

Singhal Prusty & Associates *Chartered Accountants*

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INDEPENDENT AUDITOR'S REPORT

To the Members of **Punj Lloyd Industries Limited**

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Punj Lloyd Industries Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit



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to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2016 and 31st March 2015 dated 1st August 2016 and 1st July 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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.



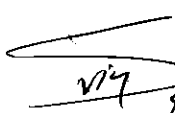

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- b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder
- e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position;
 - ii. the Company does not have any long-term contracts including derivative contracts, for which provision is required for any foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016.

for Singhal Prusty & Associates.

Chartered Accountants

Firm Registration No. 024433N

Vinay Singhal

Partner

Membership No. 517499

Place: Gurgaon

Date: 26th May 2017

Singhal Prusty & Associates *Chartered Accountants*

Annexure - A to the Auditors' Report

Referred to in paragraph 1 under the heading report on other legal and regulatory requirements of the Auditors' Report of even date

Re: Punj Lloyd Industries Limited

- (i) The Company did not have fixed assets during the year under review. Therefore, clauses 3 (i) (a) to (c) of the Order are not applicable.
- (ii) The Company did not have any inventory during the year under review. Therefore, clause 3 (ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the clauses 3 (iii) (a) to (c) of the Order are not applicable.
- (iv) According to information and explanations given to us, since the company is Non- Banking Finance Company registered with Reserve Bank Of India and its principal business is acquisition of securities. Thus, clause relating to compliance with provisions of section 185 and 186 of the Act is not applicable to the company for the year.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act, for any of the service rendered by the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute.



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- (viii) The Company did not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Therefore, clause 3 (viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Company did not pay/provide any managerial remuneration during the year. Accordingly, clause 3 (xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties have been in compliance with section 177 or section 188 as applicable and these are disclosed in the financial statements as required to be disclosed as per applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



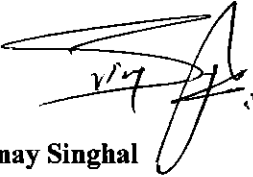
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- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

for Singhal Prusty & Associates.

Chartered Accountants

Firm Registration No. 024433N


Vinay Singhal

Partner

Membership No. 517499



Place: Gurgaon

Date: 26th May 2017

Singhal Prusty & Associates *Chartered Accountants*

Annexure - B to the Auditors' 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 **Punj Lloyd Industries Limited** ("the Company") as of March 31, 2017, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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.



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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.


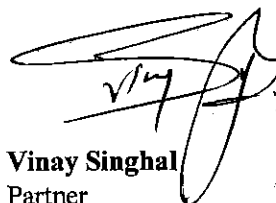
Opinion

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 Singhal Prusty & Associates.

Chartered Accountants

Firm Registration No. 024433N



Vinay Singhal

Partner

Membership No. 517499

Place: Gurgaon

Date: 26th May 2017

Punj Lloyd Industries Limited
 Standalone Balance Sheet as at March 31, 2017
 (All amounts in INR, unless otherwise stated)

| Particulars | Notes | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|-------------------------------------|-------|---------------------------|---------------------------|---------------------------|
| Assets | | | | |
| Non current assets | | | | |
| Financial Assets | | | | |
| Investments | 3 | 138,527,948 | 97,764,784 | 110,890,800 |
| Others | 4 | 631,346 | 448,281 | 418,378 |
| Deferred Tax Assets | | - | - | - |
| | | <u>139,159,293</u> | <u>98,213,065</u> | <u>111,309,178</u> |
| Current assets | | | | |
| Financial Assets | | | | |
| Cash and bank balances | 6 | 1,405,317 | 1,809,250 | 9,358,659 |
| Loans | 5 | 845,000 | 6,605,000 | 6,605,000 |
| Other financial assets | 7 | 94,413 | 753,552 | 839,902 |
| | | <u>2,344,730</u> | <u>9,167,802</u> | <u>16,803,561</u> |
| Total Assets | | <u>141,504,023</u> | <u>107,380,867</u> | <u>128,112,739</u> |
| Equity and Liabilities | | | | |
| Equity | | | | |
| Equity Share capital | 7 | 115,002,000 | 115,002,000 | 115,002,000 |
| Other Equity | 8 | 590,226 | (8,021,149) | 12,747,746 |
| | | <u>115,592,226</u> | <u>106,980,851</u> | <u>127,749,746</u> |
| Current liabilities | | | | |
| Financial Liabilities | | | | |
| Short term borrowings | 10 | 25,000,000 | - | - |
| Trade payables | 10 | 832,345 | 148,691 | 91,896 |
| Other current liabilities | 11 | 79,452 | 9,000 | 6,000 |
| Provisions | 12 | - | 242,325 | 265,097 |
| | | <u>25,911,797</u> | <u>400,016</u> | <u>362,993</u> |
| Total Equity and Liabilities | | <u>141,504,023</u> | <u>107,380,867</u> | <u>128,112,739</u> |

Summary of significant accounting policies 2.1

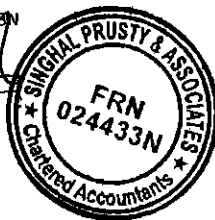
The accompanying notes form an integral part of the financial statements

This is the balance sheet referred to in our report of even date.

