Natvarlal Vepari & Co.
CHARTERED ACCOUNTANTS
Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

INDEPENDENT AUDITOR'S REPORT

To the Members

Ansaldo Caldaie Boilers India Private Limited

Report on the Ind AS Financial Statements

We have audited the accompanying financial statements of Ansaldo Caldaie Boilers India Private Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss including Statement of Cash Flow and Statement of Changes in Equity for the year ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) specified under Section 133 of the Act, read with relevant rules thereon.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the 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 Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the financials position of the Company as at March 31, 2017, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion we draw attention to following Notes of the financial statements.

1. Note no 42 of the financial statements which details the Company's financial position, substantial cash losses, lack of orders under execution and the Company's business plans to overcome the financial situation. However after revised agreement with the Customer on long hold project, the company expects regular cash flows but this is not sufficient to meets its current liability requirements. Also the moratorium period available with the Company on restructuring of loan has expired and the Company is now required to repay its debt to the lenders. There are significant uncertainties in relation to the ability of the company to continue as a going concern as it is dependent on the outcome of such plans fructifying and securing of projects and the fructification of the business plan including the arbitration award in respect of the encashment of the bank guarantee by one of its customers coming in favour of the Company.

2. Note no 18(a) where the Company had received amounts as Share Application Money of Rs. 1663.97 lacs for further allotment of shares which were to be issued on terms and conditions to be decided by the Board and in line with the extant regulation of the RBI. The Reserve Bank of India had on January 29, 2014 directed the company to refund the said amounts to Ansaldo Caldaie

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS Mumbai

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S.P.A. The company has subsequently applied to RBI vide letter dated 28th February 2014 to convert the share application money as ECB Loan which has also been approved by the Board of Ansaldo Caldaie S.P.A. However on 25 June 14 RBI had turned down the Companies request to convert the share application money in to loan and directed to allot the share or refund the money within one year. Since Ansaldo S.P.A was unable to increase its holding in the company in the absence of equivalent contribution from the holding company, it has irrevocably waived its right to be allotted further equity shares and has also waived its right to receive a refund of the advance share application money vide its letter dated 18th May 2015. The appropriate effects of the said amount will be given on receiving final approval from Reserve Bank of India.

3. Note no 4(ii) In respect of trade receivable of Rs. 3584.42 lacs due from M/s Nagai Power. Based on the development as detailed in the contract, the management is of the view that the debts are good and receivable. No adjustments are therefore made for the same in the books except for provision for expected credit loss.

4. Three directors of the Company are disqualified under section 164(2) based on the list published on portal by Ministry of Corporate Affairs in September 2017. The holding of the board meeting was not possible on account of quorum of the directors. Subsequently based on the stay order given by High court of Delhi vide order no W.P.(C) 8876/2017 dated October 10, 2017 on the disqualification of directors under section 164(2) in the case of another Company, the directors decided to hold the meeting and apply for similar stay on the applicability of MCA action. Accordingly these accounts have been signed by the directors who are disqualified under said section 164(2).

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 section143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS Mumbai

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(c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statements of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules thereon;

(e) *The matters described in paragraph 1 of the emphasis of Matter paragraph , relating to the matter of significant uncertainty in the timing and realisation of cash flows, fructifying and securing of projects and the fructification of the business plan may have an adverse impact on the functioning of the Company;*

(f) *The Company has not received any representation letter from its directors as on March 31, 2017 relating to eligibility of directorship under section 164(2) of the Act. However based on the list published on portal by Ministry of Corporate Affairs in September 2017 Mr. Rajul Arun Bhansali, Mr Ramesh Patel and Mr Ajay Singh Mehrotra are disqualified from being appointed as a director in terms of section 164(2) w.e.f .November 2016.*

(g) 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

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   a. The Company has disclosed the impact of pending litigation, which would impact its Ind AS financial statements refer note 32 to the Ind AS financial statement.

   b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   c. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

   d. The Company has provided requisite disclosures in its Ind AS Financial Statements as regards to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O.3407(E)

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dated the November 8, 2016 of the Ministry of finance , during the period from November 08, 2016 to December 30, 2016. Based on audit procedures performed and the representation provided to us by the management, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management. Refer Note 10(a) to the Ind AS Financial Statements.

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration no.106971W

Nuzhat

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Nuzhat Khan
Partner
Membership No. 124960
Mumbai, Dated : 25 OCT 2017

Natvarlal Vepari & Co.
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ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph (1) under "Report on other legal and regulatory requirements" of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) During the year, all the fixed assets were physically verified by the management. In our opinion, frequency of such verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, there are no immovable property in the Property, Plant and Equipment Schedule and therefore clause 3(i)(c) is not applicable

ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year. Also all the materials and consumables have been given to the contractors for the purposes of fabrication and confirmation from such fabricators are available with the company of materials lying as closing inventories which have been considered as inventories. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business.

(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The discrepancies noticed between the physical stocks and books stocks were not material and the valuation of stock has been done on the basis of physically verified quantity. Therefore Shortage / Excess automatically get adjusted and the same is properly dealt in the books of accounts.

iii. According to the information and explanations given to us the Company has not granted any loan secured or unsecured to any company, firm, limited liability partnership or other parties covered in the register maintained u/s 189 of the Companies Act 2013. Therefore clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) of Companies (Auditor's Report) Order, 2016 are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the company has no loans, investments, guarantees and security covered under the provisions of section 185 and 186 hence clause 3(iv) of Companies (Auditor's Report) Order, 2016 is not applicable.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

v. The Company has not accepted any deposit from the public pursuant to sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder. As informed to us, there is no order that has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of the said sections. Accordingly the provision of clause 3(v) is not applicable to the Company.

vi. As informed to us the maintenance of the cost records under the sub-section (1) of section 148 of the Companies Act, 2013 has not been prescribed hence clause 3(vi) is not applicable to the Company

vii. a) The Company is not regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess, Work Contract Tax, and other statutory dues with the appropriate authorities observed on test check basis. On the basis of the audit procedures followed, test checks of the transaction and the representation from the Management there are arrears amounting to Rs 2 lacs in case of tax deducted at source which was outstanding for a period of more than six months from the date they become payable, however the same was paid subsequently since the balance sheet date.

b) According to the information and explanations given to us, the dues of Sales Tax, Income Tax, Service Tax, Duty of Customs or Duty of Excise or Value Added Tax which have not been deposited on account of any dispute is tabulated hereunder.

Name of the Statute	Nature of Dues	Rs in lacs	Period to which the amount relates	Forum where dispute is pending
Income Tax	Notice u/s 143(1)	3.33	2008-09	Assessing Officer
Income Tax	Notice u/s 115WE(1)	0.27	2008-09	Assessing Officer
Income Tax	Notice u/s 154	15.72	2010-11	Assessing Officer
Income Tax	Notice u/s 143(1)a	0.64	2011-12	CPC
Income Tax	Notice u/s 143(3)	4.20	2012-13	Assessing Officer
Income Tax	Notice u/s 154	210.97	2013-14	Assessing Officer
	Total	**235.13**		

The appeals are pending to be filed and the Company is responding to the show cause notices

(c) There are no amounts to be transferred to Investor Education and protection funds.

viii. According to the information and explanations given to us and based on the documents and records produced to us, the company has not defaulted in repayment of dues to any Financial Institution, Bank or Debenture Holders.

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ix. The Company has not raised any money by way of public issue / follow-on offer (including debt instruments). The Company has also not raised any term loans during the year. Therefore the clause 3(ix) of the Companies (Auditors Report) Order 2016 is not applicable to the Company.

x. According to the information and explanations given to us and to the best of our knowledge and belief no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi. No managerial remuneration has been paid / provided and hence clause 3(xi) of Companies (Auditor's Report) Order, 2016 is not applicable.

xii. The Company is not a Nidhi Company hence clause 3(xii) of Companies (Auditor's Report) Order, 2016 is not applicable.

xiii. All transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 in so far as our examination of the proceedings of the meetings of the Audit Committee and Board of Directors are concerned. The details of related party transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable Accounting Standard.

xiv. The company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review and hence the clause 3(xiv) of the Companies (Auditors Report) Order, 2016 is not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with directors or persons connected with him and hence the clause 3(xv) of the Companies (Auditors Report) Order, 2016 is not applicable to the Company.

xvi. The nature of business and the activities of the Company are such that the Company is not required to obtain registration under section 45-IA of the Reserve Bank of India Act, 1934.

