K.C. MALHOTRA & CO.
CHARTERED ACCOUNTANTS

R-79, GREATER KAILASH-I,
NEW DELHI- 110 048 (INDIA)
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ISGEC EXPORTS LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Isgec Exports 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

K. C. MALHOTRA & CO. New Delhi CHARTERED ACCOUNTANTS

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 4

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

K.C. MALHOTRA & CO. CA New Delhi CHARTERED ACCOUNTANTS

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

K.C. MALHOTRA & CO.
CHARTERED ACCOUNTANTS

R-79, GREATER KAILASH-I,
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Annexure 'A'to Auditors' Report

The annexure referred to in Independent Auditor's Report of even date to the members of Isgec Exports 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.

K.C. MALHOTRA & CO.
New Delhi
CHARTERED ACCOUNTANTS

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.

xivAccording 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.

xviAccording 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)

K. C. MALHOTRA & CO. * CHARTERED ACCOUNTANTS * New Delhi

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

. *MALHOTRA & CO.*
CHARTERED ACCOUNTANTS

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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 Exports 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.

K. C. MALHOTRA & CO. CA New Delhi CHARTERED ACCOUNTANTS

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

K. C. MALHOTRA & CO. CHARTERED ACCOUNTANTS New Delhi

Isgec Exports Limited

CIN:U51909DL1996PLC076750

Balance Sheet as at 31.3. 2017

(IN INR)

	Note	31.3.2017	31.3.2016	1.4.2015
ASSETS				
Non-current assets				
(a) Property,Plant and Equipment				
(b)Capital Work-In Progress				
(c) Investment Property				
(d) Goodwill				
(e) Other Intangible assets				
(f) Financial Assets				
(i) Investments				
(ii) Trade Receivables				
(iii) Loans				
(iv) Others				
(v) Deferred tax assets(Net)				
(vi) Other Non-current assets				
		-	-	-
Current assets				
(a) Inventories				
(b) Financial Assets				
(i) Investments				
(ii) Trade receivables				
(iii) Cash and cash equivalents	4	1,04,62,324	1,05,71,816	75,149
(iv) Bank balances other than(iii) above			–	–
(v) Loans	5	-	-	1,01,04,369
(vi) Others	6	4,90,120	-	-
(c) Current tax assets (net)	7	1,30,161	83,645	87,828
(d) Other Current assets			-	-
Sub-total (a)		1,10,82,605	1,06,55,461	1,02,67,346
Total assets (a)		**1,10,82,605**	**1,06,55,461**	**1,02,67,346**

EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	8 (a)	10,00,000	10,00,000	10,00,000
(b) Other Equity				
Reserves and surplus	8 (b)	1,00,53,855	96,26,961	92,38,846
Sub-total (a)		1,10,53,855	1,06,26,961	1,02,38,846
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings		–	–	
(ii) Trade payables	9	28,750	28,500	28,500
(iii) Other financial liabilities		–	–	
(b) Deferred Revenue/income		–	–	
(c) Provisions			–	
(d) Employee benefit obligations				
(e) Deferred tax liabilities (net)		–	–	
(f) Other Non-current liabilities		–	–	
Sub-total (b)		28,750	28,500	28,500
Current liabilities				
(a) Financial liabilities				
(i) Borrowings		–	–	
(ii) Trade payables		–	–	
(iii) Other financial liabilities		–	–	
(b) Other current liabilities		–	–	
(c) Provisions		–	–	
(d) Employee benefit obligations				
(d) Current Tax liabilities (Net)		–	–	
Total Equity And Liabilities (a) + (b)		**1,10,82,605**	**1,06,55,461**	**1,02,67,346**

The accompanying notes form an integral part to the financial statements

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

K.C. MALHOTRA & CO. CHARTERED ACCOUNTANTS New Delhi

(Ramesh Malhotra)
Partner
Membership No.013624
Place: New Delhi
Date: 28-05-2017

For and on behalf of Board of directors

(ADITYA PURI)
Director
DIN: 00052534

(KISHORE CHATNANI)
Director
DIN: 07805465

Isgec Exports Limited
CIN:U51909DL1996PLC076750
Statement of Profit and Loss for the year ended 31.3. 2017