For Singhal Prusty & Associates
 Chartered Accountants
 Firm registration number : 024433N

For and on behalf of the Board of Directors of Punj Lloyd Industries Limited

Vinay Singhal
 Partner
 Membership number : 617499
 Place : Gurgaon
 Dated : 20/5/17



Ashok Wadhawan
 Director
 DIN : 03384006

D N Mishra
 Chief Financial Officer

Dinesh Thalrani
 Director
 DIN : 00023476

Punj Lloyd Industries Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2017
(All amounts in INR, unless otherwise stated)

| Particulars | Notes | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|-------|------------------------------|------------------------------|
| Income | | | |
| Other income | 13 | 780,380 | 1,522,655 |
| Total income | | 780,380 | 1,522,655 |
| Expenses | | | |
| Employee benefit expenses | 13 | - | 71,500 |
| Other expenses | 14 | 5,665,622 | 174,376 |
| Finance cost | 15 | 830,046 | 58 |
| Total expenses | | 6,495,668 | 245,934 |
| Profit before tax | | (5,715,288) | 1,276,721 |
| Tax expense: | | | |
| Current tax | | - | 394,600 |
| Earlier Year | | - | - |
| Total tax expense | | - | 394,600 |
| Profit for the Year | | (5,715,288) | 882,121 |
| Other comprehensive income | | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | |
| Net (Loss)/gain on FVTOCI Investments | 16 | 14,326,662 | (21,651,016) |
| Income tax effect | | - | - |
| Total Other comprehensive income not to be reclassified to profit or loss in subsequent years | | 14,326,662 | (21,651,016) |
| Total comprehensive Income for the year | | 8,611,374 | (20,768,895) |
| Earnings per equity share [nominal value per share Rs.10 (Previous year Rs.10)] | 17 | | |
| Basic and diluted (in Rs.) | | -0.50 | 0.08 |
| Summary of significant accounting policies | 2.1 | | |
| The accompanying notes form an integral part of the financial statements | | | |

This is the statement of profit and loss referred to in our report of even date.

For Singhal Prushty & Associates
Chartered Accountants
Firm registration number : 024433N

Vinay Singhal
Partner
Membership number : 517499
Place : Gurgaon
Dated : 26/5/2017



For and on behalf of the Board of Directors of Punj Lloyd Industries Limited

Ashok Wadhawan
Ashok Wadhawan
Director
DIN : 03384006

Dinesh Thairani
Dinesh Thairani
Director
DIN : 00023476

D N Mishra
D N Mishra
Chief Financial Officer

Punj Lloyd Industries Limited
 Standalone Statement of Changes in Equity for the year ended March 31, 2017
 (All amounts in INR, unless otherwise stated)

| | Numbers | Amount |
|---|------------|-------------|
| Equity share of Rs. 10 each Issued, subscribed and fully paid | | |
| At 1, April 2015 | 11,500,200 | 115,002,000 |
| At 31, March 2016 | 11,500,200 | 115,002,000 |
| At 31, March 2017 | 11,500,200 | 115,002,000 |

Other Equity

For the year ended March 31, 2015

| Description | Reserves and Surplus | | OCI | Total |
|-------------------------------------|----------------------|------------------|---|-------------|
| | General Reserve | Retained earning | Fair value through OCI for Non Trade Equity Investments | |
| As at March 31, 2014 | 10,500 | 9,092,892 | | 9,103,392 |
| Profit for the year | | (4,146,406) | | (4,146,406) |
| Fair value through OCI- Investments | | | 7,790,760 | 7,790,760 |
| Total | 10,500 | 4,946,486 | 7,790,760 | 12,747,746 |
| As at March 31, 2015 | 10,500 | 4,946,486 | 7,790,760 | 12,747,746 |

For the year ended March 31, 2016

| Description | Reserves and Surplus | | Other Comprehensive Income | Total |
|-------------------------------------|----------------------|------------------|---|--------------|
| | General Reserve | Retained earning | Fair value through OCI for Non Trade Equity Investments | |
| As at April 01, 2015 | 10,500 | 4,946,486 | 7,790,760 | 12,747,746 |
| Profit for the year | | 882,121 | | 882,121 |
| Fair value through OCI- Investments | | | (21,651,016) | (21,651,016) |
| Total | 10,500 | 5,828,607 | (13,860,256) | (8,021,149) |
| As at March 31, 2016 | 10,500 | 5,828,607 | (13,860,256) | (8,021,149) |

For the year ended March 31, 2017

| Description | Reserves and Surplus | | Other Comprehensive Income | Total |
|-------------------------------------|----------------------|------------------|---|-------------|
| | General Reserve | Retained earning | Fair value through OCI for Non Trade Equity Investments | |
| As at March 31, 2016 | 10,500 | 5,828,607 | (13,860,256) | (8,021,149) |
| Profit for the year | | (5,715,288) | | (5,715,288) |
| Fair value through OCI- Investments | | | 14,326,662 | 14,326,662 |
| Total | 10,500 | 113,319 | 466,406 | 590,226 |
| As at March 31, 2017 | 10,500 | 113,319 | 466,406 | 590,226 |



