



Independent Auditors' Report

To the Members of Punj Lloyd Limited Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Punj Lloyd Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information, (hereinafter referred to as "the Standalone Ind AS Financial Statements") in which are incorporated the returns for the year ended on that date audited by the branch auditors of the Company's overseas branches and an unincorporated joint venture.

Management's Responsibility for the Standalone 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 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). 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; the 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.

Auditors' 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 there under.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the branches and an unincorporated joint venture, 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 state of affairs of the Company as at March 31, 2018, its profit, total comprehensive loss, its cash flows and changes in equity for the year ended on that date.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a)(iii) to the standalone Ind AS financial statements which indicates that the Company's net worth has deteriorated and as of March 31, 2018, the Company's current liabilities exceeded its current assets by Rs. 1891.71 Crores. These conditions, along with other matters as stated in said note, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our report is not qualified in respect of this matter.

Emphasis of Matter

We draw attention to Note 8 to the standalone Ind AS financial statements which indicates that the Company has recognised deferred tax assets on carried forward losses and unabsorbed depreciation as in the opinion of the management it is reasonably certain that such deferred tax assets are fully realizable. Our report is not qualified in respect of this matter.



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Other Matters

We did not audit the Financial Statements of certain branches and an unincorporated joint venture included in the standalone Ind AS financial statements, whose financial statements reflect total assets (net of elimination) of Rs 3363.10 Crores at March 31, 2018 and total revenues (net of elimination) of Rs. 1022 Crores for the year ended on that date. These financial statements have been audited by other auditors whose reports and additional information thereon have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches and an unincorporated joint venture, is based solely on the reports of the such other auditors. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- c. The reports on the accounts of the branch offices of the Company audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report;
- d. 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 and with the returns received from branches not visited by us;
- e. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- f. The matter described in the paragraph "Material uncertainty related to going concern" above, may have an adverse effect on the functioning of the Company.

- g. On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- h. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position, as detailed in Note 29 to the standalone Ind AS financial statements;
 - ii. the Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts, as detailed in Note 33 to the standalone Ind AS financial statements; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

For **BGJC & Associates LLP**

Chartered Accountants

Firm Registration Number: 003304N

Darshan Chhajjer

Partner

Membership Number: 088308

Place: Gurugram

Date: May 30, 2018



Annexure 1 to Independent Auditors' Report

(Referred to in paragraph on Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report of even date)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone Ind AS financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment and investment property') are held in the name of the Company, which have been verified from pledged and other documents.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on physical verification carried out during the year.
- (iii) The Company has not granted any loans, secured or unsecured, to parties covered in the register maintained under Section 189

of the Act. Accordingly, the provisions of clauses 3 (iii) (a), 3 (iii) (b), 3 (iii) (c) of the Order are not applicable.

- (iv) In our opinion, the provisions of clause 3(iv) of the order are not applicable since during the year, the Company has not entered into transaction covered under the sections 185 and 186 of the Act.
- (v) In our opinion, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules (as amended). Accordingly, the provisions of clause 3 (v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under subsection (1) of Section 148 of the Act in respect of Company's products and services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, Goods and service tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable, have not been regularly deposited to the appropriate authority and there have been significant delays in most of the cases. Further, no undisputed amounts payable in respect thereof, were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding with respect to sales tax, service tax, value added tax, entry tax, customs duty, excise duty on account of any dispute, are as follows:

₹ in crores

Nature of dues	Name of the statute	Amount	Paid under protest	Period to which it relates	Forum where dispute is pending
Sales tax and Value Added Tax	Andhra Pradesh General Sales Tax Act, 1957	9.21	0.99	1998-99 to 2004-05	Sales tax Appellate Tribunal, Vizag
	Telangana Value Added Tax Act, 2005	0.26	-	2010-11	Sales tax Appellate Tribunal, Hyderabad
	Bihar Value Added Tax Act, 2005	25.51	-	2009-10	Commercial Tax Tribunal, Patna
		0.83	-	2011-12	Commissioner of Commercial Tax, Patna



