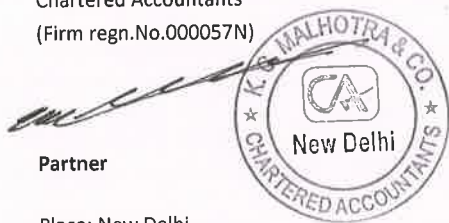
B : Other equity

Particulars	Reserves and Surplus			Items of other comprehensive income		Total
	Securities premium account	General reserve	Retained earnings	Revaluation Surplus	Other items of other comprehensive income (specify nature)	
As at 01.04.2015			6,241,923			6,241,923
Profit/(loss) for the year			(578,362)			(578,362)
Other comprehensive income						-
Total comprehensive income for the year			5,663,561			5,663,561
Restated balance as at 31.03.2016	-	-	5,663,561	-	-	5,663,561
Balance as at 31.3.2016			5,663,561			5,663,561
Profit/(loss) for the year			(41,726)	-	-	(41,726)
Total comprehensive income for the year			5,621,835	-	-	5,621,835
As at 31.3.2017			5,621,835	-	-	5,621,835

The above statement of changes in equity should be read in conjunction with the accompanying notes

In terms of our report of even date

For **K.C.Malhotra & Co.**
Chartered Accountants
(Firm regn.No.000057N)



Partner

Place: New Delhi

date: 28.5.2017

For and on behalf of the Board of Directors


(S.K. Khorana)
Director
DIN: 00085300


(V.K Luthra)
Director
DIN: 02837289

Isgec Covema Limited

Note 1 : Overview

The company is a limited company domiciled in India and is incorporated under the provisions of the Companies Act, 2013. The company is the wholly owned subsidiary company of Isgec Heavy Engineering Limited holding the entire share capital along with its nominees. The registered office of the company is located at A-4, Sector 24, Noida, U.P. The Company is engaged in erection and commissioning of industrial boilers, sugar plants and related accessories.

Note 2 : Significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies not specifically referred to otherwise are consistent.

(a) Basis of preparation

(i) Compliance with IND AS

The financial statements comply with in all materials aspects with Indian Accounting standards (IND AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

For all periods upto and including the year ended 31.3.2016, the company prepared its financial statements in accordance with Indian GAPP, including accounting standards notified under the Companies Act, 2013 read together with Rule 7 of the Companies Act, 2014.

These financial statements which comply with IND AS applicable for the year ended 31st. March, 2017 are the first financial statements of the company. Refer to Note 32 for information on how the company adopted IND AS.

(ii) Historical cost conventional

The financial statements have been prepared on historical cost basis.

(b) Current versus Non-current classification

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

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset is classified as current when it is :

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



Isgec Covema Limited
Significant accounting policies contd.

All other assets are classified as non-current.

A liability is classified as current when:

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

The Company classifies all other liabilities as non-current.

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

(c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposit with banks. Cash equivalents are short term, highly liquid investments that readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

(d) Provisions

General

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits has become probable.

A contingent asset is not recognized but disclosed when an inflow of economic benefits is probable ..A Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain events not wholly within the control of the entity.

(e) Income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act,1961.however, No provision for tax has been made, as there is no assessable income for the year.

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

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.



Isgec Covema Limited
Significant accounting policies contd.

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

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the future economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Erection Revenue and erection costs associated with the erection and commissioning jobs carried out is recognized as revenue and expenses by reference to the stage of completion of the job activity at the end of the reporting period. However, any expected excess of total erection costs over total erection revenue for the erection and commissioning jobs are recognized as an expense immediately.

*Interest income is recognized using the bank deposit rates which is considered to be effective rate of interest. The effective rate of interest is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. While calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (For example prepayments, extension, call and similar options) but does not consider the expected credit losses.

(g) Earning per share (EPS)

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

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the company (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares plus the weighted average number of equity shares that would be issued on conversion of all the dilutive shares into equity shares.

There are no transactions involving equity shares or potential equity shares between the reporting date and the financial statements,

(h) 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 equity.

(i) Measurement

At initial recognition, financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss. After initial recognition, financial assets are classified and measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTOCI) on the basis of both:

- a) the entity's business model for managing the financial assets and
- b) the contractual cash flow characteristics of the financial asset.