Punj Lloyd Industries Limited

Standalone Cash flow statement for the period ended March 31, 2017

(All amounts in INR, unless otherwise stated)

| PARTICULARS | Notes | Year ended March 31, 2017 | Year ended 31, 2016 | March |
|---|-------|------------------------------|------------------------|-------------|
| A | | | | |
| Cash flow from/ (used in) operating activities | | | | |
| Profit before tax | | (5,715,288) | | 1,276,721 |
| Adjustment for: | | | | |
| Provision for Expected credit loss | | 5,295,010 | | - |
| Interest income | | (780,380) | | (1,522,655) |
| Operating profit before working capital changes | | (1,200,658) | | (245,934) |
| Movement in working capital: | | | | |
| (Decrease)/ Increase in trade payables | | 683,654 | | 56,795 |
| (Decrease)/ Increase in other current liabilities | | 70,452 | | 3,000 |
| (Decrease)/ Increase in other short term borrowings | | 25,000,000 | | - |
| Decrease/ (Increase) in Other non current assets | | (183,065) | | - |
| Decrease/ (Increase) in loans | | 1,000,000 | | - |
| Cash generated from/ (used in) operations | | 25,370,383 | | (186,139) |
| Direct taxes paid (net of refunds) | | (242,325) | | (447,275) |
| Net cash flow from/ (used in) operating activities (A) | | 25,128,058 | | (633,414) |
| B | | | | |
| Cash flow used in Investing activities | | | | |
| Interest received | | 904,509 | | 1,609,005 |
| Investments in bank deposits (having original maturity of more than three months) | | 1,465,551 | | 7,731,324 |
| Investments in equity instruments | | (26,436,500) | | (8,525,000) |
| Net cash flow from/ (used in) investing activities (B) | | (24,066,440) | | 815,329 |
| Net increase/decrease in cash and cash equivalents (A+B) | | 1,061,618 | | 181,915 |
| Cash and cash equivalents at the beginning of year | | 343,699 | | 161,784 |
| Cash and Cash equivalents at the end of year | | 1,405,317 | | 343,699 |
| Components of cash and cash equivalents | | | | |
| Balances with banks: | | | | |
| On current accounts | | 1,405,317 | | 343,699 |
| Total cash and cash equivalents (also refer note 9) | | 1,405,317 | | 343,699 |

Summary of significant accounting policies

2.1

The accompanying notes form an Integral part of the financial statements

For Singhal Prusty & Associates
Chartered Accountants
Firm registration number : 024433N

Vinay Singhal
Partner
Membership number : 517499
Place : Gurgaon
Dated : 20/5/17



For and on behalf of the Board of Directors of Punj Lloyd Industries Limited

Ashok Wadhawan
Director
DIN : 03384006

Dinesh Tharani
Director
DIN : 00023476

D N Mishra
Chief Financial Officer

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2017

1. Corporate Information

Punj Lloyd Industries Limited (the Company) is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956 which since been replaced with Companies Act, 2013. The Company is a subsidiary of Punj Lloyd Limited and is primarily engaged in the business of Investments in Infrastructure Projects & activity of Engineering Construction.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (IND AS). For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. These financial statements for the year ended 31 March 2016 are the first the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis, except for the fowling assets and liabilities which have been measured at fair value or revalued amount for certain financial assets and liabilities measured at fair value (Refer note "21" below.)

2.1 Summary of significant accounting policies

A. Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring an adjustment to the carrying amounts of assets or liabilities in future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year.

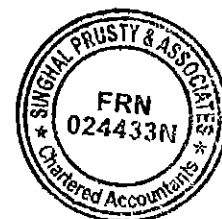
Fair value measurements and valuation process

Some of the Companies assets and liabilities are measured at fair value for financial reporting purposes. The management of the Company has determine the appropriate valuation techniques an inputs for fair value measurements. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available, wherever market observable data is not available, the Company engages third party qualified valuers to perform the valuation.

B. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- a) In the case of sale of Investments and stock in trade of shares, securities and units of mutual funds, the income is deemed to have accrued on the date at which the delivery for sale/ redemption is effected.
- b) In case of stock market derivatives, the income/ loss is deemed to accrue on the closure of the transaction. If the fair value of unexecuted futures/options, suitable provision is made for any loss on the balance sheet date. However, if there is an anticipated profit, the same is deferred till the final execution.
- c) Dividend income is recognized when the Company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.
- d) For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets or to the amortized cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument, but does not consider the expected credit losses. Interest income is included in the finance income in the statement of profit and loss.



C. Financial Instruments

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

All regular way purchases or sale of financial assets are recognised and derecognised on trade date basis. Regular way purchase or sale are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in marketplace.

1. Financial Instruments : Initial Reorganization

All the financial assets are recognized initially at fair value plus transaction cost that are attributable to the acquisition of the financial assets. Purchases or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date, i.e., the date that the company commits to purchase or sell the assets.

2. Financial Instruments : Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in four categories :

- i. Debt instruments at amortised cost
- ii. Debt Instruments at fair value through other comprehensive income (FVOCI)
- iii. Debt Instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- iv. Equity instruments measured at fair value through other comprehensive Income (FVTOCI)

i. Amortised cost : Debt instrument is measured at amortised cost when, the assets is held within a business model whose objectives is to hold assets for collecting contractual cash flows and, contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortised cost using effective interest rate method (EIR).

ii. Fair value through other comprehensive income (FVOCI): Debt instrument is classified at FVTOCI when, the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets and, the assets contractual cash flow represent solely payment of principal and interest. Initially these are measured at fair value and subsequently at each reporting date the movement of fair value are recognized at the other comprehensive income (OCI). On derecognition of these assets, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned during the holding period of these instruments is reported as interest income using the EIR method.

iii. Fair value through profit or loss (FVTPL) : Any instrument which does not meet the criteria for categorization as at amortized cost or as FVTOCI are classified as at FVTPL. Instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

iv. Equity Investments : All investments are measured at fair value through other comprehensive Income (FVOCI), except for investments which are held for trading are classified as at FVTPL. All subsequent fair value changes on the investments which are designated (FVOCI), excluding dividends, are recognized in the OCI.