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration no.106971W

Nuzhat

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Nuzhat Khan
Partner
Membership No. 124960
Mumbai, Dated : 25 OCT 2017

Natvarlal Vepari & Co.
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ANNEXURE 'B' TO THE INDEPENDENT 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 **Ansaldo Caldaie Boilers India Private Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS

Natvarlal Vepari & Co.
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Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

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 Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration no.106971W

Nuzhat

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Nuzhat Khan
Partner
Membership No. 124960
Mumbai, Dated : 25 OCT 2017

ANSALDO CALDAIE BOILERS INDIA PRIVATE LIMITED

CIN:-U28123TN2005PTC055309

BALANCE SHEET AS AT March 31, 2017

(Rs in lacs)

Particulars	Note No.	As at March 2017	As at March 2016	As at October 1, 2014
ASSETS				
NON-CURRENT ASSETS				
(a) Property, plant and equipment	2	8.47	15.84	40.84
(b) Intangible Asset		-	-	75.87
(c) Financial assets				
(i) Investments	3	2,000.00	2,000.00	2,000.00
(ii) Trade receivable	4	858.18	858.18	858.18
(iii) Loans	5	9.66	8.68	199.24
(iv) Others	6	3,055.37	3,053.51	1,200.00
(d) Deferred tax assets (net)	7	49.35	67.22	65.04
(e) Other non-current assets	8	1,857.05	1,904.64	2,001.34
TOTAL NON-CURRENT ASSETS		7,838.08	7,908.08	6,380.51
CURRENT ASSETS				
(a) Inventories	9	615.50	1,363.92	1,363.92
(b) Financial assets				
(i) Investments		-	-	-
(ii) Trade receivables	4	797.97	1,154.10	1,287.60
(iii) Cash and cash equivalents	10	6.38	21.44	22.43
(iv) Bank balances	10	14.59	0.65	10.46
(v) Loans	5	-	-	-
(vi) Others	6	-	-	-
(c) Other current assets	8	395.42	673.23	1,356.77
TOTAL CURRENT ASSETS		1,829.87	3,213.34	4,041.18
TOTAL ASSETS		9,667.94	11,121.42	10,421.69
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	11	5,000.00	5,000.00	5,000.00
(b) Other equity	12	(7,326.51)	(6,998.72)	(6,296.13)
TOTAL EQUITY		(2,326.51)	(1,998.72)	(1,296.13)
LIABILITIES				
NON-CURRENT LIABILITIES				
(a) Financial liabilities				
(i) Borrowings	13	2,274.06	2,766.00	3,037.07
(ii) Trade payables		-	-	-
(b) Provisions	14	5.79	7.34	5.96
(c) Deferred tax liabilities (net)	7	-	-	-
(d) Other non-current liabilities		-	-	-
TOTAL NON-CURRENT LIABILITIES		2,279.85	2,773.34	3,043.03
CURRENT LIABILITIES				
(a) Financial liabilities				
(i) Borrowings	15	1,570.12	1,865.13	1,845.96
(ii) Trade payables	16	2,361.62	2,915.80	3,800.98
(iii) Other financial liabilities	17	2,954.34	2,722.70	121.69
(b) Other current liabilities	18	2,803.21	2,790.66	2,842.29
(c) Provisions	14	20.38	48.07	58.94
(d) Current tax liabilities (net)	19	4.93	4.93	4.93
TOTAL CURRENT LIABILITIES		9,714.60	10,346.78	8,674.78
TOTAL EQUITY AND LIABILITIES		9,667.94	11,121.42	10,421.69

Statement of significant accounting policies and explanatory notes forms an integral part of the financial statements

As per our report of even date

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

Nuzhat Khan
Partner
M.No. 124960
Place:
Date

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS Mumbai

25 OCT 2017

For and on behalf of the Board of Directors
Ansaldo Caldaie Boilers India Private Limited

Raju Bhanushali
Director
DIN:00178558

Ajay Mehrotra
Director
DIN:03057591

ANSALDO CALDAIE BOILERS INDIA PRIVATE LIMITED

CIN:-U28123TN2005PTC055309

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(Rs In lacs)

	Particulars	Note No.	April 2016 - March 2017	October 2014 - March 2016
I	Revenue from Operations :	20	2,580.39	1,616.80
II	Other Income	21	613.35	200.75
III	Total Income (I +II)		3,193.74	1,817.55
IV	Expenses:			
	Cost of material consumed	22	25.03	-
	Purchases of stock-in-trade	23	817.96	357.55
	Changes in inventories of finished goods, work-in progress and stock-in-trade	24	999.14	-
	Employee benefits expense	25	141.97	329.92
	Finance Costs	26	820.26	1,223.95
	Depreciation & amortization	27	6.26	101.57
	Other expenses	28	695.51	515.04
	Total Expenses		3,506.14	2,528.03
V	Profit/(Loss) before exceptional items and tax		(312.40)	(710.49)
VI	Exceptional items income / (Expense)		-	-
VII	Profit / (Loss) before tax		(312.40)	(710.49)
VIII	Tax expenses			
	Current Tax		-	
	Deferred Tax Liability / (asset)		17.11	(3.95)
	Total tax expenses		17.11	(3.95)
IX	Profit / (Loss) for the period (VII-VIII)		(329.50)	(706.54)
X	Other Comprehensive Income:			
	Items that will not be reclassified to profit or loss		2.47	5.72
	Tax thereon		(0.76)	(1.77)
			1.71	3.95
XI	Total Comprehensive Income / (Loss) For The Period (IX +X)		(327.80)	(702.59)
XII	Earnings per equity share			
	Basic		(0.66)	(1.41)
	Diluted		(0.66)	(1.41)

As per our report of even date

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Nuzhat Khan
Partner
M.No. 124960

25 OCT 2017

For and on behalf of the Board of Directors
Ansaldo Caldaie Boilers India Private Limited

Rajul Bhansali
Director
DIN:00178558

Ajay Mehrotra
Director
DIN:03057591

ANSALDO CALDAIE BOILERS INDIA PRIVATE LIMITED

CIN:-U28123TN2005PTC055309

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2017

(Rs in lacs)

Particulars	Apr 2016 - Mar 2017		Oct 2014 - Mar 2016	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax and Extraordinary Items		(312.40)		(710.49)
Adjustments for :				
Depreciation	6.26		101.57	
(Profit) / Loss on Sale of Assets	(0.69)		(0.42)	
Sundry Balance Written Off	241.55		23.36	
Bad Debts Written Off	-		2.31	
Expected Credit Losses	-		52.33	
Reversal of Credit Losses	(11.01)		-	
Interest Expenses	820.26		1,223.95	
Interest Income	(3.68)		(1.19)	
Sundry Balances Written Back	(442.89)	609.80	(173.66)	1,228.25
Operating Profit Before Working Capital Changes		297.41		517.76
Trade and Other Receivables	565.65		(1,493.80)	
Inventories	748.42		-	
Other Non Financial Assets	277.81		631.94	
Trade Payables and Provision	(580.44)		(889.46)	
Other financial liabilities	-		1,881.81	
Other non-financial liabilities	12.55	1,023.98	(51.63)	78.85
CASH GENERATED FROM THE OPERATIONS		1,321.39		596.61
Direct Taxes Paid		(56.16)		(9.86)
Net Cash from Operating Activities		1,265.22		586.75
B CASH FLOW FROM INVESTMENT ACTIVITIES				
Purchase of Fixed Assets	(0.00)		(1.35)	
Sale of Fixed Assets	1.80		1.07	
Investment in Bank deposits	(13.94)		9.80	
Interest Received	3.68		1.19	
Net Cash from Investment Activities		(8.46)		10.71
C CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid	(491.42)		(824.02)	
Repayments of Borrowing	(780.40)		225.55	
Net Cash from Financing Activities		(1,271.82)		(598.47)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(15.06)		(1.00)
Balance as at 31 March 2016/ October 1, 2014		21.44		22.43
Balance as at 31 March 2017/ 31 March 2016		6.38		21.44
NET INCREASE IN CASH AND CASH EQUIVALENTS		(15.06)		(1.00)
Components of Cash and Cash Equivalents:				
Cash on Hand		0.08		0.70
Balances with Bank		6.31		20.74
		6.38		21.44

Note: Figure in brackets denote outflows

Statement of significant accounting policies and explanatory notes forms an integral part of the financial statements

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

Nuzhat Khan
Partner
M.No. 124960
Place:
Date: 25 OCT 2017

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors
Ansaldo Caldaie Boilers India Private Limited

Rajul Bhanshali
Director
DIN:00178558

Ajay Mehrotra
Director
DIN:03057591

ANSALDO CALDAIE BOILERS INDIA PRIVATE LIMITED
CIN:-U28123TN2005PTC056309
Notes to financial statements for the year ended March 31, 2017
(All figures are Rupees in lacs unless otherwise stated)

Statement of Changes in Equity for the period ended March 31, 2017

A Equity Share Capital

Particulars	As at March 31, 2017		As at March 31, 2016		As at October 1, 2014	
	Number of Shares	Rupees	Number of Shares	Rupees	Number of Shares	Rupees
Equity shares of INR 10 each issued, subscribed and fully paid						
Opening Balance	5,00,00,000	5,000.00	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Changes in equity share capital during the year	-	-	-	-	-	-
Balance at March 31, 2017	5,00,00,000	5,000.00	5,00,00,000	5,000.00	5,00,00,000	5,000.00

B Other Equity

Particulars	Retained Earnings	Security Premium Reserve	Other Comprehensive Income	Capital Contribution	Total
Balance as per previous IGAAAP at October 1, 2014	(6,859.56)	45.38			(6,814.18)
Guarantee Obligation and Fair value of Financial Asset (Interest)				584.41	584.41
Expected Credit loss on Trade Receivable	(66.36)				(66.36)
Remeasurement gain/(loss) on defined benefit plans	30.88		(30.88)		-
Ind AS Balance as on October 1, 2014	(6,895.04)	45.38	(30.88)	584.41	(6,296.13)
Profit for the year	(706.54)				(706.54)
Remeasurement gain/(loss) on defined benefit plans			5.72		5.72
Tax thereon			(1.77)		(1.77)
Balance as at 31 March 2016	(7,601.58)	45.38	(26.93)	584.41	(6,998.72)
Profit for the year	(329.50)				(329.50)
Remeasurement gain/(loss) on defined benefit plans			2.47		2.47
Tax thereon			(0.76)		(0.76)
Balance as at 31 March 2017	(7,931.09)	45.38	(25.23)	584.41	(7,328.51)

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

ANSALDO CALDAIE BOILERS INDIA PRIVATE LIMITED

NOTES ACCOMPANYING TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Preparation

Ministry of Corporate Affairs notified roadmap to implement Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the said roadmap, the Company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2015. Accordingly, the financial statements of the Company have been prepared in accordance with the Ind AS.