***Amortised cost** : Assets that are held for collection of contractual cash flows where those cash flows represent Solely payments of principal and interest are measured at amortised cost.

***Fair value through other comprehensive income (FVOCI)** : Assets that are held for collection of contractual cash



Isgec Covema Limited
Significant accounting policies contd.

flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI)

*Fair value through profit and loss :Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit and loss (FVTPL).

All financial liabilities subsequently measured are at amortised cost, except for:

*financial liabilities at fair value through profit or loss

* financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Continuing involvement approach applies

*Financial guarantee contracts

A gain or loss on a financial asset or financial liability that is measured at fair value shall be recognised in profit or loss unless it is a part of hedging relationship or it is an investment in equity instrument for which option to present gains and losses in other comprehensive income has been opted or it is a financial asset measured at fair value through other comprehensive income.

(ii) Impairment of financial assets

In accordance with ND AS 109 the company applies expected credit loss (ECL) associated with its assets carried at amortised costs i.e. deposits, cash and cash equivalents ,FVOCI DEBT instruments and asset that results from transactions within the scope of IND AS 18 (referred to as contractual revenue receivables).The impairment methodology applied depends on whether there has been a significant increase in credit risk. The company determines that there is no significant increase in credit risk since initial recognition i.e from 1.4.2015, therefore 12 month ECL is used to provide for impairment loss.

The company does not have any purchased or originated credit –impaired (POCI) financial asset, i.e. financial assets which are credit impaired on purchase/origination.

(iii) Derecognition of financial assets

A financial asset is derecognised only when the company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset ,but assumes a contractual obligation to pay the cash flows to one or more recipients

When the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.



Isgec Covema Limited
Significant accounting policies contd.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(j) Trade payables

The amount represents liabilities for services provided to the company prior to the end of the period which are unpaid. The amounts are unsecured non-interest bearings and are usually paid within 60 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized at amortised cost, and the carrying amounts are reasonable approximation of fair value.

(k) Property, plant and equipment

Property, Plant and Equipment is carried at historical cost. On transition to IND AS, the company has elected to continue with the carrying value of property, plant and equipment as at 1.4.2015 measured as per the previous GAPP and use that carrying value as the deemed cost.

For the period upto 31.3.2015 depreciation is calculated using the written down value method to allocate their cost, net of residual values, over their estimated useful lives of the assets as prescribed under schedule II to the Companies Act, 2013, and thereafter no depreciation is charged as carrying amount of all assets have been written off. These are included in profit and loss for the year ended 31.3.2016.

(l) Standards issued but not yet effective upto the date of issuance of the company's financial

The new standards, interpretations and amendments to standards that are issued, but not yet effective, upto the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these standards, if applicable, when they become effective.

IND As 115 Revenue from contracts with customers

In February, 2015 IND AS 115-Revenue from contracts with customers was issued. The standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IND AS 115 revenue is recognized 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 is applicable to all entities and will supersede all current recognition requirements under IND AS. The effective date is from accounting period beginning on or after 1st.April,2018. The company is currently evaluating the requirements of IND AS 115, and has not yet determined the impact on the financial statements.



Isgec Covema Limited
Significant accounting policies contd.

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 (ASB) to IAS 7.The amendments is applicable to the company from 1st.April, 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 3 : Accounting estimates ,assumptions and judgements

The preparation of financial statements requires the use of accounting estimates , which by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities, if any. Uncertainty about these assumptions and estimates could result in outcomes of assets and liabilities affected in future periods.

The areas involving critical estimate or judgement is

- Recognition of deferred tax assets for carried forward losses - Note 7
- Impairment of trade receivables - Note 5
- Estimation of tax expense - Note 24

The Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

There are no sources of estimation uncertainty that may have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in future periods ,and also there are no. significant judgements that may require disclosures.