3. Financial Instruments : Derecognition

A financial asset is derecognised when the control or right to receive cash flows from the asset is expired / transferred.

4. Impairment of financial assets

- i. Trade receivables and advances (other than from Group Companies) :

The Company follows 'simplified approach' for recognition of impairment loss for trade receivables and advances (other than from Group Companies).

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses separate provision matrices to determine impairment loss allowance on portfolio of its trade receivables and advances (other than Group Companies).

Provision matrix for trade receivables (other than Group Companies):

The Company estimates the ECL on contractually due trade receivables for completed projects, based on following provision matrix, on a cumulative basis. The company does not evaluate trade receivables for impairment on its on-going projects.



| <u>Past Due Period</u> | <u>Rate of Provision</u> |
|------------------------|--------------------------|
| Upto 3 years | 0% |
| Upto 4 years | 10% |
| Upto 5 years | 35% |
| Upto 6 years | 65% |
| <u>Beyond 6 years</u> | <u>100%</u> |

Other Criteria

(i) Wherever the matter and realization thereof is under dispute/ litigation/ arbitration, the same is evaluated separately and ECL is estimated as the matter progresses.

(ii) The trade receivables against which an ECL provision is triggered as per above matrix, are also assessed for other developments, if any.

The above matrix is based on historically observed default rates over their expected life 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 analysed and incorporated.

Provision matrix for (non-trade) advances (other than Group Companies):

| <u>Past Due Period</u> | <u>Rate of Provision</u> |
|------------------------|--------------------------|
| Upto 5 years | 0% |
| Upto 6 years | 20% |
| Upto 7 years | 50% |
| <u>Beyond 7 years</u> | <u>100%</u> |

Other Criteria

(i) Wherever the matter and realization thereof is under dispute/ litigation/ arbitration, the same is evaluated separately and ECL is estimated as the matter progresses.

(ii) The advances against which an ECL provision is triggered as per above matrix, are also assessed for other developments, if any.

The above matrix is based on historically observed default rates 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 analysed and incorporated.

Trade receivables and advances (from Group Companies):

Trade receivables and advance from group companies are assessed in conjunction with fair valuation of Company's investment therein. Where, futuristic intent or fair valuation cast a doubt on recoverability of the amounts receivables, the same are provided for in the statement of profit and loss.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company first determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month 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 entity reverts to recognising impairment loss allowance based on 12-month ECL.

Accounting and presentation of ECL:

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.



Financial liabilities

The companies financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

i. Financial liabilities measured at fair value through profit or loss: All financial liability which are held for trading are measured at fair value through profit and loss. All derivative financial instruments entered into by the Company that are not designated as hedge instrument are also measured at fair value through profit or loss.

ii. Loans and borrowings : All interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

iii. Financial Guarantee contracts : All financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction cost 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 and the amount recognised less cumulative amortisation.

All financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires.

D. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

E. Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in Shareholders' funds is recognised in Shareholders' funds and not in the statement of profit and loss.

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is provable that taxable profit will be available against which the deduction temporary differences and the carry forward of unused tax credits and unused tax loss can be utilized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It reduced to the extent that it is no longer probable that sufficient taxable profit will be available to all or part of deferred tax assets to be utilized.

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



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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

F. Segment Reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Unallocated items

Unallocated items includes general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

G. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for the events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

H. Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounted the increase in the provision due to the passage of time is recognized as finance cost.

I. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

J. Contingent assets / liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. A disclosure is made for a contingent liability when there is a:

- a) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- b) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- c) present obligation, where a reliable estimate cannot be made.
- d) contingent assets are not recognised but disclosed where an inflow of economic benefits is probable

K. Functional Currency

The financial statements are presented in Indian Rupee, which is also the functional currency of the Company.



Punj Lloyd Industries Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2017
(All amounts in INR, unless otherwise stated)

3 **Financial Assets : Non Current Investments**

| Particulars | As at | | |
|---|--------------------|-------------------|--------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Investment at Fair value through OCI (fully paid up) | | | |
| Unquoted equity Instruments | | | |
| Punj Lloyd Aviation Limited (Fellow Subsidiary) 98,00,000 (Previous year 98,00,000) equity shares of Rs.10 each | 103,782,000 | 89,572,000 | 110,838,000 |
| Punj Lloyd Raksha Systems Private Limited (Subsidiary) 35,06,150 (Previous year 8,62,500) equity shares of Rs.10 each | 34,745,948 | 8,192,784 | 52,800 |
| Investment in others (fully paid up) | | | |
| Kaifer Private Limited 13,680 (Previous year 13,680) equity shares Of Rs.100 each | - | - | - |
| | <u>138,527,948</u> | <u>97,764,784</u> | <u>110,890,800</u> |
| Aggregata value of unquoted Investments | 138,527,948 | 97,764,784 | 110,890,800 |

4 **Others**

| Particulars | As at | | |
|--|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Advance Tax / Tax deducted at source (net of provision for taxation) | 589,833 | 448,281 | 418,378 |
| Prepaid Expenses | 41,513 | - | - |
| | <u>631,346</u> | <u>448,281</u> | <u>418,378</u> |