	Income	Note	31.3.2017	31.3.2016
1	Revenue from Operations		-	-
II	Other Income	10	6,62,869	6,05,770
III	**Total Income (1+II)**		**6,62,869**	**6,05,770**
IV	**Expenses**			
	Other Expenses	11	54,155	43,655
	Total Expenses (IV)		54,155	43,655
V	Profit / (loss) before exceptional items and tax (I - IV)		**6,08,714**	**5,62,115**
VI	Exceptional items			
VII	**Profit / (loss) before tax (V - VI)**		608714	5,62,115
VIII	Income tax expense	12	1,81,820	1,74,000
			4,26,894	**3,88,115**
IX	**Profit / (loss) for the period (VII - VIII)**		**4,26,894**	**3,88,115**
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 reclassfied to profit or loss			
B	(i) Items that will be reclassified to profit or loss (ii) Income tax relating to items that will be reclassfied to profit or loss			
XI	**Total comprehensive income for the year (IX + X)**		**4,26,894**	**3,88,115**
XII	Earnings per equity share Basic & Diluted	14	4.27	3.88

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)

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

K. C. MALHOTRA & CO. New Delhi CHARTERED ACCOUNTANTS

For and on behalf of Board of directors

(ADITYA PURI)
Director
DIN: 00052534

(KISHORE CHATNANI)
Director
DIN: 07805465

Isgec Exports Limited
Notes to financial statements for the year ended 31.3.2017

Statement of changes in equity

A. Equity share capital

As at 1.4.2015	2,00,00,000
Changes in equity share capital	-
As at 31.3.2016	2,00,00,000
Changes in equity share capital	-
As at 31.3.2017	2,00,00,000

B : Other Equity

	Reserves and surplus					Items of other comprehensive income					Total
	Capital reserve	Capital redemption reserve	Securities premium reserve	General reserve (Note 8(b))	Retained earnings	Debts instruments through other comprehensive income	Equity through other comprehensive income	Effective portion of cash flow hedges	Exchange differences on translating of financial statements of a foreign operation	Other items of other comprehensive income	
As at 1.4.2015				58,64,688	33,74,158						92,38,846
Profit for the year Other Comprehensive income				-	3,88,115						3,88,115
Total comprehensive income				58,64,688	37,62,273						96,26,961
As at 31st.March,2016	-	-	-	58,64,688	37,62,273	-	-	-	-	-	96,26,961
Balance as at 1st.April,2016				58,64,688	37,62,273						96,26,961
Profit for the year Other Comprehensive income					4,26,894						4,26,894
Total comprehensive income				58,64,688	41,89,167						1,00,53,855
As at 31st.March,2017	-	-	-	58,64,688	41,89,167	-	-	-	-	-	1,00,53,855

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)

(Ramesh Malhotra)
Partner
Membership No.013624
Place: New Delhi
Date: 28-05-2017

K. C. MALHOTRA & CO. * CHARTERED * New Delhi

For and on behalf of Board of directors

(ADITYA PURI)
Director
DIN: 00052534

(KISHORE CHATNANI)
Director
DIN: 07805465

Isgec Exports Limited
CIN:U51909DL1996PLC076750
Cash Flow Statement for the year ended 31.3.2017

	Note	31.3.2017	INR 31.3.2016
Cash flow from operating activities			
Profit before tax		608714	562115
Adjustments for :			
Interest income	10	-662869	-605770
Change in operating assets and liabilities			
(Decrease) /increase in other financial assets	6	(490120)	-
(Decrease) /increase in loans	5	-	10104369
(Dcrease) /increase in current tax assets	7	-46516	4183
Increase /(decrease) in trade payables	9	250	-
Cash generated from operations		**-1199255**	9502782
Income tax paid		-181820	(174000)
Net cash inflow / (outflow) from operating activities		**-772361**	**9890897**
Cash flow from investing activities			
Interest received	10	662869	605770
Net cash inflow / (outflow) from investing activities		**662869**	**605770**
Cash flows from financing activities			
Net cash flow / (outflow) from financing activities		-	-
Net increase/(decrease) in cash and cash eqivalents		-109492	10496667
Cash and cash equivalents at the beginning of the financial year	4	10571816	75149
Cash and cash equivalents at the end of the financial year	**4**	**10462324**	**10571816**

The above statement of cash flows 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)

(Ramesh Malhotra)
Partner
Membership No.013624
Place: New Delhi
Date: 28-05-2017

K.C. MALHOTRA & CO. CHARTERED New Delhi

For and on behalf of Board of directors

(ADITYA PURI)
Director
DIN: 00052534

(KISHORE CHATNANI)
Director
DIN: 07805465

Isgec Exports Limited

Note 1 : Overview

The company is a private 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 alongwith its nominees. The registered office of the company is located at D-860 New Friends Colony, New Delhi-110065

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 17 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

K. C. MALHOTRA & CO. CHARTERED ACCOUNTANTS New Delhi

Isgec exports 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 Conting ent 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.

(h) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable tax rate .

Deferred tax has not been recognized since there are no temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting fate.

(i). 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.

K. C. MALHOTRA & CO. New Delhi CHARTERED ACCOUNTANTS

Isgec exports Limited
Significant accounting policies contd.