For all periods up to and including the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the Accounting Standards notified under the Section 133 of the Companies Act 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP). These financial statements for the year ended 31st March, 2017 are the first set of financial statements that the Company has prepared in accordance with Ind AS.

These financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values which are disclosed in the Financial Statements, the provisions of the Companies Act, 2013 ('Act') (to the extent notified).

The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than twelve months and therefore all current and non-current classifications are done based on the status of reliability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Schedule III to the Companies Act, 2013.

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

ii) Revenue Recognition:

a) Revenue

Revenue from sale of goods is recognised net of returns, product expiry claims and trade discount, on transfer of significant risk and rewards in respect of ownership to the buyer which is generally on dispatch of goods. Sales include excise duty but exclude sales tax and value added tax. Other items of income are recognized on accrual and prudent basis.

On Bought out goods revenue is recognized upon the delivery of goods to the client in accordance with the terms of contract. Sales include Excise Duty & other receivable from the customers but exclude VAT, wherever applicable.

b) Interest Income:

Interest income for all financial instruments classified under the amortized cost category is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

c) Income from Insurance claim:

Insurance claims are recognised only when there is reasonable certainty of receiving the claim.

iii) Employee benefits

All employee benefits payable wholly within twelve months rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., and the expected cost of bonus, ex-gratia are recognized during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered the service entitling them to the contribution.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognized in the statement of profit and loss in the period of plan amendment.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation under employee benefit expenses in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements,
- Net interest expense or income.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Termination benefits

Termination benefits are recognized as an expense in the period in which they are incurred.

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS

iv) **Property, plant and equipment**

Property, plant and equipment are stated at cost net of tax/duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred.

Capital work-in-progress includes cost of property, plant and equipment under- installation/under development as at the balance sheet date.

Property, plant and equipment are derecognised from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

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

Depreciation on the property, plant and equipment is provided over the useful life of assets at Straight Line basis as specified in Schedule II to the Companies Act, 2013 or as determined by the Independent Valuer as the case maybe . Property, plant and equipment which are added / disposed off during the year, depreciation is provided on *pro-rata basis* with reference to the month of addition / deletion.

v) **Leased assets**

Leasehold lands are amortized over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

In other cases, buildings constructed on leasehold lands are amortized over the primary lease period of the lands.

vi) **Intangible assets**

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

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed finite. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible Assets without finite life are tested for impairment at each Balance Sheet date and impairment provision, if any are debited to profit and loss.

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

Impairment of Non-financial Assets

On annual basis the Company makes an assessment of any indicator that may lead to impairment of assets. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is higher of an asset's fair value less cost to sell. .

An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

vii) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

viii) **Inventories**

Raw Materials are valued at cost, net of Excise duty and Value Added Tax, wherever applicable. Stores and spares, loose tools are valued at cost except unserviceable and obsolete items that are valued at estimated realizable value thereof. Costs are determined on weighted average method.

Work in progress on construction contracts reflects value of material inputs and expenses incurred on contracts.

ix) **Foreign currency transactions**

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

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognized in line with the gain or loss of the item that gave rise to the translation difference.

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS Mumbai

x) **Borrowing Cost**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.

Other borrowing costs are recognized as expenses in the period in which they are incurred.

In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

xi) **Taxes on Income**

Current Taxes

Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments/ appeals.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The break-up of major components of deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

xii) **Provisions, Contingent Liabilities and Contingent Assets**

Provisions

The Company recognizes a provision when: it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Contingent liabilities and Contingent Assets

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each balance sheet date.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

xii) **Earning Per Share**

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

xiv) **Leases**

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

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on straight line basis.

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xv) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period,

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Deferred tax assets/liabilities are classified as non-current.

All other liabilities are classified as non-current.

xvi) Fair value measurement

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

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

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

xvii) Financial Instruments

a. Financial assets:

Initial recognition and measurement

All 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.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortized cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

• Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

• Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortized cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investments other than investment on subsidiary, joint venture and associates are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss.

Derecognition

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

• The rights to receive cash flows from the asset have expired, or

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Investment in associates, joint venture and subsidiaries

The Company has accounted for its investment in subsidiaries and associates, joint venture at cost.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the Financial assets measured at amortized cost

Expected credit losses are measured through a loss allowance at an amount equal to:

• the 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

• full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

• Trade receivables or contract revenue receivables; and

• All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

b. **Financial liabilities:**

Initial recognition and measurement

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS

Financial liabilities at fair value through profit or loss

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

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

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

c. **Offsetting of financial instruments:**

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

d. **Derivative financial instruments:**

The Company enters into derivative contracts to hedge foreign currency price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

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2 Detailed Asset Class Wise Addition, Adjustment, Depreciation, Changes at Net Block

(All figures are Rupees in lacs unless otherwise stated)

A Tangible Assets

Particulars	Plant & Machinery	Office Equipments	Furniture And Fixtures	Computers	Total
GROSS BLOCK					
Opening Block as on October 1, 2014	0.74	85.13	85.54	109.02	280.43
Additions	-	-	0.39	0.42	0.81
Disposals/Adjustments	-	(2.81)	-	(108.29)	(111.09)
As at 31 March 2016	**0.74**	**82.32**	**85.93**	**1.15**	**170.15**
Additions					
Disposals/Adjustments	-	(22.98)	-	-	(22.98)
As at 31 March 2017	**0.74**	**59.34**	**85.93**	**1.15**	**147.17**
DEPRECIATION					
Opening Block as on October 1, 2014	0.36	52.53	77.69	109.02	239.59
Charge for the Year	0.07	23.55	1.93	0.15	25.71
Disposals/Adjustments	-	(2.70)	-	(108.29)	(110.99)
As at 31 March 2016	**0.43**	**73.37**	**79.62**	**0.89**	**154.31**
Charge for the Year	0.05	4.88	1.20	0.13	6.26
Disposals/Adjustments	-	(21.87)	-	-	(21.87)
As at 31 March 2017	**0.48**	**56.38**	**80.82**	**1.02**	**138.70**
NET BLOCK					
As at October 1, 2014	**0.38**	**32.60**	**7.85**	**0.00**	**40.84**
As at April 1, 2016	**0.31**	**8.95**	**6.32**	**0.26**	**15.84**
As at 31 March 2017	**0.26**	**2.97**	**5.11**	**0.13**	**8.47**

B Intangible Assets

Particulars	Software	Technical Knowhow	Total
GROSS BLOCK			
Opening Block as on October 1, 2014	291.18	320.23	611.41
Additions	-	-	-
Disposals/Adjustments	-	-	-
As at 31 March 2016	**291.18**	**320.23**	**611.41**
Additions during the year	-	-	-
Disposals/Adjustments	-	-	-
As at 31 March 2017	**291.18**	**320.23**	**611.41**
AMORTISATION			
Opening Block as on October 1, 2014	254.31	281.24	535.55
Charge for the Year	36.87	38.99	75.87
Disposals/Adjustments	-	-	-
As at 31 March 2016	**291.18**	**320.23**	**611.41**
Charge for the Year	-	-	-
Disposals/Adjustments	-	-	-
As at 31 March 2017	**291.18**	**320.23**	**611.41**
NET BLOCK			
As at October 1, 2014	**36.87**	**38.99**	**75.87**
As at April 1, 2016	-	-	-
As at 31 March 2017	-	-	-

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS Mumbai

Statement of Significant Accounting Policies and Other Explanatory Notes -
B OTHER NOTES
(All figures are Rupees in lacs unless otherwise stated)

3 Financial Assets - Non- Current Investments
(At Cost)

Particulars	As at March 31, 2017		As at March 31, 2016		As at October 1, 2014	
	Shares	Rs	Shares	Rs	Shares	Rs
Trade Investment (unquoted)						
Investment in Jointly Controlled Entity:-						
Equity Shares Ansaldo GB-Engineering Pvt Ltd (FV Rs.10)	2,00,00,000	2,000	2,00,00,000	2,000	2,00,00,000	2,000
Total	2,00,00,000	2,000	2,00,00,000	2,000	2,00,00,000	2,000

4 Financial Assets - Trade Receivables
(Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2017		As at March 31, 2016		As at October 1, 2014	
	Non Current	Current	Non Current	Current	Non Current	Current
Trade Receivables :						
Considered good	884.72	822.65	884.72	1,189.80	884.72	1,327.42
Less: Expected credit loss	26.54	24.68	26.54	35.69	26.54	39.82
	858.18	797.97	858.18	1,154.10	858.18	1,287.60
Total	858.18	797.97	858.18	1,154.10	858.18	1,287.60

(a) The Company had entered in to revised contract with Nagal Power Private Limited (NPPL) dated 29/7/2016. As per the Revised contract ACBI will only supply the Boilers and spare parts to NPPL for a total Contract Value of Rs 7304 lacs and recoverability of total amount of Rs 3584.42 lacs from NPPL which is based on stages of work done by the Company. The said contract also confirms the amounts due as aforesaid.