5 **Financial Assets : Loans**

| Particulars | Long term | | | Short term | | |
|--|----------------|----------------|----------------|----------------|------------------|------------------|
| | As at | As at | As at | As at | As at | As at |
| | March 31, 2017 | March 31, 2016 | March 31, 2015 | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Security Deposits | - | - | - | 5,000 | 5,000 | 5,000 |
| Unsecured, considered good | - | - | - | 5,000 | 5,000 | 5,000 |
| Loans & advances to Related Parties | - | - | - | 5,600,000 | 6,600,000 | 6,600,000 |
| Unsecured, considered good | - | - | - | 4,760,000 | - | - |
| Less ECL provision | - | - | - | 840,000 | 6,600,000 | 6,600,000 |
| | - | - | - | <u>845,000</u> | <u>6,605,000</u> | <u>6,605,000</u> |



Punj Lloyd Industries Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2017
(All amounts in INR, unless otherwise stated)

6 Financial Assets : Cash and bank balances

| Particulars | As at | As at | As at |
|--|------------------|------------------|------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| a. Cash and cash equivalents | | | |
| Balances with bank : | | | |
| On Current Account | 1,405,317 | 343,699 | 161,784 |
| | <u>1,405,317</u> | <u>343,699</u> | <u>161,784</u> |
| b. Other bank balances | | | |
| Deposits with original maturity for more than 3 months but less than 12 months | - | 1,465,551 | 9,196,875 |
| | <u>-</u> | <u>1,465,551</u> | <u>9,196,875</u> |
| | <u>1,405,317</u> | <u>1,809,250</u> | <u>9,358,659</u> |

7 Other financial assets

| Particulars | As at | As at | As at |
|---------------------|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Interest receivable | 629,423 | 753,552 | 839,902 |
| Less ECL provision | 535,010 | - | - |
| | <u>94,413</u> | <u>753,552</u> | <u>839,902</u> |

8 Share capital

| Particulars | As at | As at | As at |
|--|--------------------|--------------------|--------------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Authorised shares | | | |
| 14,010,000 (Mar-16 - 11,510,000 and Mar-15 - 11,510,000) equity shares of Rs. 10 each | 140,100,000 | 115,100,000 | 115,100,000 |
| | <u>140,100,000</u> | <u>115,100,000</u> | <u>115,100,000</u> |
| Issued, subscribed and fully paid up shares | | | |
| 11,500,200 (Mar-16 - 11,500,200 and Mar-15 -11,500,200) equity shares of Rs. 10 each | 115,002,000 | 115,002,000 | 115,002,000 |
| | <u>115,002,000</u> | <u>115,002,000</u> | <u>115,002,000</u> |

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year :

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|---|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|
| | Nos. | Amount | Nos. | Amount | Nos. | Amount |
| At the beginning of the year | 11,500,200 | 115,002,000 | 11,500,200 | 115,002,000 | 11,500,200 | 115,002,000 |
| Issued during the year | - | - | - | - | - | - |
| Outstanding at the end of the year | 11,500,200 | 115,002,000 | 11,500,200 | 115,002,000 | 11,500,200 | 115,002,000 |

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by its holding company

Out of equity shares issued by the Company, shares held by its holding company and its nominees are as below:

| Particulars | As at | As at | As at |
|---|----------------|----------------|----------------|
| | March 31, 2017 | March 31, 2016 | April 01, 2015 |
| Punj Lloyd Limited, the holding company | | | |
| 11,500,195 (Mar-16 - 11,500,195 and Mar-15 -11,500,200) equity shares of Rs. 10 each | 115,002,000 | 115,002,000 | 115,002,000 |



Punj Lloyd Industries Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2017
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(d) Detail of shareholders holding more than 5% of the equity share capital of the Company

| Name of Shareholder | As at March 31, 2017 | | As at March 31, 2016 | | As at April 01, 2015 | |
|---------------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|
| | Nos. | % of holding | Nos. | % of holding | Nos. | % of holding |
| Punj Lloyd Limited | 11,500,195 | 99.99996% | 11,500,195 | 99.99996% | 11,500,200 | 100.00% |

(e) No bonus shares or shares issued for consideration other than cash or shares bought back over the last five years immediately preceding the reporting date.

9 Other Equity

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|-------------------------|-------------------------|-------------------------|
| General Reserve | 10,500 | 10,500 | 10,500 |
| Surplus/(Deficit) in the statement of profit and loss | | | |
| Balance as per last financial statement | 5,828,607 | 4,946,486 | 9,092,892 |
| Profit for the year | (5,715,288) | 882,121 | (4,146,406) |
| | 113,319 | 5,828,607 | 4,946,486 |
| Other Comprehensive Income | 466,406 | (13,860,256) | 7,790,760 |
| Total | 590,226 | (6,021,149) | 12,747,746 |

10 Financial Liability : Current liabilities

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|---|-------------------------|-------------------------|-------------------------|
| Short term borrowings from Related Parties (Repayable on demand) | 25,000,000 | - | - |
| Trade Payables (including acceptances) (Also refer note 26 for details of dues to micro and small enterprises) | 832,345 | 148,691 | 91,896 |
| | 25,832,345 | 148,691 | 91,896 |

11 Other current liabilities

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
|--------------------------------|-------------------------|-------------------------|-------------------------|
| Others | | | |
| Advance tax | | | |
| Tax deducted at source payable | 79,452 | 9,000 | 6,000 |
| | 79,452 | 9,000 | 6,000 |

12 Provisions

| Particulars | Long term | | | Short term | | |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
| Provision for current Tax (net of advance tax) | - | - | - | - | 242,325 | 265,097 |
| | - | - | - | - | 242,325 | 265,097 |