Isgec Covema Limited

Note to financial statements for the year ended 31.3.2017

Note 4 : Property, plant and equipment

(IN INR)

Particulars	Buldings	Plant & equipment	Furniture & fixtures	Vehlcles	Office equipment	Total
Year ended 31.03.2016						
Gross carrying amount						
Deemed cost as at 01.04.2015	186,000	181,333	369,532		94,110	830,975
Additions						
Disposals	186,000	181,333	369,532		94,110	830,975
Closing gross carrying amount	-	-	-	-	-	-
Accumulated Depreciation						
Depreciation charge during the year	186,000	163,230	329,900		92,242	771,372
Disposals	186,000	163,230	329,900		92,242	771,372
Closing accumulated depreciation	-	-	-	-	-	-
Net carrying amount	-	-	-	-	-	-
Year ended 31.3.2017						
Opening gross carrying amount						
Additions						
Disposals						
Closing gross carrying amount	-	-	-	-	-	-
Accumulated depreciation						
Depreciation Charge for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Closing accumulated depreciation	-	-	-	-	-	-
Net carrying amount	-	-	-	-	-	-



Isgec Covema Limited
Note to financial statements for the year ended 31.3.2017

Note 5 : Non Current Financial Assets -Trade Receivables

(IN INR)			
Particulars	31.03.2017	31.03.2016	01.04.2015
Trade receivables (Unsecured considered good)	10,822,569	12,464,382	12,464,382
Less: Allowance for Doubtful Debts	(1,082,257)	(1,246,438)	(1,246,438)
Total Trade receivables	9,740,312	11,217,944	11,217,944

Note 6 :Non Current Financial Assets -Others

(IN INR)			
	31.03.2017	31.03.2016	01.04.2015
Security deposit (Unsecured)	30,000	30,000	30,000
Total non-current financial assets-others	30,000	30,000	30,000

Note 7:Deferred tax assets / liabilities (net)

The balance comprises temporary differences attributable to :

(IN INR)			
	31.03.2017	31.03.2016	01.04.2015
Deferred tax assets			
Tax losses	2,052,545	1,656,924	1,383,757
Other items			
Derivatives :			
-Allowance for doubtful debts-Trade receivables		385,149	385,149
Property,plant and equipment		-	14,537
Net deferred tax assets / (liabilities) (net)	2,052,545	2,042,073	1,783,443

Movements in deferred tax assets/ (Liabilities)

(IN INR)

	Tax losses	Property, plant and equipment	Other items	Total
At 1st.April,2015	1,383,757	14537	385,149	1,783,443
-to profit and loss	273,167	-14,537		258,630
As at 31.3.2016	1,656,924	-	385,149	2,042,073
(Charged)/Credited :				
-to profit and loss	61204		-50732	10,472
As at 31.3.2017	1,718,128		334,417	2,052,545

Note 8 :Other non current assets

(IN INR)			
	31.03.2017	31.03.2016	01.04.2015
Other Advances WCT receivables	2,489,762	2,489,762	3,615,516
Total other assets	2,489,762	2,489,762	3,615,516



Isgec Covema Limited
Note to financial statements for the year ended 31.3.2017

Note 9: Current Financial Assets - Trade Receivables

(IN INR)

	31.03.2017	31.03.2016	01.04.2015
Exceeding 6 months from payment due date			
- Secured, considered good			-
- Unsecured, considered good			-
- Doubtful			-
- Less: allowance for bad & doubtful debts			-
- Expected Credit Loss			-
Other trade receivables			
- Secured, considered good		810,938	-
- Unsecured, considered good			-
- Unsecured, considered good-related parties			-
- Doubtful			-
- Less: allowance for doubtful debts			-
Total trade receivables		810,938	

Note 10: Current Financial Assets- Cash and cash equivalents

	31.03.2017	31.03.2016	01.04.2015
Balances with banks			4,570,524
- In current & Cash Credit accounts	577,817	460,435	
Bank fixed deposit with maturity within twelve months	9,601,676	10,372,382	5,500,000
Total Cash and cash equivalents	10,179,493	10,832,817	10,070,524

* Cash at bank earns interest at bank deposit rates

Details of specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the table below:-

Particulars	SBNS	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016			
(+) Permitted receipt			
(-) Permitted payments	NIL	NIL	NIL
(-) Amount deposited in banks			
Closing cash in hand as on 30.12.2016			

Note 11 :Other financial assets

	31.03.2017	31.03.2016	01.04.2015
Interest accrued but not due on deposits	233,996	23,601	115,312
Total other financial assets	233,996	23,601	115,312

Note 12 :Current Assets (net)

	31.03.2017	31.03.2016	01.04.2015
Taxes recoverable	33,872	504,409.00	66,561
Total current assets (net)	33,872	504,409.00	66,561

Note 13 : Other Current Assets

	31.03.2017	31.03.2016	01.04.2015
Advance to supplier		178,129	
Balance with Govt Department	1,547,778	1,483,109	
Total other current assets	1,547,778	1,661,238	