(b) Expected Credit Loss:
The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward- looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed. The Company estimates the following matrix at the reporting date which is calculated on overdue amounts.

(i) Expected credit Loss Rate:-

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2014
Default rate	3.00%	3.00%	3.00%

(ii) Movement in the expected credit loss allowance:

Particulars	As at March 31, 2017		As at March 31, 2016		As at October 1, 2014	
	Non-Current	Current	Non-Current	Current	Non-Current	Current
Balance at the beginning of the period	83.00	35.69	26.54	39.82	-	-
Net movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	-	(11.01)	-	(4.13)	26.54	39.82
Net movement in expected credit loss allowance on Other Asset calculated at lifetime expected credit losses - Other Asset	-	-	56.45	-	-	-
Provision at the end of the period	83.00	24.68	83.00	35.69	26.54	39.82

5 Financial Assets: Loans (at amortised cost)

Particulars	As at March 31, 2017		As at March 31, 2016		As at October 1, 2014	
	Non Current	Current	Non Current	Current	Non Current	Current
Deposits						
Considered Good	9.60	-	8.68	-	139.24	-
Total	9.66	-	8.68	-	139.24	-

6 Other Financial Assets

Particulars	As at March 31, 2017		As at March 31, 2016		As at October 1, 2014	
	Non Current	Current	Non Current	Current	Non Current	Current
Margin Money placed with Holding Company for Issuance of Guarantee	1,200.00	-	1,200.00	-	1,200.00	-
Margin Money for Bank Guarantee	30.01		28.16			
Other Receivable from NPPL(refer note (a) below)	1,881.81	-	1,881.81	-	-	-
Less: Expected Credit loss (Refer Note 4(b))	(56.45)		(56.45)			
Total	3,055.37	-	3,053.51	-	1,200.00	-

(a) The amount of Rs 1881.81 lacs represent the amount receivable from Nagal on account of bank Guaranrtee encashment .

7 Deferred Tax Assets (Net)

Particulars	As at 31st Mar 2017		As at 31st Mar 2016		As at October 1, 2014	
Deferred Tax Asset						
Depreciation	41.27		50.10		44.99	
Employee benefits	10.62		18.89		20.05	
		51.88	-	68.99	-	65.04
Deferred Tax Liability		-		-		-
Employee benefits- OCI		(2.53)		(1.77)		-
Deferred Tax (Liabilities) / Assets (Net)		49.35		67.22		65.04

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8 Other Assets

Particulars	As at March 31, 2017		As at March 31, 2016		As at October 1, 2014	
	Non Current	Current	Non Current	Current	Non Current	Current
Advance for Purchase of Land	1,500.00	-	1,500.00	-	1,500.00	-
Deferred Guarantee Commission	155.39	103.50	258.89	103.50	362.39	155.11
Prepaid Expenses	-	1.06	-	0.97	-	4.03
Advance Tax (Net of Provision)	201.66	-	145.75	-	138.95	-
Advance to Creditors/Subcontractors	-	263.54		522.39		1,103.05
Staff Advances		1.59		3.15		14.23
Balance with Tax Authority	-	25.73	-	43.21	-	79.57
Others Advances	-	-		-		0.78
Total	1,857.05	395.42	1,904.64	673.23	2,001.34	1,358.77

9 Inventories

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2014
Raw Material	598.99	348.27	348.27
Finished Goods	16.51	1,015.65	1,015.65
Total	615.50	1,363.92	1,363.92

Inventory Valuation Policy:

Raw Material	Lower of Cost computed on weighted average or net realisable value
Work in Progress	Lower of cost including material cost, labour cost and all overheads other then selling and distribution overheads or net realisable value.
Finished goods	Lower of Cost or net realisable value. Excise duty is considered as cost for finished goods wherever applicable.

10 Cash and Cash Equivalent

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2014
Cash on Hand	0.08	0.70	0.15
Balances with Bank	6.31	20.74	22.29
Total	6.38	21.44	22.43
Other Bank Balances			
Bank deposits	14.59	0.65	10.46
Total	14.59	0.65	10.46

(a) Disclosure on specified bank notes (SBNs)

During the year, the Company had SBNs/ other denomination notes (other notes) as defined in the MCA notificationG.S.R. 308 (E) dated 31 March 2017. The denomination wise details of the SBNs and other notes held and 'transacted during the period from 8 November 2016 to 30 December 2016 is given below:

(Rs in full figures)

Particulars	SBNs(*)	Other notes	Total
Closing cash on hand as at 8 November 2016	-	7,852	7,852
(+) Permitted receipts	-	10,000	10,000
(-) Permitted payments	-	10,980	10,980
(-) Amount deposited in banks	-	-	-
Closing cash on hand as at 30 December 2016	-	6,872	6,872

* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated 8th November, 2016.

The above disclosure for SBN has been compiled on the basis of information available with the Company and the Statements received from the Banks. The auditors have relied on the such information.

11 Equity Share Capital

(a) Authorised, Issued, Subscribed and Fully Paid up :

Particulars	As at March 31, 2017		As at March 31, 2016		As at October 1, 2014	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
Authorized Capital :						
Equity Shares of Rs.10/- each	12,50,00,000	12,500.00	12,50,00,000	12,500.00	12,50,00,000	12,500.00
Issued, Subscribed and Fully Paid up Capital :						
Equity Shares of Rs.10/- each, fully paid	5,00,00,000	5,000.00	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Subscribed and Fully Paid up Capital						
Equity Shares of Rs.10/- each, fully paid	5,00,00,000	5,000.00	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Total		5,000.00		5,000.00		5,000.00

(b) Reconciliation of Number of Shares Outstanding

Particulars	As at March 31, 2017		As at March 31, 2016		As at October 1, 2014	
	No of Shares	Amount	No of Shares	Amount	No of Shares	Amount
As at the beginning of the year	5,00,00,000	5,000.00	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Add: Issued during the year	-	-	-	-	-	-
As at the end of the year	5,00,00,000	5,000.00	5,00,00,000	5,000.00	5,00,00,000	5,000.00

(c) Details of Shareholding in Excess of 5%

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at October 1, 2014	
	No of Shares	%	No of Shares	%	No of Shares	%
Gammon India Limited	3,67,00,000	73.40	3,67,00,000	73.40	3,67,00,000	73.40
Ansaldo Caldaie S.p.A	1,30,00,000	26.00	1,30,00,000	26.00	1,30,00,000	26.00

(d) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- each. Each holder of equity share is entitled to one vote per share. The distribution will be in proportion to the number of equity shares held by the shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

12 Other Equity

Particulars	As at March 31, 2017	As at March 31, 2016	As at October 1, 2014
Retained earnings	(7,931.09)	(7,601.56)	(6,895.04)
Capital Contribution	584.41	584.41	584.41
Security Premium	45.38	45.38	45.38
Other Comprehensive Income			
-Remeasurement gain/(loss) on defined benefit plans	(25.23)	(26.93)	(30.08)
TOTAL	(7,326.51)	(6,998.72)	(6,296.13)

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13 Non Current Financial Liabilities - Borrowings

(a)

Particulars	As at March 31, 2017 Non Current	As at March 31, 2017 Current Maturities	As at March 31, 2016 Non Current	As at March 31, 2016 Current Maturities	As at October 1, 2014 Non Current	As at October 1, 2014 Current Maturities
Rupee Term Loan (RTL)	626.06	208.00	842.00	201.44	837.07	-
Working Capital Term Loan (WCTL)	1,648.00	276.00	1,924.00	276.00	2,200.00	-
TOTAL	2,274.06	484.00	2,766.00	477.44	3,037.07	-
The above amount includes						
Secured Borrowings	2,274.06	484.00	2,766.00	477.44	3,037.07	-
Unsecured Borrowings	-	-	-	-	-	-

(a) The Company has entered into Corporate Debt Restructuring package with IDBI Bank with effect from 01st April, 2014. vide sanction letter dated 30th June'2014

Key features of the CDR proposal are as follows :

- Reschedulement of existing Term Loans (RTL) of RS 675 lacs payable over a period of ten years.
- Funding of interest on WCTL and existing rupee term loan (RTL) by way of a fresh rupee term loan (RTL 2) of Rs 375 lacs. This loan is further split into two loans a) Rs 281 lacs and b) Rs 94 lacs.
- Conversion of various irregular in working capital limits into Working Capital Term Loan (WCTL).
- IDBI shall have the right to recompanse the relief/sacrifices/waivers extended.

(b) Securities for Term Loans :

- Rupee Term Loan (RTL)

1st charge by way of hypothecation over all the stocks and book debts and other current assets present and future except for the specifically charged assets, if any.