Punj Lloyd Industries Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2017
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| 13 Other income | | |
|----------------------|-------------------------|------------------------------|
| Particulars | As at March 31, 2017 | Year ended March 31, 2016 |
| Interest income on : | | |
| - Bank deposits | 81,021 | 796,655 |
| - Others | 699,359 | 726,000 |
| | <u>780,380</u> | <u>1,522,655</u> |

| 14 Employee benefit expenses | | |
|------------------------------|------------------------------|------------------------------|
| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
| Salaries | - | 71,500 |
| | <u>-</u> | <u>71,500</u> |

| 15 Other expenses | | |
|--------------------------------------|------------------------------|------------------------------|
| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
| Payment to auditors (refer below) | 120,166 | 137,250 |
| Consultancy and professional charges | 13,568 | 21,183 |
| Fees and Taxes | 231,700 | 9,087 |
| Office expenses | 5,178 | 6,856 |
| Provision for expected credit loss | 5,295,010 | - |
| | <u>5,665,622</u> | <u>174,376</u> |
| Payment to auditors | | |
| As auditors : | | |
| Audit fee | 103,500 | 103,050 |
| Professional services | 16,666 | 34,200 |
| | <u>120,166</u> | <u>137,250</u> |

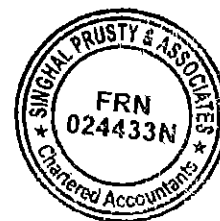
| 16 Finance cost | | |
|-----------------|------------------------------|------------------------------|
| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
| Interest | 829,304 | - |
| Bank Charges | 742 | 58 |
| | <u>830,046</u> | <u>58</u> |

17 Components of Other Comprehensive Income (OCI)

The disaggregation of changes in OCI by each type of reserve in equity is shown below:

| | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|------------------------------|------------------------------|
| Net (Loss)/gain on FVTOCI Equity Investments | 14,326,662 | (21,651,016) |
| Total | <u>14,326,662</u> | <u>(21,651,016)</u> |

| 18 Earnings per share | | |
|---|------------------------------|------------------------------|
| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
| Basic and diluted earnings | | |
| a) Calculation of weighted average number of equity shares of Rs. 10 each | | |
| Number of equity shares at the beginning of the year | 11,500,200 | 11,500,200 |
| Equity shares at the end of the year | 11,500,200 | 11,500,200 |
| Weighted average number of equity shares outstanding during the year | 11,500,200 | 11,500,200 |
| b) Net profit/(loss) after tax available for equity share holders (Rs.) | (5,715,288) | 882,121 |
| c) Basic and diluted earnings per share | -0.50 | 0.08 |
| d) Nominal value of share (Rs.) | 10 | 10 |



Punj Lloyd Industries Limited
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(All amounts in INR, unless otherwise stated)

19 Segment Reporting

Business Segment:

The Company's business activity falls within a single business segment i.e. Investment in infrastructure projects and activity of engineering constructions. Therefore, segment reporting in terms of Ind AS 108 on Segmental Reporting is not applicable.

Geographical Segment

The Company's operations are within India and does not operate in any other Country and hence there are no geographical segments.

20 In accordance with the requirement of Ind AS 24 on related party disclosures where control exist and where transactions have taken place and description of the relationship as identified and certified by management are as follows:

A) List of related parties

| | |
|--|---|
| Holding Company | Punj Lloyd Limited |
| Subsidiary Company | Punj Lloyd Raksha Systems Private Limited - w.e.f. 04.02.2015 |
| Fellow Subsidiary Companies | Punj Lloyd Aviation Limited Punj Lloyd Upstream Limited Punj Lloyd Infrastructure Limited |
| Relatives of Key Managerial Personnel/ Enterprise over which Relative of Key Managerial Personnel have significant influence. | : Punj Business Centre |

B) Transactions with the Related Parties

| Particulars | Holding Company | Subsidiary/ Fellow Subsidiary/ Associates | Enterprise over which Relative of Key Managerial Personnel have significant influence | Total |
|---|-----------------|--|--|--------------|
| TRANSACTIONS DURING THE YEAR : | | | | |
| INCOME | | | | |
| Interest Earned (Gross) | - | 699,359 | - | 699,359 |
| Punj Lloyd Upstream Limited | (-) | (726,000) | (-) | (726,000) |
| EXPENSES | | | | |
| Interest Paid(Gross) | - | 715,069 | - | 715,069 |
| Punj Lloyd Infrastructure Limited | (-) | (-) | (-) | (-) |
| LOANS & ADVANCES - GRANTED | | | | |
| Punj Lloyd Upstream Limited | | | | |
| Opening balance as on 01-04-2016 | - | 6,600,000 | - | 6,600,000 |
| Add : Paid during the year | - | - | - | - |
| Less : ECL Provision | - | 4,760,000 | - | 4,760,000 |
| Less : Received back during the year | - | 1,000,000 | - | 1,000,000 |
| Closing balance as on 31-03-2017 | - | 840,000 | - | 840,000 |
| SHORT TERM BORROWINGS | | | | |
| Punj Lloyd Infrastructure Limited | | | | |
| Opening balance as on 01-04-2016 | - | - | - | - |
| Add : Received during the year | - | 25,000,000 | - | 25,000,000 |
| Less : Repaid during the year | - | - | - | - |
| Closing balance as on 31-03-2017 | - | 25,000,000 | - | 25,000,000 |
| YEAR END BALANCES : | | | | |
| INVESTMENTS | | | | |
| Punj Lloyd Aviation Limited | - | 103,762,000 | - | 103,762,000 |
| | (-) | (89,572,000) | (-) | (89,572,000) |
| Punj Lloyd Raksha Systems Private Limited | - | 34,745,948 | - | 34,745,948 |
| | (-) | (8,192,784) | (-) | (8,192,784) |
| SECURITY DEPOSITS | | | | |
| Punj Business Centre | - | - | 5,000 | 5,000 |
| | (-) | (-) | (5,000) | (5,000) |
| INTEREST RECEIVABLE | | | | |
| Punj Lloyd Upstream Limited | - | 629,423 | - | 629,423 |
| | (-) | (653,400) | (-) | (653,400) |