Note 14 : Equity share capital

	Number of shares	Amount (IN INR)
Authorised equity share capital with voting rights		
As at 1st.April, 2015	2,000,000	20,000,000
Increase during the year	-	-
As at 31st.March,2016	2,000,000	20,000,000
Increase during the year	-	-
As at 31st.March,2017	2,000,000	20,000,000
Issued equity capital with voting rights		
Equity shares of Rs 10 each issued, subscribed and fully paid		
As at 1st.April, 2015	2,000,000	20,000,000
Changes during the year	-	-
As at 31st.March,2016	2000000	20,000,000
Changes during the year	-	-
As at 31st.March,2017	2000000	20,000,000

(i) Terms and rights attached to equity shares

The company has only one class of equity shares having a par value of Rs 10 per share. Each shareholder is eligible to one vote per share held. The dividend proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of the preferential amounts in proportion to their shareholding.

(ii) Shares of the company held by holding company

	31.3.2017	31.3.2016	1.4.2015
Isgec Heavy Engineering Limited *	2000000	2000000	2000000

(iii) Detail of Shareholders holding more than 5% shares in the company

	31.3.2017		31.3.2016		1.4.2015	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Isgec Heavy Engineering Limited *	2000000	100	2000000	100	2000000	100

* Out of 2,000,000 shares held by Isgec Heavy Engineering Limited 100 shares are held by six nominees of Isgec Heavy Engineering Limited



Isgec Covema Limited**Note to financial statements for the year ended 31.3.2017****Other equity****Note 15 : Reserves and surplus**

(IN INR)

	31.3.2017	31.3.2016	1.4.2015
Retained earnings (i)	5,621,835	5,663,561	6,241,923
Total reserves and surplus	5,621,835	5,663,561	6,241,923

(i) Retained earnings

(IN INR)

	31.3.2017	31.3.2016
Opening balance	5,663,561	6,241,923
Profit /(Loss) for the year	(41,726)	(578,362)
Closing balance	5,621,835	5,663,561

Retained earnings

This represents appropriation of profit by the company

Note 16 :Other non-current liabilities

(IN INR)

	31.03.2017	31.03.2016	01.04.2015
Advance from customers	442,104	442,104	442,104
Sales tax -Indal			156,000
Total other non-current liabilities	442,104	442,104	598,104

Note 17 : Current financial liabilities - Trade payables

(IN INR)

	31.03.2017	31.03.2016	01.04.2015
Trade payable (note 29)	240,803	3,429,594	112,876
Total current financial liabilities-trade payables	240,803	3,429,594	112,876

Note 18: Other current liabilities

(IN INR)

	31.03.2017	31.03.2016	01.04.2015
Statutory dues	3,016	77,523	6,000
Total other current liabilities	3,016	77,523	6,000



Isgec Coverna Limited
 Note to financial statements for the year ended 31.3.2017

Note 19: Revenue from operations

	(IN INR)	
	31.3.2017	31.03.2016
Erection Sales		24,000,000
Total revenue from operations		24,000,000

Note 20: Other Income

	31.3.2017	31.03.2016
Interest on Fixed deposit	580,199	880,518
Interest on Income tax refund	25,529	1,830
Excess provision written back		156,000
Total other income:	605,728	1,038,348

Note 21: Erection Cost

	31.3.2017	31.03.2016
Erection Contracts	550,000	25,020,526
Freight		15,523
Repair and Maintenance		9,593
Staff welfare		81,823
Rent		19,500
Bank charges		16,225
Postage and telephone		25,711
Printing and stationery		4,036
Misc expenses		7,400
Travelling and conveyance		257,955
Total erection cost	550,000	25,458,095

Note 22: Finance costs

	31.3.2017	31.03.2016
Interest		
Other borrowing costs	484	6,153
Total finance costs	484	6,153

Note 23: Other expenses

	31.3.2017	31.03.2016
Rates and taxes	10,058	6,670
Rent	36,000	27,000
Printing and stationery		
Legal and professional charges		
Payment to Statutory Auditors	188,108	283,469
- Statutory audit fees	15,000	15,000
- Other Services	1,650	15,000
- service tax	2,498	4,350
Loss on Assets sold / Written off		59,603
Expected Credit Loss	(164,181)	
Total other expenses	89,133	411,092