1st charge over all the fixed assets of the Company both present and future.

Corporate Guarantee of Gammon India Limited.

- Working Capital Term Loan (WCTL) -

1st charge by way of hypothecation over all the stocks and book debts and other current assets present and future except for the specifically charged assets, if any.

1st charge over all the fixed assets of the Company both present and future.

- Interest on Term Loans -

The above mention term loans carry an interest rate which is @MCLR Rate + 310 bps payable on 1st day of each month.Currently IDBI bank's Base Bank Rate is at 12.40% p.a.

(d) Repayment Term

Type of Loan	Repayment Schedule
RTL - 1	Repayable in 32 quarterly instalments commencing from May 1, 2016 after monotorium period of 2 years as mentioned below : a) 31 installments of Rs 21 lacs each ; b) 32nd installment of Rs 24 lacs
RTL - 2 (a)	Repayable in 12 quarterly instalments commencing from May 1, 2016 after monotorium period of 1 year as mentioned below : a) 11 installments of Rs 23 lacs each ; b) 12th installment of Rs 28 lacs.
RTL - 2 (b)	Repayable in 12 quarterly instalments commencing from May 1, 2016 after monotorium period of 1 year as mentioned below : a) 11 installments of Rs 8 lacs each ; b) 12th installment of Rs 6 lacs
WCTL	Repayable in 32 quarterly instalments commencing from May 1, 2016 after monotorium period of 2 years as mentioned below : a) 31 installments of Rs 69 lacs each ; b) 32nd installment of Rs 61 lacs

(e) Maturity profile of Term Loans

Period	As at March 31, 2017	As at March 31, 2016	As at October 1, 2014
Upto 1 Year	484.00	477.44	-
1 to 5 Years	1,559.06	1,691.00	1,422.07
Above 5 Years	715.00	1,075.00	1,615.00
TOTAL	2,758.06	3,243.44	3,037.07

14 Provisions

Particulars	As at March 31, 2017 Non-Current	As at March 31, 2017 Current	As at March 31, 2016 Non-Current	As at March 31, 2016 Current	As at October 1, 2014 Non-Current	As at October 1, 2014 Current
Provision for Employee Benefits:						
Provision for Gratuity	-	17.60	-	47.27	-	56.27
Provision for Leave Encashment	5.79	2.78	7.34	0.80	5.96	2.67
Total	5.79	20.38	7.34	48.07	5.96	58.94

(a) Disclosures as required by Indian Accounting Standard (Ind AS) 19 Employee Benefits- Gratuity

Table Showing Change in the Present Value of Projected Benefit Obligation	2016-17	2015-16
Present Value of Benefit Obligation at the Beginning of the Period	60.60	58.81
Interest Cost	4.76	4.66
Current Service Cost	2.18	2.78
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	0.54	0.06
Actuarial (Gains)/Losses on Obligations - Due to Experience	(1.97)	(5.70)
Present Value of Benefit Obligation at the End of the Period	65.91	60.60

Table Showing Change in the Fair Value of Plan Assets	2016-17	2015-16
Fair Value of Plan Assets at the Beginning of the Period	13.33	9.99
Interest Income	1.05	0.79
Contributions by the Employer	33.08	2.48
Benefit Paid from the Fund	-	-
Return on Plan Assets, Excluding Interest Income	0.84	0.07
Fair Value of Plan Assets at the End of the Period	48.31	13.33

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Table Showing Change in the Fair Value of Plan Assets	2016-17	2015-16
Present Value of Benefit Obligation at the end of the Period	(65.91)	(60.60)
Fair Value of Plan Assets at the end of the Period	48.31	13.33
Funded Status (Surplus/ (Deficit))	(17.60)	(47.27)
Net (Liability)/Asset Recognized in the Balance Sheet	(17.60)	(47.27)

Expenses Recognized in the Statement of Profit or Loss for Current Period	2016-17	2015-16
Current Service Cost	2.18	2.78
Net Interest Cost	3.72	3.87
Expenses Recognized	5.89	6.64

Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period	2016-17	2015-16
Actuarial (Gains)/Losses on Obligation For the Period	(1.63)	(5.64)
Return on Plan Assets, Excluding Interest Income	(0.84)	(0.07)
Net (Income)/Expense For the Period Recognized in OCI	(2.47)	(5.72)

Balance Sheet Reconciliation	2016-17	2015-16
Opening Net Liability	47.27	48.82
Expenses Recognized in Statement of Profit or Loss	5.89	6.64
Expenses Recognized in OCI	(2.47)	(5.72)
(Employer's Contribution)	(33.08)	(2.48)
Net Liability/(Asset) Recognized in the Balance	17.60	47.27

Category of Assets	2016-17	2015-16
Insurance fund	48	13
Total	48	13

Assumptions (Previous Period)	2016-17	2015-16
Expected Return on Plan Assets	7.86%	7.92%
Rate of Discounting	7.86%	7.92%
Rate of Salary Increase	5.00%	5.00%
Rate of Employee Turnover	3.00%	3.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Sensitivity Analysis	2016-17	2015-16
Projected Benefit Obligation on Current Assumptions	65.91	60.60
Delta Effect of +1% Change in Rate of Discounting	(0.93)	(0.89)
Delta Effect of -1% Change in Rate of Discounting	1.06	1.00
Delta Effect of +1% Change in Rate of Salary Increase	1.08	1.02
Delta Effect of -1% Change in Rate of Salary Increase	(0.97)	(0.92)
Delta Effect of +1% Change in Rate of Employee Turnover	0.19	0.18
Delta Effect of -1% Change in Rate of Employee Turnover	(0.20)	(0.20)

Note :

1 Gratuity is payable as per company's scheme as detailed in the report.

2 Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

3 Salary escalation & attrition rate are considered as advised by the company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

4 Maturity Analysis of Projected Benefit Obligation is done considering future salary, attrition & death in respective year for members as mentioned above.

5 Average Expected Future Service represents Estimate Term of Post - Employment Benefit Obligation

6 Value of assets provided by the client is considered as fair value of plan assets for the period of reporting as same is not evaluated by us.

15 Current Fiancial Liabilities - Borrowings

The borrowings are analysed as follows :

Particulars	As at March 31, 2017	As at 31st Mar 2016	As at October 1, 2014
Loans Repayable on Demand :			
Cash Credit from Bank	444.99	740.24	1,000.00
Other Loans and Advances :			
Related Parties	1,125.13	1,124.89	845.96
TOTAL	1,570.12	1,865.13	1,845.96
The above amount includes			
Secured Borrowings	445	740	1,000
Unsecured Borrowings	1,125	1,125	846

(a) Refer Corporate Debt Restruturing scheme in Note 11 herein above detailed.
The company has renewed its working capital limits including CC, at reduced level of Rs 1000 lacs and enhancement in Non fund based limit to Rs 3000 lacs.

(b) Securities - Cash Credit from IDBI Bank :
1st charge on current assets of the company both present and future.
1st Mortgage and charge on all the immovable and movable assets of the company, both present and future.
Unconditional and irrevocable Corporate Guarantee of Gammon India Limited.

The above mention term loans carry an interest rate which is @ MCLR + 310 bps payable on 1st day of each month.Currently IDBI bank's Base Rate plus 310bps is at 12.25% p.a.

(c) Since the loan from Banks has been restructed there is no default as on March 31, 2016 . Also the Company has not defaulted in repayments of dues oustanding to the lenders as on March 31, 2017.

(d) The Company has taken loan from its holding company on which interest is payable @9% p.a on monthly basis. However the Company has not paid interest amounting to Rs 55.99 lacs (PY : 33.01 lacs) as on the date of Balance Sheet.

(e) The Company has taken interest free loan from Gammon Realty Limited and the same is repayable on demad.

(f) The Company has taken interest free loan from Franco Tossi Turbines Private Limited and the same is repayable on demand.

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16 Current Financial Liabilities - Trade Payables

Particulars	As at March 31, 2017	As at 31st Mar 2016	As at October 1, 2014
Trade Payables			
Micro, Small and Medium Enterprises	-		
Others	2,362	2,915	3,801
Total	2,362	2,915	3,801

(i) As per the intimation available with the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

(ii) The above information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

(iii) The balances lying in the Trade Payables are subject to confirmation and consequent reconciliation

17 Other Current Financial Liabilities

Particulars	As at March 31, 2017	As at 31st Mar 2016	As at October 1, 2014
Current Maturities of Term Loan	484.00	477.44	-
Interest Accrued And Due (Refer note a below)	553.97	284.50	84.24
Interest Accrued But Not Due	34.57	78.95	37.45
Other Payables- Related Party (Refer note a below)	1,881.81	1,881.81	-
Total	2,954.34	2,722.70	121.69

(a) Interest accrued and due represents the amount payable to Holding Company which is due beyond the agreed terms.

(b) One of the customer has encashed BG issued by the Bankers of the Holding Company. This amount has been shown as payable to Holding Company and receivable from the Customer.