*Interest income is recognized using the bank fixed 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.

(j)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 conversation 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,

(k) 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 o 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 f 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

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A gain or loss on a financial asset or financial liability that is measured at fair value shall be recognised in profi 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.

(l) 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.

(m)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.

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(n)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 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 wll 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.

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 area involving critical estimate or judgement is
- estimation of current tax expense and payable --Note 12
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.

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Notes to financial statements for the year ended 31.3.2017

Note 4 : Cash and cash equivalents

	31.3.2017		31.3.2016		1.4.2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Balance with banks						
-In current accounts		82,324		1,05,71,816		75,149
-Bank deposits with maturity -						
-of less than three months		79,00,000		-		-
- within twelve months		24,80,000		-		-
Total cash and cash equivalents		**1,04,62,324**	-	**1,05,71,816**	-	**75,149**

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	-	-	-
(-) Aount deposited in banks	-	-	-
Closing cash in hand as on 31.12.2016	-	-	-
Closing cash in hand as on 31.12.2016	-	-	-

Cash at bank earns interest at bank fixed deposit rates

Note 5 : Loans

	31.3.2017		31.3.2016		1.4.2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Loan to a related party	-	-	-	-	-	1,01,04,369
Total loans	-	-	-	-	-	1,01,04,369

Note 6: Other financial assets

	31.3.2017		31.3.2016		1.4.2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Interest accrued but not due		4,90,120		-		-
Total other financial assets		**4,90,120**		-		-

Note 7 : Current tax assets (net)

	31.3.2017		31.3.2016		1.4.2015
Opening balance	83,645		87,828		102613
Current tax payable for the year	-1,81,820		-1,74,000		-1,49,000
	-98,175		-86,172		-46,387
Taxes paid	2,28,336		1,69,817		1,34,215
Total current tax assets (net)	**1,30,161**		**83,645**		**87,828**

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Isgec Exports Limited
Notes to financial statements for the year ended 31.3.2017

Note 8 (a) : Equity share capital

Authorised equity share capital

	Number of shares		Amount
As at 1st.April, 2015	1,00,000		10,00,000
Increase during the year	-		
As at 31st.March,2016	**1,00,000**		**10,00,000**
Issued equity capital			
Equity shares of Rs 10 each issued, subscribed and fully paid			
As at 1st.April, 2015	1,00,000		10,00,000
Changes during the year	-		-
As at 31st.March,2016	1,00,000		10,00,000
Changes during the year	-		-
As at 31st.March,2017	**1,00,000**		**10,00,000**

Rights,preferences and restrictions attached to equity shares:

The company has only one class of equity shares having a par value of Rs 100 per share.Each shareholder is eligible for one vote per share held. In the event of liquidation,the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts,in proportion to their shareholdings.

Shares of the company held by holding company

	31st.March,2017		31st.March,2016		1st. April, 2015
Isgec Heavy Engineering Limited *	1,00,000		1,00,000		1,00,000

Detail of share holders holding more than 5% shares in the company

	31st.March,2017			31st.March,2016		1st. April, 2015	
	Number of shares	% of holding		Number of shares	% of holding	Number of shares	% of holding
Isgec Heavy Engineering Limited *	1,00,000	100		1,00,000	100	1,00,000	100

* Out of 100,000 shares held by Isgec Heavy Engineering limited 9 shares are held by nine individuals holding 1 share each as nominee

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Isgec Exports limited
Notes to financial statements for the year ended 31.3.2017

Other equity

8 (b) Reserves and surplus

	31.3.2017	31.3.2016	1.4.2015
General reserve (i)	58,64,688	58,64,688	58,64,688
Retained earnings (ii)	41,89,167	37,62,273	33,74,158
Total reserves and surplus	**1,00,53,855**	**96,26,961**	**92,38,846**

(I) General reserve

	31.3.2017	31.3.2016
Opening balance	58,64,688	58,64,688
Additions during the year	-	-
Less: utilised during the year		
Closing balance	**58,64,688**	**58,64,688**

Note 8 (b) (I) :

General reserve
This represents appropriation of profit by the company

Retained earnings
This comprise company's undistributed profit after taxes

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Isgec Exports Limited
Notes to financial statements for the year ended 31.3.2017

Note 9 : Trade payables

	31.3.2017		31.3.2016		1.4.2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Trade payables		28,750		28,500		28,500
Total trade payables		**28,750**		**28,500**		**28,500**

Note 10: Other income

	31.3.2017		31.3.2016
Interest income			
-From a related party (refer note 13(a) (ii)	-		6,05,770
-On fixed deposits	6,62,869		-
Total other income	**6,62,869**		**6,05,770**