Note 24: Tax expense

Particulars	31.3.2017	31.03.2016
a) Current tax		
Adjustment for tax relating to earlier years(net)	18,309	
Total current tax	18,309	
b) Deferred tax	(10,472)	(258,630)
Total deferred tax expense	-10,472	(258,630)
Total Income tax expense	7,837	(258,630)
Profit /(loss) before tax	(33,889)	836,992

Reconciliation of tax expense and accounting profit multiplied by tax rate

Profit /(loss) before tax	(33,889)	(836,992)
Tax @29.87 % (2016-17)		
Tax effect amounts which are not deductible in calculating taxable income		
Tax relating to to earlier year(net)	18,309	
Deferred tax	(10,472)	(258,630)
Income tax expense	7,837	(258,630)



Isgec Covema Limited

Notes to financial statements for the year ended 31.3.2017

Note 25 : Earnings per share (EPS)

In accordance with IND - AS 33 on "Earning per share", the following table reconciles the numerator and denominator used to calculate Basic and Diluted earning per share :		
	(IN INR)	
Particular	31.3.2017	31.3.2016
Profit /(loss) attributable to equity shareholders	(41726)	(578362)
Weighted average number of equity shares	2,000,000	2,000,000
Nominal value of equity shares	10	10
Basic and Diluted earnings per share	-0.02	-0.29

Note 26 : Related Party transactions

	31.3.2017	31.3.2016	1.4.2015
(a) Transactions with related parties			
Holding company			
- Isgec Heavy Engineering Limited	-	-	-
b) Key Management Personnel	-	-	-

Note 27 :Break-up of financial assets and financial liabilities carried at amortised cost

Financial instruments by category		(IN INR)		
	Note	31.3.2017	31.3.2016	1.4.2015
Financial assets				
Trade receivables	5 & 9	9,740,312	12,028,882	11,217,944
Security deposits	6	30,000	30,000	30,000
Cash and cash equivalents	10	10,179,493	10,832,817	10,070,524
Interest accrued but but not due	11	233,996	23,601	115,312
Total financial assets		20,183,801	22,915,300	21,433,780
Financial liabilities				
Trade payables	17	240,803	3,429,594	112,876
Other current liabilities	19	3,016	77,523	6,000
Total financial liabilities		243,819	3,507,117	118,876



Note 28 : Segment Information

(a) Description of segments and principal activities

The company is engaged in one segment of erection and commissioning of industrial boilers and sugar plants and related accessories. The board of directors monitors the operating results of its business for the purpose of making decisions about resource and allocation and performance assessment. Segment performance is evaluated based on profit and loss.

(b) Segment revenue

The segment revenue is measured in the same way as in the statement of profit and loss

	31st.March,2017					31st.March,2016					(IN INR)
	Inter-segment revenue	Revenue from external customers	Total segment revenue	Adjustments and eliminations	Total	Erection revenue	Inter-segment revenue	Revenue from external customers	Total segment revenue	Adjustments and eliminations	Total
Erection revenue	-	-	-	-	-	Erection revenue	-	24,000,000	24,000,000	-	24,000,000
Total	-	-	-	-	-	-	-	24,000,000	24,000,000	-	24,000,000

(c) Segment profit

	31st March,2017				31st.March,2016				(IN INR)
	Erection	Total segments	Adjustments and eliminations	Total	Erection	Total segments	Adjustments and eliminations	Total	
	-550,000	-550,000	-	-550,000	-1,458,095	-1,458,095	-	-1,458,095	
Total	-550,000	-550,000	-	-550,000	-1,458,095	-1,458,095	-	-1,458,095	

(d) Reconciliation of profit/(loss)

	(IN INR)	
	31.3.2017	31.3.2016
Segment profit /(loss)	-550,000	-1,458,095
Interest income	605,728	882,348
Finance costs	484	6,153
Unallocated expenditure net of unallocated income	89,133	255,092
Profit / (loss) before tax	-33,889	-836,992

(d) Segment assets

Segment assets are measured in the same way as in the financial statements and the physical location of the asset

	(IN INR)		
	31.03.2017	31.03.2016	01.04.2015
Erection assets	24,221,341	27,066,300	25,108,899
Total segment assets	24,221,341	27,066,300	25,108,899
Unallocated :			
Current tax assets (net)	33,872	504,409	66,561
Deferred tax assets (net)	2,052,545	2,042,073	1,783,443
Total assets as per the balance sheet	26,307,758	29,612,782	26,958,903

(e) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements.

	(IN INR)		
	31.03.2017	31.03.2016	01.04.2015
Erection liabilities	685,923	3,949,221	716,980
Total segment liabilities	685,923	3,949,221	716,980
Unallocated	-	-	-
Total liabilities as per the balance sheet	685,923	3,949,221	716,980



Isgec Covema Limited

Notes to financial statements for the year ended 31.03.2017

Note 29 : Disclosure under the Micro,Small and Medium Enterprises Development Act,2006

The Micro,Small and Medium Enterprises Development (MSED) Act,2006 requires specific disclosures to be made in financial statements of the buyer wherever such financial statements are required to be audited under any Act. IND-AS Compliant Schedule III is silent on MSMED disclosures. However, These financial statements do not contain statutory disclosures such as disclosures required under the MSMED Act as the company has not received any intimation from suppliers regarding their status under MSED Act.

Note 30 : Contingent liabilities and contingent assets

Contingent liability :

Contingent liability in respect of guarantees furnished by the bankers on behalf of the company Rs 2,400,000/-(previous year Rs 2,400,000) against counter guarantees by the holding company to the bankers for the same amount.

Note 31 : Financial risk and management

The company's financial liabilities, comprise trade and other payables, and financial assets include trade and other receivables, cash and cash equivalents and other financial assets measured at amortised cost. The company is exposed to credit risk and liquidity risk.

(a) Credit risk

Credit risk is the risk that a counterparty will not meet the obligation under a financial instrument or customer contract, leading to a financial loss. The company is exposed from its operating activities (primarily trade receivables) and from its financing activities, including deposits from banks and other financial instruments. The board of directors reviews and agrees policies for managing each of these risks. The limits are set to minimise the concentration of risks and therefore mitigate loss through counterparty; potential failure to make payments.

Trade receivables

Customer credit risk is managed by the company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and an impairment analysis is performed at each reporting date on an individual basis for major clients, and the management has also taken the necessary steps to recover the receivables outstanding. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 5. The company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. However, the company has adopted expected credit loss model and provided provision for expected credit loss on trade receivables amounting to Rs 1,246,438/-(refer note 32(i), and written back expected credit loss Rs 164181/-

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due.

Maturities of financial liabilities

The following table summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(IN INR)

Contractual maturities of liabilities	31.3.2017				31.3.2016				1.4.2015			
	on demand	Less than 3 months	3 to 12 months	1 to 5 years	on demand	Less than 3 months	3 to 12 months	1 to 5 years	on demand	Less than 3 months	3 to 12 months	1 to 5 years
Non-derivatives												
Trade payables	60,585		180,218		58,170		3,371,424		47,640		65,236	
Total Non-derivatives	60,585	-	180,218	-	58,170	-	3,371,424	-	47,640	-	65,236	-



Note 32 : First-time adoption of IND AS

Transition to IND AS

These financial statements for the year ended 31.3.2017, are the first the company has prepared in accordance with IND AS. For periods upto and including the year ended 31.3.2016, the company prepared its financial statements in accordance with accounting standards notified under section 133 of the companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAPP)

Accordingly, the company has prepared financial statements which comply with IND AS for periods ending on 31.3.2017 together with the comparative period data as at and for the year ended 31.3.2016, as described in the summary of significant policies. In preparing these financial statements, the company's opening balance sheet was prepared as at 1.4.2015, the company's date of transition to IND AS. An explanation of how the transition from previous GAPP to IND AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable IND AS 101 optional exemption and mandatory exceptions applied in the transition from previous GAPP to IND AS.

A. 1 IND AS optional exemption

A.1.1 Deemed cost

IND AS permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to IND AS, measured as per the previous GAPP and use that as its deemed cost as at the date of transition.

A.2 IND AS Mandatory exceptions

A. 2.1 Estimates

An entity's estimates in accordance with IND AS at the date of transition to IND AS shall be consistent with estimates made for the same date in accordance with previous GAPP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

IND AS estimates as at 1.4.2015 are consistent with the estimates as at the same date made in conformity with previous GAPP

A. 2.2 De-recognition of financial assets and liabilities

A first-time adopter shall apply the derecognition requirements in IND AS 109, Financial Instruments prospectively for transactions occurring on or after the date of transition to IND AS. Therefore, if a first-time adopter derecognised non-derivative financial assets or non-derivative liabilities in accordance with its previous GAPP as a result of a transaction that occurred before the date of transition to IND AS, it shall not recognise those assets and liabilities in accordance with IND AS (Unless they qualify for recognition as a result of a later transaction or event). A first-time adopter that wants to apply the derecognition requirements in IND AS 109 retrospectively from a date of the entity's choosing may only do so, provided that the information needed to apply IND AS 109 to financial assets and financial liabilities derecognised as a result of past transactions the information needed to apply IND AS 109 to financial assets and financial liabilities derecognised as a result of past was obtained at the time of initially accounting for those transactions.

The company has elected to apply the de-recognition provisions of IND AS prospectively from the date of transition to IND AS.

A. 2.3 Classification and measurement of financial assets

IND AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to IND AS.



Contd. Note 32 : First-time adoption of IND AS
Transition to IND AS

B Reconciliations between previous GAPP and IND AS
IND AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. In preparing its Opening IND AS Balance Sheet (date of transition 1.4.2015) adjustments have been made by the company in restating its Indian GAPP.

Reconciliation of equity as at date of transition (1.4.2015)

	Notes to first-time adoption	* Previous GAPP	Adjustments	IND AS
(IN INR)				
Assets				
Non-current assets				
Property, plant and equipment		59,603		59,603
Financial assets				
(i) Trade receivables	(i)	12,464,382	-1246438	11,217,944
(ii) Other financial assets		30,000		30,000
Deferred tax assets	(ii)	1,398,294	385,150	1,783,444
Other non-current assets		3,615,516		3,615,516
Total non-current assets		17,567,795	-861288	16,706,507
Current assets				
Financial assets				
(i) Cash and cash equivalents		10,070,524		10,070,524
(ii) Other financial assets		115,312		115,312
Current tax assets (net)		66,561		66,561
Other current assets				
Total current assets		10,252,397		10,252,397
Total assets		27,820,192	-861288	26,958,904
Liabilities				
Equity and liabilities				
Equity share capital		20000000		20000000
Other equity				
-Retained earnings	(iii)	7,103,212	-861,288	6,241,924
Total equity and liabilities		27103212	-861288	26,241,924
Non-current liabilities				
Other non-current liabilities		598,104		598,104
Total non-current liabilities		598,104		598,104
Current liabilities				
Financial liabilities				
-Trade payables		112876		112,876
Other current liabilities		6000		6,000
Total current liabilities		118,876		118,876
Total equity and liabilities		27820192	-861288	26,958,904

* The previous GAPP figures have been classified to conform to IND AS presentation for the purposes of this note.



Contd. Note 32 : First-time adoption of IND AS transition to IND AS

Reconciliation of total equity as at 01.04.2015

(IN INR)

	Notes to first - time adoption	01.04.2015
Total equity *(shareholders funds) as per previous GAPP		27,103,212
Adjustments :		
Provision for expected credit losses on trade receivables	(i)	-1,246,438
Tax effects of adjustment	(ii)	385,149
Total adjustments		-861,289
Total equity as per IND AS		26,241,923

Notes to the reconciliation of equity as at 1.4.2015

(i) Trade receivables

As per Ind AS 109 the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the company impaired its trade receivables by Rs 1,246,438/- on 1.4.2015 which has been eliminated against retained earnings. Consequently, the total equity as at 1.4.2015 decreased by Rs 1,246,438/- .

(ii) Deferred tax

Under IND AS ,deferred tax has also been recognised on the adjustments made on transition to IND AS. On the date of transition ,the impact on deferred tax asset is of Rs 385,149/- which has been adjusted against retained earnings .Consequently ,the deferred tax asset has increased by Rs 385,149 /-

(iii) Retained earnings

Retained earnings as at 1.4.2015 has been adjusted consequent to the above IND AS transition adjustments by net effect of Rs 861,289/-

In terms of our report of even date

For K.C.Malhotra & Co.

Chartered Accountants

(Firm regn.No.000057N)



Place: New Delhi

date: 28-5-2017

For and on behalf of the Board of Directors

(S.K. Khorana)
Director
DIN: 00085300

(V.K Luthra)
Director
DIN: 02837289