18 Other Current Liabilities

Particulars	As at March 31, 2017	As at 31st Mar 2016	As at October 1, 2014
Client Advances	1,015.70	1,021.76	1,016.01
Duty & Taxes Payable	24.31	5.27	40.22
Share Application Money Pending allotment(refer Note below)	1,663.97	1,663.97	1,663.97
Others	99.23	99.66	122.09
Total	2,803.21	2,790.66	2,842.29

(a) The Company had received amounts as Share Application Money of Rs. 16,63,96,600 for further allotment of shares which were to be issued on terms and conditions to be decided by the Board and in line with the extant regulation of the RBI. The Reserve Bank of India had on January 29, 2014 directed the company to refund the said amounts to Ansaldo Caldaie s.p.A. The company has subsequently applied to RBI vide letter dated 28th February 2014 to convert the share application money as ECB Loan which has also been approved by the Board of Ansaldo Caldaie s.p.A. However on 25 June 14 RBI had turned down the companies request to convert the share application money in to loan and directed to allot the share or refund the money within one year. Since Ansaldo S.p.A was unable to increase its holding in the company in the absence of equivalent contribution from the holding company, it has irrevocably waived its right to be allotted further equity shares and has also waived its right to received a refund of the advance share application money vide its letter dated 18th May 2015 Submitted to Reserve Bank of India. The

19 Current Tax Liabilities

Particulars	As at March 31, 2017	As at 31st Mar 2016	As at October 1, 2014
Provision for taxation (net of taxes paid)	4.93	4.93	4.93
Total	4.93	4.93	4.93

20 Revenue from Operations

Particulars	April 2016 -March 2017		April 2015 - March 2016	
Turnover		2,416.20		1,399.64
Other Operating Revenue				
Sale of Scrap			0.83	
Other Operating Revenue	164.19	164.19	216.34	217.17
Total		2,580.39		1,616.80

21 Other Income

Particulars	April 2016 -March 2017	October 2014 - March 2016
Interest Income	3.68	1.19
Miscellaneous Income	5.32	25.40
Profit on Sale of Assets	0.69	0.49
Exchange Gain	149.76	-
Sundry Balances Written Back	442.89	173.66
Reversal of Expected Credit Loss	11.01	-
Total	613.35	200.75

22 Cost of Materials Consumed

Particulars	April 2016 -March 2017	October 2014 - March 2016
Opening Stock	348.27	348.27
Add : Purchases (Net of Discount)	275.76	-
Less : Closing Stock	598.99	348.27
Total	25.03	-

23 Purchases of Traded Goods

Particulars	April 2016 -March 2017	October 2014 - March 2016
Turbine & Generators Parts & Auxiliaries	817.96	357.55
Total	817.96	357.55

24 Changes in Inventories of finished goods, work-in-progress and Stock-in-Trade

Particulars	April 2016 -March 2017		October 2014 - March 2016	
Inventory Adjustments -				
Work in progress at Opening	-		-	
Work in progress at Closing	-	-	-	-
Inventory Adjustments - FG				
Stock at Commencement	1,015.65		1,015.65	
Less : Stock at Closing	(16.51)	999.14	(1,015.65)	-
Total		999.14		-

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25 Employee Benefits

Particulars	April 2016 - March 2017	October 2014 - March 2016
Salaries, Bonus, Perquisites etc.	126.23	303.50
Contribution to PF and other welfare funds.	14.16	19.93
Staff Welfare Expenses	1.57	6.50
Total	141.97	329.92

26 Finance Cost

Particulars	April 2016 - March 2017	October 2014 - March 2016
Interest Expense	710.55	1,065.78
Interest on direct taxes	0.25	3.06
Guarantee Comission	103.50	155.11
Other Borrwoing Cost	5.96	-
Total	820.26	1,223.95

27 Depreciation & Amortisation

Particulars	April 2016 - March 2017	October 2014 - March 2016
Depreciation	6.26	25.71
Amortisation	-	75.87
Total	6.26	101.57

28 Other Expenses

Particulars	April 2016 - March 2017		October 2014 - March 2016	
Fabrication Charges paid		349.06		168.55
Plant Hire Charges		1.27		16.47
Consumption of Spares		-		-
Freight Charges		6.52		15.63
Power & Fuel		1.96		2.97
Fees & Consultations		40.75		50.88
Rent		11.28		3.98
Rates & Taxes		10.62		0.37
Travelling Expenses		13.15		17.12
Communication		0.49		11.25
Insurance		3.62		4.31
Repairs to Plant & Machinery	4.62		-	-
Repairs to Building	-		-	-
Other Repairs & Maintenance	4.00	8.62	7.73	7.73
Loss on Sale of Assets		-		0.07
Bank Charges		2.63		32.04
Sundry Balance Written Off		241.55		23.36
Sundry Expenses		2.33		21.11
Bad Debts Written Off		-		2.31
Expected Credit loss		-		52.33
Foreign Exchange Loss		-		81.16
Remuneration to Auditors		2.25		3.39
Total		695.51		515.04

(a) Remuneration to Statutory Auditors

Particulars	April 2016 - March 2017	October 2014 - March 2016
Audit Fees	2.00	3.39
Certification	0.25	-
Total	2.25	3.39

29 Tax Expense

Particulars	April 2016 - March 2017	October 2014 - March 2016
Income tax expense in the statement of profit and loss consists of:		
Current Tax	-	-
Deferred tax	17.11	(3.95)
Income tax recognised in statement of profit or loss	17.11	(3.95)

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Current Tax	April 2016 - March 2017	October 2014 - March 2016
Accounting profit before income tax	(312.40)	(710.49)
Enacted tax rates in India (%)	34.61%	34.61%
Computed expected tax expenses	(108.11)	(245.89)
Effect of non- deductible expenses	3.39	38.42
Effects of deductable Expenses	23.32	30.01

Deferred Tax Movement

Particulars	Opening Balance	Recognised in P&L	Recognised in OCI	Closing Balance
Property, Plant and Equipment	44.99			44.99
Employee benefits	20.05			20.05
As at October 1, 2014	65.04	-	-	65.04
Property, Plant and Equipment	44.99	5.12		50.10
Employee benefits	20.05	(1.17)	(1.77)	17.12
As at March 31, 2016	65.04	3.95	(1.77)	67.22
Property, Plant and Equipment	50.10	(8.84)		41.27
Employee benefits	17.12	(8.27)	(0.76)	8.09
As at March 31, 2017	67.22	(17.11)	(0.76)	49.35

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30 Earning Per Share

Earnings Per Share (EPS) = Net Profit attributable to Shareholders / Weighted Number of Shares Outstanding

Particulars	April 2016 -March 2017	October 2014- March 16
Net Profit attributable to the Equity Share holders	(329.50)	(706.54)
O/s number of Equity Shares at the end of the year	5,00,00,000	5,00,00,000
Weighted Number of Shares during the period – Basic	5,00,00,000	5,00,00,000
Weighted Number of Shares during the period – Diluted	5,00,00,000	5,00,00,000
Earning Per Share – Basic (Rs.)	(0.66)	(1.41)
Earning Per Share – Diluted (Rs.)	(0.66)	(1.41)

Reconciliation of weighted number of outstanding during the year :

Particulars	April 2016 -March 2017	Apr 2015 - March 2016
Nominal Value of Equity Shares (Rupee Per Share)	10.00	10.00
For Basic EPS :		
Number of Equity Shares at the beginning	5,00,00,000	5,00,00,000
Add : Issue of shares	-	-
Outstanding Equity shares at the year end	5,00,00,000	5,00,00,000
No. of Equity Shares considered for EPS Calculation	5,00,00,000	5,00,00,000
Weighted Avg of Equity Shares considered for EPS	5,00,00,000	5,00,00,000
For Dilutive EPS :		
Weighted Avg no. of shares in calculating Basic EPS	6,00,00,000	5,00,00,000
Add : Dilutive Shares to be issued	-	-
Weighted Avg no. of shares in calculating Dilutive EPS	5,00,00,000	5,00,00,000

31 Disclosure under Indian Accounting Standard (Ind AS) 17 Leases

The Company has taken various residential / godowns / offices premises (including Furniture and Fittings if any) under leave and licence agreements. These generally range between 11 months to 3 years under leave and licence basis. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in the Statement Profit and Loss Accounts under Rent, Rates and Taxes.

32 Contingent Liability

	Particulars	March 31, 2017	March 31, 2016
I	Disputed amounts in respect of demands raised by the Income Tax not provided for	235.13	384.29
II	Bank Guarantee	-	273.56

33 Segment Reporting as per IND AS108 " Operating Segments"

The entire operations of the Company relate to only one segment viz.Engineering & Construction. As such, there is no separate reportable segment under IND AS 108 on Operating Segments.

Revenue of Rs 2431.28 lacs arising from one major customer being Privately controlled entities contribute to more than 10% of the total revenue of the Company.

34 Disclosure of transactions with Related Parties, as required by Indian Accounting Standard (Ind AS) - 24 "Related Party Disclosures" has been set out in a separate Annexure - 1.

35 Significant Accounting Judgements, Estimates And Assumptions

The financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainity about those assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods .

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans (gratuity benefits)

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

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

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS

36 First time adoption

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For the period up to and including the year ended 31 March 2016, the Company has prepared its financial statements in accordance with accounting standards Companies (Accounting Standard) Rules,2006 notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017 together with the comparative period data as at and for the twelve months period ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at October 1, 2014, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at October 1, 2014 and the financial statements as at and for the year ended March 31, 2016, Profit and Loss reconciliation for the eighteen months period ended March 31,2016 and Equity reconciliation as at October 1, 2014 and March 31, 2016 are diclosed in Annexure 2 attached to the Financial Statements.