Note 11 : Other expenses

	31.3.2017		31.3.2016
Bank charges			630
Legal and professional charges	25,155		14,400
Audit fee (a)	28,750		28,625
Rates and taxes	250		-
Total other expenses	**54,155**		**43,655**

(a) Include service tax 3,750 3,625

Note 12 : Income Tax expense

(a) Curent tax	1,81,820		1,74,000
Total current tax expense	**1,81,820**		**1,74,000**
(b) Deffered tax	-		-
Total deferred tax expense	-		-
Total income tax expense	**1,81,820**		**1,74,000**
Income tax expense attributable to:			
Profit from continuing operaton	6,08,714		5,62,115

Reconciliation of tax expense and accounting profit multiplied by tax rate

Profit from continuing operation before income tax expense	6,08,714		5,62,115
Tax @ 29..87 % (2016-17)	1,81,820		1,74,000
Tax effect amounts which are not deductible in calculating taxable income	-		-
Income tax expense	**1,81,820**		**1,74,000**

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Notes to financial statements for the year ended 31.3.2017

Note 13 : Related party transactions

	31.3.2017	31.3.2016	
(a) Transactions with related parties The following transactions occurred with related parties			
I) Holding company Isgec Heavy Engineering Limited			
(ii) Saraswati Sugar Mills Limited (Subsidiary of Isgec Heavy Engineering Limited) Interest received (note 10)	-	6,05,770	
(iii)The following balance is oustanding from the entity referred to in 9 (ii) at the end of the reporting year in relation to transaction			
	31.3.2017	31.3.2016	1.4.2015
Loan receivable *	-	-	101,04,369
Total loan receivable from related party (Note 5)	-	-	101,04,369

(b) Terms and conditions of transactions with related party
* Outstanding balance is unsecured and is repayable in cash (Since repaid) .

(c) Transactions with key management personnel

Note 14 : 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:

Particular	31.3.2017	31.3.2016
Profit/(loss) attributable to equity shareholders	4,26,894	3,88,115
Weighted average number of equity shares	1,00,000	1,00,000
Nominal value of equity shares	10	10
Basic & diluted earnings per share	4.27	3.88

Note 15 : Fair value measurements

	Note	31.3.2017			31.3.2016			1.4.2015		
		FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets										
Cash and cash equivalents	4			1,04,62,324			1,05,71,816			75,149
Loans	5			-			-			1,01,04,369
Other financial assets	6			4,90,120			-			-
Total fiinancial assets		-	-	1,09,52,444			1,05,71,816			1,01,79,518
Financial liabilities										
Trade payables	9			28,750			28,500			28,500
Total financial liabilities				28,750			28,500			28,500

Fair values of financial assets and liabilites are measured at amortised cost as the carrying amounts are considered equal to their fair values

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Notes to financial statements for the period ended 31.03.2017

Note 16 : Financial risk and management

The company's financial liabilities comprise only trade payables for services, and financial assets include 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 instrumment or cutomer contract, leading to a financial loss. The company is exposed from its financing activities,including deposits with 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 concentraton of risks and therefore mitigate loss through counterparty's potential failure to make payments.

(b) Liquidity risk

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

Maturities of financial liabilities

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

INR

	31.3.2017	31.3.2016	1.4.2015	
Contractual maturities of financial liabilities	On demand	On demand	On demand	Total
Non-derivatives				
Trade payables	28,750	28,500	28,500	85,750
Total Non-derivatives	28,750	28,500	28,500	85,750

Note 17 : First-time adoption of IND AS
Transition to IND AS

These financial statements for the year ended 31.3.2017 ,are the 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 IND AS for periods ending on 31.3.2017 together with the comparative period datas 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.2 IND AS Mandatory exceptions

A. 2.1 Estimates

An entity 's estimates in accordance with IND Ass 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 liabilitie

A first-time adopter shall apply the derecognition requirements in IND AS 109,Financial instruments prospectively for transactions occuring on or after the date of transition to IND Ass.Therefore,if a first time adopter derecognised non-derivative finanacial 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 ASs, it shall not recognise those assets and liabilities in accordance with IND Ass (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 was obtained at the time of initially accounting for those transacttions.

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.

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.However,in preparing its opening IND AS Balance sheet, no adustments have been made by the company in restating its Indian GAPP financial statements,therefore the requirements of IND AS 101 relating to reconcillation of its equity and total comprehensive income and cash flows do not apply.

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

(Ramesh Malhotra)
Partner
Membership No.013624
Place: New Delhi
Date: 28-05-2017

K.C. MALHOTRA & CO. CA New Delhi CHARTERED ACCOUNTANTS

For and on behalf of Board of directors

(ADITYA PURI)
Director
DIN: 00052534

(KISHORE CHATNANI)
Director
DIN: 07805465