* Previous Year figures are indicated in (Brackets)



Punj Lloyd Industries Limited
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(All amounts in INR, unless otherwise stated)

21 Fair Value

Set out below, is a comparison by class of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximation of fair value

| Description | Carrying Value | | | Fair Value | | |
|--|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| | Mar-17 | Mar-16 | Mar-15 | Mar-17 | Mar-16 | Mar-15 |
| Financial Assets | | | | | | |
| Fair value through OCI Financial Investments | 138,527,948 | 97,764,784 | 110,890,800 | 138,527,948 | 97,764,784 | 110,890,800 |
| Total | 138,527,948 | 97,764,784 | 110,890,800 | 138,527,948 | 97,764,784 | 110,890,800 |

The management assessed that cash and cash equivalents, trade payables, borrowings and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods or assumptions were used to estimate the fair value.

Trade receivables are evaluated by the company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The fair value of unquoted equity shares in have been estimated using book value model, except in case of Punj Lloyd Aviation Limited which is done by using DCF model by the expert valuer. The valuation requires the valuer to make certain assumptions about the model inputs. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Description of significant unobservable inputs to valuation:

| Valuation Techniques | Significant unobservable inputs | Range (weighted average) | Sensitivity of the input to fair value |
|---|---------------------------------|------------------------------------|---|
| Fair value through other comprehensive income assets in unquoted equity shares of Punj Lloyd Aviation Limited | DCF Method | WACC | March 31, 2017: 16.35% March 31, 2016: 16.35% |
| | | Discount for lack of marketability | March 31, 2017: 70.35% March 31, 2016: 74.47% |
| | | Operating Margin | March 31, 2017: 37% March 31, 2016: (40%) |
| | | | 1% Increase in WACC would result in Increase / decrease by Rs. 413,000 in March 16, March 17 Rs. 784000 |
| | | | Increase / (decrease) in the discount rate would decrease / (increase) the fair value. |
| | | | 15% Increase / (decrease) in the operating margin would result in Increase / (decrease) by Rs. 2,744,000 in March 16, Rs. 4,998,000 in March 17 |

22 Fair Hierarchy

The following table provides the fair value measurement hierarchy of the Companies assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017

| Assets for which fair values are disclosed | Total | Fair value measurement using | | |
|--|-------------|-------------------------------|-------------------------------|---------------------------------|
| | | Quoted price in active market | Significant observable inputs | Significant Unobservable Inputs |
| As at March 31, 2017 | | | | |
| Non Current Investments - Unquoted | 138,527,948 | | | 138,527,948 |
| | | | | |
| | | | | |
| | 138,527,948 | | | 138,527,948 |

23 Financial risk management objectives and policies

Exposure to credit, interest rate, foreign currency risk and liquidity risk arises in the normal course of the Company's business. The Company has risk management policies which set out its overall business strategies, its tolerance or risk and its general risk management philosophy and has established processes to monitor and control the hedging of transactions in a timely and accurate manner. Such policies are reviewed by the management with sufficient regularity to ensure that the Company's policy guidelines are adhered to.

Credit risk is the risk that counterparty will not meet its obligations under financial instrument or customer contract, leading to financial loss. The company is exposed to credit risk mainly from its operating activities i.e trade receivable.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in the market price. The only financial instruments affected by market risk is non current investments.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in the market interest rate. The Company's exposure to the risk of changes in market interest rates related primarily to the Company's long term debt obligation with floating interest rate. As on March 31, 2017 the Company does not have any bank borrowing at floating interest rate.



24 Capital Management

For the purpose of the company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximize the shareholders' value.

| | Mar-17 | Mar-16 | Mar-15 |
|---------------------------|-------------|-------------|-------------|
| Borrowings | 25,000,000 | - | - |
| Trade payables | 832,345 | 148,691 | 91,896 |
| Other Payables | 79,452 | 9,000 | 6,000 |
| Less: | | | |
| Cash and cash equivalents | (1,405,317) | (1,809,250) | (9,358,659) |
| Net Debts | 24,506,480 | (1,651,559) | (9,260,763) |
| Equity | 115,592,226 | 106,980,851 | 127,749,746 |
| Capital & net debts | 140,098,706 | 105,329,292 | 118,488,983 |
| Gearing Ratio | 17% | 0% | 0% |

The company manages its capital structure and makes adjustment in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debts divided by total capital plus net debt. The company policy is to keep the gearing ratio between 20% and 40%. The company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

25 First time adoption of Ind AS

These financial statements, for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. For year up to end including the year ended March 31, 2016, the company prepared its financial statements in accordance with accounting standards notified under sect 133 of the companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP)

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on March 31, 2017, together with the comparative year data as at and for the year 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 April 1, 2015, the Company's data of transition to Ind AS. Following are the principal adjustments made by the Company in restating its Indian GAAP financial statement, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

The Company has designated unquoted equity instruments held at April 1, 2015 as fair value through OCI investments.