37 Exemptions applied

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

a) Investments in subsidiaries, joint ventures and associates

The Company has opted to continue with the carrying values measured under the previous GAAP and use that carrying value as the deemed cost for investment in joint ventures on the date of transition to Ind AS.

38 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the group from April 1, 2017.

Amendment to Ind AS 7:

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 changes, 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 currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment ransaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company is currently evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

39 Financial Instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2017, March 31, 2016 and April 1, 2015 is as follows:

	Carrying Value			Fair Value		
	March 31, 2017	March 31, 2016	October 1, 2014	March 31, 2017	March 31, 2016	October 1, 2014
Financial Assets						
Amortised Cost						
Other Investments		-				
Loans	9.66	8.68	139.24	9.66	8.68	139.24
Others	3,065.37	3,053.51	1,200.00	3,065.37	3,053.51	1,200.00
Trade receivables	1,656.16	2,012.29	2,145.78	1,656.16	2,012.29	2,145.78
Cash and cash equivalents	6.38	21.44	22.43	6.38	21.44	22.43
Bank Balance	14.59	0.65	10.46	14.59	0.65	10.46
Total Financial Assets	4,742.15	5,096.57	3,517.91	4,742.15	5,096.57	3,517.91
Financial Liabilities						
Amortised Cost						
Borrowings	3,844.18	4,631.13	4,883.03	3,844.18	4,631.13	4,883.03
Trade payables	2,361.62	2,915.30	3,800.98	2,361.62	2,915.30	3,800.98
Others	2,954.34	2,722.70	121.69	2,954.34	2,722.70	121.69
Total Financial Liabilities	9,160.14	10,269.13	8,805.70	9,160.14	10,269.13	8,805.70

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, book overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

40 Fair Value Hierarchy

The following methods and assumptions were used to estimate the fair values:

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

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

Level 2: other techniques for which all inputs which have significant effect on recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on recorded fair value that are not based on observable market data

There are no Financial Assets/ liabilities which are carried at Fair value using Fair value hierarchy

NATVARLAL VEPARI & CO CHARTERED ACCOUNTANTS

Financial Risk Management Objectives And Policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

(In full figures)

Foreign currency exposure as at 31st March, 2017	USD	Euro	Rs
Trade payables	5,34,362	17,99,515	15,92,59,394
Trade Receivables		6,878	4,76,285
Total unhedge exposure	5,34,361	17,92,637	15,87,83,109

Foreign currency exposure as at 31st March, 2016	USD	Euro	Rs
Trade payables	5,34,362	18,37,513	17,34,34,763
Trade Receivables		4,489	3,37,078
Total unhedge exposure	5,34,362	18,33,025	17,30,97,684

Foreign currency exposure as at 1st October, 2014	USD	Euro	Rs
Trade payables	18,39,800	21,58,185	28,21,39,554
Trade Receivables		13,897	10,86,832
Total unhedge exposure	18,39,800	21,44,288	28,10,52,722

Foreign currency sensitivity

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

1 % increase or decrease in foreign exchange rates will have the following impact on profit before tax.

	2016-17		2015-16	
Increase/(decrease) in profit or loss	1 % Increase	1 % decrease	1 % Increase	1 % decrease
		(Rs in lacs)		
USD	3.46	(3.46)	3.54	(3.54)
Euro	12.41	(12.41)	13.53	(13.53)

The Company's exposure in foreign currency is not material and hence the impact of any significant fluctuation in the exchange rates is not expected to have a material impact on the operating profits of the Company.

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables from NAGAI amounting to Rs. 3589.19 lacs and Rs. 3956.33 lacs as of March 31, 2017 and March 31, 2016, respectively To manage this, the Company monitors whether the collections are made within the contractually established deadlines.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as :

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

Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Companies profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/ Decrease in basis points	Effects on Profit before tax.
March 31, 2017	Plus 100 basis point	43.28
	Minus 100 basis points	(43.28)
March 31, 2016	Plus 100 basis point	51.09
	Minus 100 basis points	(51.09)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Liquidity risk

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

Current Financial Assets position of the Company is given below:

Particulars	March 31, 2017	March 31, 2016
Cash and Cash Equivalent	6.38	21.44
Bank Balance	14.59	0.65
Trade Receivables	797.97	1,154.10
Inventories	615.50	1,363.92
Total	1,434.45	2,540.11

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Maturity profile of financial liabilities

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

As at March 31, 2017	Less than 1 year	1 to 5 years	Total
Long term Borrowing	484.00	2,274.06	2,758.06
Short term borrowings	1,570.12		1,570.12
Trade payables	2,361.62	-	2,361.62
Other financial liabilities	2,470.34		2,470.34
Total	6,886.08	2,274.06	9,160.14

As at March 31, 2016	Less than 1 year	1 to 5 years	Total
Long term Borrowing	477.44	2,766.00	3,243.44
Short term borrowings	1,865.13	-	1,865.13
Trade payables	2,915.30	-	2,915.30
Other financial liabilities	2,245.26	-	2,245.26
Total	7,503.13	2,766.00	10,269.13

41 Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The gearing ratio in the infrastructure business is generally high. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Gross Debt	4,318.18	5,108.58	4,883.03
Less:			
Cash and Cash Equivalent	6.38	21.44	22.43
Bank Balance	14.59	0.65	10.46
Net debt (A)	4,307.21	5,086.49	4,850.14
Total Equity (B)	(2,326.51)	(1,998.72)	(1,296.13)
Gearing ratio (A/B)	(1.85)	(2.54)	(3.74)

42 The company has during the current and earlier years incurred substantial cash losses in its operations. There is also significant mismatch in the short term liabilities funding long term assets.The company has prepared its business plans as approved by the board of directors, which envisages receipts of orders from bids that are been placed where the company is the preferred bidder or projects secured which is presently under suspension/hold and the company is in the process of executing certain jobs to be received from M/s Ansaldo Caldaie S.p.A and the adequate references in that context. The ability of the company to continue as a going concern is dependent on the outcome of such bids and securing of projects and the fructification of the business plan. The management of the company is confident of achieving cash flows in order to fulfil its cash flow commitments after entering in to revised contract with Nagal Power Private Limited and restart of projects which was under hold since long which facilitates regular cash flows to the Company. The company has also restructured its debt with its lenders in the previous period by which the repayments of principal was deferred and the interest servicing would be taken care by a fresh disbursement of loans, however curently the said moratorium period is also completed and the Company is presently liable to repay its interest along with installments as per the terms of the sanction. However in view of the encashment of the bank guarantee by one of its customers as explained in note no 6(a), the uncertainties of the Company to proceed as a going concern have increased significantly. The Company has initiated arbitration proceedings against the customer and is confident of receiving the award in its favour.

43 The balance sheet, statement of profit and loss, cash flow statement, statement of changes in equity, statement of significant accounting policies and the other explanatory notes forms an integral part of the financial statements of the Company for the year ended March 31, 2017.

As per our report of even date
For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. 106971W

Nuzhat Khan
Partner
M.No. 124960
Place:
Date:

25 OCT 2017

Mumbai

For and on behalf of the Board of Directors
Ansaldo Caldaie Boilers India Private Limited

Rajul Bhanshali
Director
DIN:00176558

Ajay Mehrotra
Director
DIN:03057591

Ansaldo Caldaie Boilers India Private Limited
(All figures are Rupees in lacs unless otherwise stated)
ANNEXURES ATTACHED TO AND FORMING PART OF THE NOTES TO ACCOUNTS FOR THE EIGHTEEN MONTH ENDED 31ST MARCH, 2017
Annexure - I : Related Party Disclosure

A. List of Related Parties and Relationship

a) **Holding Company**
1 Gammon India Limited
2 Ansaldo Caldaie S.p.A

b) **Subsidiaries and Joint Venture of the entity having significant influence**
1 Ras Cities & Townships Private Limited
2 AC Project Office
3 Franco Tosi Meccanica
4 Ansaldo GB-Engineering Pvt Ltd
5 Gammon OJS Mosmetrostroy JV