Annexure 1 to Independent Auditors' Report

Nature of dues	Name of the statute	Amount	Paid under protest	Period to which it relates	Forum where dispute is pending
	Chattisgarh Value added Tax Act 2005	0.15	0.03	2012-13	Additional Commissioner of Commercial Tax
	Delhi Value Added Tax Act 2005	0.26	-	2011-12	Additional Commissioner of Commercial Tax, Delhi
	Gujrat Value Added Tax Act 2003	0.15	-	2013-14	Joint Commsisioner Appeal, Vadodra
	Haryana Value Added Tax Act, 2003	4.64	0.91	2003-04 2004-05 2005-06	Sales tax Appellate Tribunal, Chandigarh
		0.79	-	2009-10	Joint commissioner appeal, Chandigarh
	Kerala Value Added Tax Act 2003	0.10	-	2014-15 2015-16 2016-17	Dy. Commissioner , Earnakulam
	Maharashtra Value Added Tax Act	5.47	0.26	2011-12	Joint commissioner appeal, Nasik
	Madhya Pradesh Commercial Tax Act, 1994	0.05	-	2003-04	High Court, Bhopal
	Madhya Pradesh Value Added Tax Act, 2002	0.64	-	2009-10 2010-11	Commercial Tax Tribunal, Bhopal
	Punjab Value Added Tax Act, 2005	58.87	4.14	2008-09 2009-10 2010-11 2012-13	Joint Commissioner, Patiala
		24.33	2.36	2011-12	Commercial Tax Tribunal, Chandigarh
	Rajasthan Value Added Tax, 2003	6.72	-	2013-14 2014-15 2015-16	Deputy Commissioner, Kota
	Orissa Value Added Tax Act, 2005	1.79	-	2011-2013	High Court, Cuttack
		20.96	0.13	2011-2013	Commercial Tax Tribunal , Cuttack
		10.82	0.37	2014-15	Joint Commissioner Appeal , Bhubneshwar
	West Bengal Value Added Tax Act, 2003	23.60	-	2009-10	Appellate & Revisional Board , Kolkata
		6.62	0.83	2014-15	Sr.Joint Commissioner (Appeal), Midnapur
Entry Tax	Bihar Entry Tax Act, 1993	0.21	-	2009-10	Commissioner of Commercial Tax, Patna
	Chhattisgarh Entry Tax Act, 1976	0.26	0.35	2005-06, 2006-07	Supreme Court, New Delhi
	Haryana Local Area Development Tax Act, 2000	0.40	-	2003-04	Supreme Court, New Delhi
	Karnataka Sales Tax Act, 1957	0.12	0.57	2002-03, 2004-05	Jt. Commissioner Appeal, Bengaluru
	Madhya Pradesh Entry Tax Act, 1976	0.01	0.25	2003-04	High Court, Bhopal
		0.35	-	2009-10, 2010-11	Commercial Tax Tribunal, Bhopal
Telangana Value Added Tax Act-2005	1.29	-	2012-13 2013-14 2014-15	Joint Commissioner Appeal, Hyderabad	



Annexure 1 to Independent Auditors' Report

Nature of dues	Name of the statute	Amount	Paid under protest	Period to which it relates	Forum where dispute is pending
	Uttar Pradesh Trade Tax Act, 1948	0.11	-	2010-11	Additional Commissioner (Appeal), Aligarh
		0.85	-	1998-99, 2003-04	Additional Commissioner (Appeal), Mathura
Excise Duty	Central Excise Act, 1944	0.73	0.23	2006-07	Commissioner of Custom & Central Excise, Mumbai
Service Tax	The Finance Act, 2004 and the Service tax rules	8.06	-	2003-04, 2005-06, 2006-07	CESTAT, Delhi

(viii) The Company has delayed in the repayment of dues to banks, financial institutions and debenture holders as detailed below.

₹ in crores

Particulars	Period of delays (in days)	
	Up to 90	90 and above
Banks		
Andhra Bank	3.01	10.33
Axis Bank Limited	12.01	8.40
Bank of Baroda	0.61	-
Bank of India	0.39	4.00
Central Bank of India	5.06	9.63
HDFC Bank Limited	-	3.39
ICICI Bank Limited	0.48	5.21
IDBI Bank Limited	2.42	27.88
Indian Overseas Bank Limited	17.98	-
The Jammu and Kashmir Bank Limited	-	1.16
Karur Vysya Bank limited	0.75	0.29
Oriental Bank of Commerce Limited	8.63	16.97
Ratnakar Bank Limited	0.91	4.61
Standard Chartered Bank Limited	-	0.00
State Bank of India	11.01	7.02
United Bank of India	10.21	0.10
Financial Institutions		
IFCI Limited	78.55	13.22
L & T Infrastructure Finance Company Limited	0.74	1.63
Mahindra & Mahindra Financial Services Limited	0.97	-
SREI Equipment Finance Private Limited	5.64	-
SREI Infrastructure Finance Limited	0.02	0.45
Tata Capital Financial Service Limited	1.03	0.25



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As at the year end, following are the amounts of defaults in repayment of dues to banks, financial institutions and debenture holders:

₹ in crores

Particulars	Period of default (in days)	
	Up to 90	90 and above
Banks		
Andhra Bank	16.05	3.30
Axis Bank Limited	18.43	13.35
Bank of Baroda	0.31	0.08
Bank of India	9.32	3.71
Central Bank of India	18.77	2.79
Dhanlaxmi Bank Limited	0.60	0.62
HDFC Bank Limited	6.59	3.80
ICICI Bank Limited	13.16	21.25
IDBI Bank Limited	48.96	29.45
Indian Overseas Bank Limited	10.09	-
The Jammu and Kashmir Bank Limited	2.31	2.56
Karur Vysya Bank limited	0.66	0.08
Oriental Bank of Commerce Limited	33.59	21.86
Ratnakar Bank Limited	11.25	5.52
Standard Chartered Bank Limited	17.34	232.81
State Bank of India	50.30	52.56
Financial Institutions		
International Finance Corporation	12.12	71.81
Assets Care and Reconstruction Enterprise Limited	1.10	1.47
L & T Infrastructure Finance Company Limited	10.05	27.71
SREI Infrastructure Finance Limited	0.72	0.56
Tata Capital Financial Service Limited	2.90	2.10
Debentures	20.85	471.51

- (ix) The Company has utilized the money raised by way of the term loans during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer/further public offer (including debt instruments) during the year.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year covered by our audit.
- (xi) The Company has not paid / provided for any managerial remuneration. Accordingly, provisions of clause 3 (xi) of the Order is not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the order are not applicable.
- (xiii) All transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) In our opinion, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of clause 3(xiv) of the Order are not applicable.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with him under section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **BGJC & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 003304N

Darshan Chhajer

Partner

Membership No. 088308

Date: May 30, 2018

Place: Gurugram



Annexure 2 to Independent Auditors' Report

Referred to in paragraph under report on Other Legal and Regulatory Requirements in Independent Auditors' Report of even date to the members of Punj Lloyd Limited on the standalone Ind AS financial statements for the year ended March 31, 2018.

Independent Auditors' 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 Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company as of and 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 ("the Guidance Note") 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by the ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls over financial reporting. 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 were 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 standalone Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting

principles. A company's internal financial control over financial reporting includes those policies and procedures that (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 standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS 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 and based on reliance on work performed by other auditors, 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, 2018, 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 issued by the ICAI.

Other Matters

We did not audit the internal financial controls over financial reporting insofar as it related to certain branches and an unincorporated joint venture included in the standalone Ind AS financial statements, whose financial statements reflect total assets (net of elimination) of Rs 3,363.10 Crores at March 31, 2018 and total revenues (net of elimination) of Rs 1,022 Crores for the year ended on that date, our report on the adequacy and operating effectiveness of the internal financial controls over financial reporting for the Company, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid branches and an unincorporated joint venture, is solely based on the information provided by the auditors of such branches/ unincorporated joint venture. Our opinion is not qualified in respect of this matter.

For **BGJC & Associates LLP**

Chartered Accountants
Firm Registration Number: 003304N

Darshan Chhajjer
Partner
Membership Number: 088308

Place: Gurugram
Date: May 30, 2018