The estimates as at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP except for unquoted equity instruments, which is carried out fair value through other comprehensive income.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

Reconciliation of equity as at April 1, 2015 - Transition to Ind AS

| | As At April 1, 2015 | | | As At March 31, 2016 | | |
|--|---------------------|-------------------|--------------------|----------------------|--------------------|--------------------|
| | IGAAP | Adjustments | Ind AS | IGAAP | Adjustments | Ind AS |
| Assets | | | | | | |
| Non-current assets | | | | | | |
| Financial Assets | | | | | | |
| Investments | 98,100,000 | 12,790,800 | 110,890,800 | 106,625,000 | (8,860,216) | 97,764,784 |
| Others | 418,378 | - | 418,378 | 448,281 | - | 448,281 |
| Total non current assets | 98,518,378 | 12,790,800 | 111,309,178 | 107,073,281 | (8,860,216) | 98,213,065 |
| Current assets | | | | | | |
| Financial Assets | | | | | | |
| Loans and Advances | 6,605,000 | - | 6,605,000 | 6,605,000 | - | 6,605,000 |
| Cash and bank balances | 9,358,659 | - | 9,358,659 | 1,809,250 | - | 1,809,250 |
| Other Financial Assets | 839,902 | - | 839,902 | 753,552 | - | 753,552 |
| Total Current Assets | 16,803,561 | - | 16,803,561 | 9,167,802 | - | 9,167,802 |
| Total Assets | 115,321,939 | 12,790,800 | 128,112,739 | 116,241,083 | (8,860,216) | 107,380,867 |
| Equity and liabilities | | | | | | |
| Equity | | | | | | |
| Share capital | 115,002,000 | - | 115,002,000 | 115,002,000 | - | 115,002,000 |
| Other Equity | (43,054) | 12,790,800 | 12,747,746 | 839,067 | (8,860,216) | (8,021,149) |
| Equity attributable to equity holders of the parent | 114,958,946 | 12,790,800 | 127,749,746 | 115,841,067 | (8,860,216) | 106,980,851 |
| Current liabilities | | | | | | |
| Financial Liabilities | | | | | | |
| Trade payables | 91,896 | - | 91,896 | 148,691 | - | 148,691 |
| Other current liabilities | 6,000 | - | 6,000 | 9,000 | - | 9,000 |
| Provisions | 265,097 | - | 265,097 | 242,325 | - | 242,325 |
| | 352,993 | - | 352,993 | 400,016 | - | 400,016 |
| Total Equity and Liabilities | 115,321,939 | 12,790,800 | 128,112,739 | 116,241,083 | (8,860,216) | 107,380,867 |



Punj Lloyd Industries Limited
Standalone Notes to the Financial Statements for the year ended March 31, 2017
(All amounts in INR, unless otherwise stated)

Company reconciliation of profit for the year ended March 31, 2016

| | Year ended March 31, 2016 | | |
|--|---------------------------|---------------------|---------------------|
| | Indian GAAP | Adjustments | Ind AS |
| Income | | | |
| Revenue from operations | - | - | - |
| Other income | 1,522,655 | - | 1,522,655 |
| Total income | 1,522,655 | - | 1,522,655 |
| Expenses | | | |
| Employee benefits expense | 71,500 | - | 71,500 |
| Other expenses | 174,376 | - | 174,376 |
| Total expenses | 245,876 | - | 245,876 |
| Earning before Interest, tax, depreciation and amortization (EBITDA) (I-II) | 1,276,779 | | 1,276,779 |
| Finance costs | 58 | - | 58 |
| Profit/ (loss) before tax | 1,276,721 | - | 1,276,721 |
| Tax expenses | | | |
| Current Tax | 394,600 | - | 394,600 |
| Deferred tax credit | - | - | - |
| Total tax expenses | 394,600 | - | 394,600 |
| Profit / (Loss) for the year | 882,121 | - | 882,121 |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | - | (21,651,016) | (21,651,016) |
| Total comprehensive income for the year | 882,121 | (21,651,016) | (20,768,895) |

The Company does not expect any significant impact to arise from these construction service contracts.

- 26 The Micro and Small Enterprises have been identified by the Company from the available information, which has been relied upon by the auditors. According to such
- 27 Provision for Income tax has been made in these financials after taking into consideration allowable deductions and allowances under the Income tax act. No deferred tax liability/asset is recognised as there is no component related to deferred taxes.
- 28 There are no contingent liabilities and capital commitments as at March 31, 2017.
- 29 No Provision has been made for employees benefit in terms of Ind AS 19 as notified by The Companies Act 2013, as the same is not required to be made as per terms of employment and also the related Provisions are not applicable in case of the Company.
- 30 As the Company do not transact in specified bank notes (NBS), hence disclosure as required in Part I In Division II In Schedule III is not applicable.

For Singhal Prushy & Associates
 Chartered Accountants
 Firm registration number : 024433N

Vinay Singhal
 Partner
 Membership number : 517499
 Place : Gurgaon
 Dated : 26/5/2017



For and on behalf of the Board of Directors of Punj Lloyd Industries Limited

Ashok Wadhawan
 Director
 DIN : 03384006

D N Mishra
 Chief Financial Officer

Dinesh Thakrani
 Director
 DIN : 00023476