B. Transactions with Related Parties

Particulars	Holding Company		Enterprises over which Key Management Personnel and their relatives exercise significant influence or control				
	Gammon India Limited	Ansaldo Caldaie S.p.A	Ras Cities & Townships Private Limited	AC Project Office	Ansaldo GB Engineering Pvt Ltd	Gammon OJS Mosmetrostroy JV	Gammon Realty limited
Transactions during the year							
Purchase of goods and services	-	24.80	-	-	-	-	-
	-	-	-	-	-	-	-
Sale of goods and services	-	26.24	-	-	-	-	-
	-	(95.13)	-	-	-	-	-
Interest Paid	264.05	-	-	-	-	-	-
	(177.07)	-	-	-	-	-	-
Guarantee Expenses	103.50	-	-	-	-	-	-
	(155.11)	-	-	-	-	-	-
Loans Received	-	-	-	-	-	-	-
	(193.26)	-	-	-	-	-	-
Reimbursement of Expenses	0.24	-	-	-	0.29	-	-
	(27.75)	-	-	-	(15.49)	-	-
BG Encashment	-	-	-	-	-	-	-
	(1,881.81)	-	-	-	-	-	-
Franco Tosi Turbines	23.00	-	-	-	-	-	-
	-	-	-	-	-	-	-
Rent Income & Diesel Reimbursement	-	-	-	-	-	-	-
	-	-	-	-	-	(6.49)	-
Amount Liquidated towards Expenses	-	-	-	0.04	-		-
	-	-	-	(69.50)	-		-
Closing Balances	-	-	-	-	-	-	-
Share Application Money pending Allotment	-	1,663.97	-	-	-	-	-
	-	(1,663.97)	-	-	-	-	-
Margin Money placed for issuance of Guarantee	1,200.00	-	-	-	-	-	-
	(1,200.00)	-	-	-	-	-	-
Share Application Money Paid	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Receivables	-	-	1,500.00	-	178.65	-	50.00
	-	-	(1,500.00)	(3,994.00)	(178.35)	-	(50.00)
Payables	2,956.94	1,241.36	-	-	-	-	-
	(2,933.70)	(1,380.13)	-	-	-	-	-
Interest payable	592.28	-	-	-	-	-	-
	(328.23)	-	-	-	-	-	-

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS

Annexure- 2

Reconciliations to First time adoption

A Balance sheet reconciliation

(All figures are Rupees in lacs unless otherwise stated)

Particulars	Note Ref	As at March 31, 2016	INDAS Adjustment	As at March 31, 2016	As at October 1, 2014	INDAS Adjustment	As at October 1, 2014
ASSETS		Previous GAAP		INDAS	Previous GAAP		INDAS
NON-CURRENT ASSETS							
(a) Property, plant and equipment		15.84	0.00	15.84	40.84	-	40.84
(b) Intangible Asset		-	-	-	75.87	-	75.87
(c) Financial assets							
(i) Investments		2,000.00	-	2,000.00	2,000.00	-	2,000.00
(ii) Trade receivable	D(v)	884.72	(26.54)	858.18	884.72	(26.54)	858.18
(iii) Loans		8.68	-	8.68	139.24	-	139.24
(iv) Others		3,109.97	(56.45)	3,053.51	1,200.00	-	1,200.00
(d) Deferred tax assets (net)		67.22	0.00	67.22	65.04	-	65.04
(e) Other non-current assets	D(ii)	1,645.75	258.89	1,904.64	1,638.95	362.39	2,001.34
TOTAL NON-CURRENT ASSETS		7,732.18	175.90	7,908.08	6,044.66	335.85	6,380.51
CURRENT ASSETS							
(a) Inventories		1,363.92	-	1,363.92	1,363.92	-	1,363.92
(b) Financial assets							
(i) Investments		-	-	-	-	-	-
(ii) Trade receivables	D(v)	1,189.80	(35.69)	1,154.10	1,327.42	(39.82)	1,287.60
(iii) Cash and cash equivalents		0.70	-	0.70	0.15	-	0.15
(iv) Bank balances		21.39	-	21.39	32.74	-	32.74
(v) Loans		-	-	-	-	-	-
(vi) Others		-	-	-	-	-	-
(c) Current tax assets (net)			-		-	-	
(d) Other current assets	D(ii)	569.73	103.50	673.23	1,201.67	155.11	1,356.77
TOTAL CURRENT ASSETS		3,145.54	67.81	3,213.34	3,925.89	115.29	4,041.18
TOTAL ASSETS		10,877.71	243.70	11,121.42	9,970.55	451.14	10,421.69
EQUITY AND LIABILITIES							
EQUITY							
(a) Equity share capital		5,000.00	-	5,000.00	5,000.00	-	5,000.00
(b) Other equity	C	(7,293.17)	294.46	(6,998.72)	(6,814.18)	518.05	(6,296.13)
TOTAL EQUITY		(2,293.17)	294.46	(1,998.72)	(1,814.18)	518.05	(1,296.13)
LIABILITIES							
NON-CURRENT LIABILITIES							
(a) Financial liabilities							
(i) Borrowings		2,766.00	-	2,766.00	3,037.07	-	3,037.07
(ii) Trade payables		-	-	-	-	-	-
(iii) Other financial liabilities		-	-		-	-	-
(b) Provisions		7.34	-	7.34	5.96	-	5.96
(c) Deferred tax liabilities (net)		-	-	-	-	-	-
(d) Other non-current liabilities		-	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES		2,773.34	-	2,773.34	3,043.03	-	3,043.03
CURRENT LIABILITIES							
(a) Financial liabilities							
(i) Borrowings		1,865.13	-	1,865.13	1,845.96	-	1,845.96
(ii) Trade payables		2,915.30	-	2,915.30	3,800.98	-	3,800.98
(iii) Other financial liabilities	D(i)	2,773.46	(50.76)	2,722.70	188.60	(66.91)	121.69
(b) Other current liabilities		2,790.66	-	2,790.66	2,842.29	-	2,842.29
(c) Provisions		48.07	-	48.07	58.94	-	58.94
(d) Current tax liabilities (net)		4.93	-	4.93	4.93	-	4.93
TOTAL CURRENT LIABILITIES		10,337.55	(50.76)	10,346.78	8,741.70	(66.91)	8,674.78
TOTAL EQUITY AND LIABILITIES		10,877.71	243.70	11,121.42	9,970.55	451.14	10,421.69

NATVARLAL VEPARI & CO. CHARTERED ACCOUNTANTS

B Equity Reconciliation

Particulars	As at March 31, 2016	As at October 1, 2014
Total equity / shareholders' funds under previous GAAP	(2,293.17)	(1,814.18)
Adjustments on account of IND AS:		
Re-measurement of net defined	26.93	30.88
Other Comprehensive Income net of Deferred Tax	(26.93)	(30.88)
Guarantee Commission Obligation	362.39	517.50
Fair Valuation of Loans & Advances	66.91	66.91
Interest on FV of Loans as per INDAS 109	(16.15)	-
Expected Credit loss on Financial Asset	(118.69)	(66.36)
Total IND AS Adjustments	294.47	518.05
Total equity under Ind AS	(1,998.72)	(1,296.13)
Control Total	(1,998.72)	(1,296.13)

C Profit and Loss Reconciliation

	Particulars	Note Ref	As at March 31, 2016	INDAS Adjustment	As at March 31, 2016
			Previous GAAP		INDAS
I	Revenue from Operations		1,616.80	-	1,616.80
II	Other Income		200.75	-	200.75
III	Total Income (I +II)		1,817.55	-	1,817.55
IV	Expenses:				
	Purchases of stock-in-trade		357.55	-	357.55
	Employee benefits expense	D(III)	324.78	5.14	329.92
	Finance Costs	D(I) &(II)	1,052.69	171.26	1,223.95
	Depreciation & amortization		101.57	-	101.57
	Other expenses	D(v)	462.14	52.90	515.04
	Total Expenses		2,298.73	229.30	2,528.03
V	Profit/(Loss) before exceptional items and tax		(481.18)	(229.30)	(710.48)
VI	Exceptional items Income / (Expense)		-	-	-
VII	Profit / (Loss) before tax		(481.18)	(229.30)	(710.48)
	Taxes				
	Current Tax		-	-	-
	Excess / Short Provision of Earlier years		-	-	-
	Deferred Tax Liability / (asset)	D(III)	(2.18)	(1.77)	(3.95)
	Total tax expenses		(2.18)	(1.77)	(3.95)
	Profit after Tax		(479.00)	(227.53)	(706.53)
	Other Comprehensive Income	D(III)	-	3.95	3.95
	Total Comprehensive Income		(479.00)	(223.58)	(702.58)

D Notes to the reconciliation of equity as at 1st October, 2014 and 31st March, 2016 and total comprehensive income for the year ended 31st March, 2017

I Financial Liabilities

Under Ind AS, the Company has fair valued the interest accrued payable to holding Company @EIR of the group. The difference between the book value and the present value of Financial Liability are shown under Capital Contribution in Other Equity and correspondingly interest is accrued every year.

II Other non current assets - Financial guarantees

Under Ind AS, financial guarantees given by the Holding Company for ACBI to the lenders are initially recognised as a liability at fair value which is subsequently charged to Statement of Profit and Loss as Guarantee Comisssion expenses. Thus the Company has accrued guarantee expenses of Rs 155.11 lacs for the eighteen months period ended March 31, 2016 and Rs 103.50 lacs for the period ended March 31, 2017.

III Defined benefit obligation

Under Ind AS, actuarial gains and losses are recognised in the OCI as compared to being recognised in the Statement of Profit and Loss under the previous GAAP.

Iv Statement of cash flows

There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

v Expected credit loss

Under Indian GAAP, the Company has created provision for impairment of trade receivables consist only in respect of specific amount for incurred loss. Under Ind AS, impairment allowance has been determined based on expected credit loss model (ECL). Due to this model, the Company impaired its trade receivables and Other Asset by Rs.66.36 lacs as on the transition date which has been recognized in retained earnings .Further Cummulative ECL of Rs.118.69 lacs as at March 31, 2016 and Rs 107.68 lacs as at March 31, 2017 is being provided as per INDAS 109.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS