



## Directors' Report

Your Directors are pleased to present the Thirtieth Annual Report and the audited accounts of Punj Lloyd Limited ("the Company") for the financial year ended March 31, 2018.

### Financial Highlights

The financial performance of the Company, for the year ended March 31, 2018 is summarized below:

(₹ in Crores)

Particulars	2017-18	2016-17
Total revenue	4,412.90	4,059.75
Earnings Before Interest (Finance Costs), Tax, Depreciation and Amortisation (EBITDA)	215.37	107.63
Less: Finance costs	976.38	881.66
Profit/ (Loss) before tax, depreciation and amortisation	(761.01)	(774.03)
Less: Depreciation and amortisation expenses	120.70	125.13
Profit/ (Loss) before tax (PBT)	(881.71)	(899.16)
Less: Tax expenses [net of deferred tax effect and minimum alternate tax credit entitlement/ written off (net)]	(1,199.08)	(48.58)
Profit/ (Loss) after taxation (PAT)	317.37	(850.58)
Other Comprehensive Income	(358.27)	(936.91)
Total Comprehensive Income	(40.90)	(1,787.49)

### Dividend

To conserve the cash resources, your Directors have not recommended any dividend on the equity shares for the financial year ended March 31, 2018.

### Operations Review

The Company remains committed in its efforts of realigning its business strategy and operations to garner better traction in its market segment. The focus is on diversifying its business into segments where capital can be profitably utilized and on improving operational efficiencies across all segments of operations. Some of these efforts have started to reap benefits. During the year under review, the Company clocked a standalone operational profit (EBIDTA) of Rs. 215 crore as compared to Rs.108 crore reported in previous year and the total income grew by 9% to Rs. 4,413 crore. The momentum generated during the current year would be further strengthened to achieve higher revenue and profits.

Clearly, the construction and infrastructure industry, globally and in India had undergone a transformation with investments slowing down in energy related segments. Global oil prices, till few months of the current year, remained soft and thereafter robust and sustained rise was witnessed.

Punj Lloyd, in order to reduce dependence on oil & gas sector, has taken steps to widen the spectrum of sectors where it operates. In line with this objective, it added two new segments, namely irrigation and railway contracts, keeping an eye on anticipated growth explosion in these areas. The Company is also actively working on forging strategic partnership tailor-made for various sectors and regions to develop its project portfolio.

The Company is in advance stage of implementing financial Resolution Plan, with the help of its Lender community that will provide the necessary traction to the Company's growth initiatives. Several obligations to finalise this plan has been met by the Company during FY 2018.

Amidst tight liquidity, Company continues to approach business development in a calibrated manner. Activities were more geared towards exploring new market opportunities. The Company has an order book of Rs. 9,127 crore as of 31 March 2018. During the year under review, presence in capital intensive and complicated Offshore & Power Distribution has been progressively reduced and focus has shifted towards building and infrastructure projects, encompassing construction of roads, bridges, airports and marquee buildings, which is in line with the government's initiative in these sectors. Significant recoveries have been made during the financial year, while recoverable claims are being pursued aggressively to fund next phase of business.

### Business Review

The Management Discussion and Analysis Section of the Annual Report presents a detailed business review of the Company.

### Health, Safety and Environment (HSE)

The Company continues to stress on maintaining a healthy, safe and pollution free work environment across all its project sites. The Company's existing practices are certified under ISO 9001:2008 for quality, ISO14001:2004 for environment and OHSAS18001:2007 for health and safety. A detailed note on the HSE practices and initiatives by the Company is included in Management Discussion and Analysis Section of the Annual Report.

### Directors and Key Managerial Personnel

Mr. Atul Punj was appointed as Executive Chairman of the Company for a period of five years with effect from July 1, 2013 and he was re-designated as Chairman and Managing Director of the Company with effect from May 27, 2016. It is proposed to re-appoint Mr. Atul Punj as Chairman and Managing Director of the Company, for a period of five years with effect from July 1, 2018. Appropriate resolution seeking your approval for the re-appointment and payment of remuneration to him forms part of the notice convening the ensuing Annual General Meeting ("the AGM").

Mr. Rakesh Amol has been appointed as Group Chief Executive Officer of the Company w.e.f. May 30, 2018.

Mr. Atul Kumar Jain and Mr. Shiv Punj, Whole Time Directors of the Company have resigned w.e.f. May 29, 2018 and August 27, 2018



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respectively. The Board wishes to place on record its deep sense of appreciation for the valuable contributions made by them to the Board and the Company during their tenure as Whole Time Directors of the Company.

Mr. Rajat Khare has vacated office of Director of the Company w.e.f. August 11, 2018 under relevant provisions of Section 167 (1) (b) of the Companies Act, 2013. Ms. Jyoti Punj, Director of the Company has resigned w.e.f. August 27, 2018. The Board wishes to place on record its deep sense of appreciation for the valuable contributions made by them to the Board and the Company during their tenure as Directors of the Company.

Mr. Atul Punj retires by rotation and being eligible has offered himself for re-appointment at the AGM. The Board of Directors recommend his re-appointment.

In terms of Section 149(7) of the Companies Act, 2013 ("the Act"), Mr. Phiroz A. Vandrevala, Mr. Uday Walia, Mr. Rajat Khare and Mr. Shравan Sampath, Independent Directors of the Company have given declarations to the Company to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act.

Brief resume of the Director seeking appointment/re-appointment at the AGM, as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI Regulations") and the Act, forms part of the notice convening the AGM.

### Meetings of the Board

During the year, the Board of Directors of the Company met 4 times on May 27, 2017; August 10, 2017; November 11, 2017 and February 14, 2018.

### Policy on Appointment and Remuneration of Directors, Key Managerial Personnel and Other Employees

The Nomination and Remuneration Committee in its meeting held on May 20, 2014 had recommended to the Board of Directors a Policy on Directors' Appointment and Remuneration, including criteria for determining qualifications, positive attributes, independence of a director and relating to remuneration for the Directors, Key Managerial Personnel and Other Employees in terms of sub-section (3) of section 178 of the Act. The Board of Directors in its meeting held on May 20, 2014 have approved and adopted the same. The said policy is enclosed as **Annexure- I** to this Report and the same has been placed on the website of the Company at the following link: <http://punjlloydgroup.com/investors>.

### Formal Annual Performance Evaluation of the Board and that of its Committees and Individual Directors

Pursuant to the Guidance Note on Board Evaluation issued by SEBI vide Circular dated January 5, 2018, the Remuneration Committee has reviewed and revised the Criteria for Performance Evaluation of the Board, Individual Directors (including Independent Directors) and Committees of the Board.

In line with the above revised criteria, the Independent Directors at their separate meeting held on May 30, 2018 without participation of the Non-Independent Directors and Management, have considered and evaluated the Board's performance and the performance of the Chairman and Managing Director and Non-Independent Directors. The Independent Directors in the said meeting have also assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

The Board of Directors in their meeting held on May 30, 2018 have evaluated the performance of each of the Independent Directors (without the participation of the Director being evaluated) and also of the Committees of the Board.

The revised criteria for performance evaluation have been detailed in the Corporate Governance Report which is attached as **Annexure-II** to this Report.

### Directors' Responsibility Statement

Pursuant to the requirements of Sub-Sections (3)(c) and (5) of Section 134 of the Act, it is hereby confirmed:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
3. that the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
4. that the Directors have prepared the annual accounts of the Company on a 'going concern' basis.
5. that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
6. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Audit Committee

The Audit Committee comprises of Mr. Phiroz Vandrevala, Independent Director as Chairman, Mr. Shравan Sampath and Mr. Atul Punj as Members.

The Board of Directors have accepted all the recommendations of the Audit Committee.



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### Vigil Mechanism

The Company has in place a vigil mechanism in the form of Whistle Blower Policy. It aims at providing avenues for employees to raise complaints and to receive feedback on any action taken and seeks to reassure the employees that they will be protected against victimization and for any whistle blowing conducted by them in good faith. The policy is intended to encourage and enable the employees of the Company to raise serious concerns within the organization rather than overlooking a problem or handling it externally. The Company is committed to the highest possible standard of openness, probity and accountability. It contains safeguards to protect any person who uses the Vigil Mechanism (whistle blower) by raising any concern in good faith. The Company does not tolerate any form of victimization and takes appropriate steps to protect a whistleblower that raises a concern in good faith and treats any retaliation as a serious disciplinary offence that merits disciplinary action. The Company protects the identity of the whistle blower if the whistle blower so desires, however the whistle blower needs to attend any disciplinary hearing or proceedings as may be required for investigation of the complaint. The mechanism provides for a detailed complaint and investigation process. If circumstances so require, the employee can make a complaint directly to the Chairman of the Audit Committee. The Company also provides a platform to its employees for having direct access to the Chairman and Managing Director of the Company for raising any concerns. It is through ATP Connect (atpconnect@punjlloyd.com).

Mr. Dinesh Thairani, Company Secretary is the Compliance Officer. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

### Share Capital

During the financial year 2017-18, the Company issued and allotted 13,70,000 Equity Shares of Rs.2/- each fully paid up for cash at par on the exercise of vested stock options under Employee Stock Option Plan 2005 (ESOP 2005) and Employee Stock Option Plan 2006 (ESOP 2006). Consequently, the issued, subscribed and paid-up Equity Share Capital of the Company has increased from Rs.66,84,51,490/- divided into 33,42,25,745 equity shares of Rs. 2/- each as at March 31, 2017 to Rs. 67,11,91,490/- divided into 33,55,95,745 equity shares of Rs. 2/- each as at March 31, 2018.

### Employee Stock Option Scheme

The Company has 2 (two) Employee Stock Option Scheme at present:

- Employee Stock Option Plan 2005 (ESOP 2005); and
- Employee Stock Option Plan 2006 (ESOP 2006)

ESOP 2005 and ESOP 2006 are in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the Regulation).

The details as required to be disclosed under the Regulation with regard to the ESOP 2005 and ESOP 2006 of the Company as at March 31, 2018 are disclosed on the website of the Company at the web link: <http://punjlloydgroup.com/investors>.

The Company has never provided any loan to its employees to purchase the shares of the Company.

The Company has not issued any shares with differential voting rights.

The Company has not issued any sweat equity shares.

### Corporate Governance

As stipulated under SEBI Regulations, the Report on Corporate Governance and the requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid regulation is attached as **Annexure - II** to this Report and forms part of the Annual Report.

### Corporate Social Responsibility (CSR) initiatives

The Company has formed a CSR Committee comprising of Mr. Atul Punj as Chairman, Mr. Uday Walia and Mr. Shravan Sampath as members.

The said Committee has developed a Policy on CSR, which has been approved by the Board of Directors in its meeting held on May 20, 2014.

In terms of the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company was not required to make any expenditure on CSR activities during the Financial Year 2017-18. The CSR Report is attached as **Annexure- III**

### Management Discussion and Analysis

As stipulated under SEBI Regulations, Management Discussion and Analysis Report, for the year under review, is presented in a separate section forming part of the Annual Report.

### Auditors and Auditors' Report

M/s BGJC & Associates LLP, (formerly BGJC & Associates), Chartered Accountants, New Delhi (Registration No. 003304N /AAI -1738) had been appointed as Statutory Auditors of the Company from the conclusion of the 28th AGM of the Company held on August 10, 2016 until the conclusion of the sixth consecutive AGM of the Company subject to ratification of their appointment at each AGM. Now, as per the Companies (Amendment) Act, 2017, ratification of appointment of Auditors is not required.

The observations of the Auditors have been fully explained in Note 2(a)(iii) and 8 to the financial statements.

### Secretarial Auditors and Secretarial Audit Report

M/s. Suresh Gupta & Associates, Company Secretaries, Delhi have been appointed as Secretarial Auditors of the Company to conduct the Secretarial Audit of the Company for the financial year 2017-18 and their Secretarial Audit Report is annexed as **Annexure - IV** to this Report.



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### Cost Auditors

The Board has appointed M/s. Amit Singhal & Associates, Cost Accountants, Delhi, (Firm Registration No. 101073) as Cost Auditors of the Company to conduct the audit of cost records of the Company for the Financial Year 2017-18.

### Fixed Deposits

The Company has not accepted any fixed deposits from public, shareholders or employees during the year under review.

### Particulars of Employees

The details as required in terms of the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as **Annexure - V** to this Report.

The details of employees as required in terms of the provisions of Section 197 of the Act read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as **Annexure - VI** to this Report.

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy. No complaints were received during the year 2017-18.

### Consumption of Energy and Foreign Exchange Earnings and Outgo

The details as required under Section 134(3)(m) of the Act read with Rule 8(3) of Companies (Accounts) Rules, 2014, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are attached as **Annexure - VII** to this Report.

### Loans, Guarantees and Investment

In accordance with Section 134(3)(g) of the Act, the particulars of loans, guarantees and investments under Section 186 of the Act are given in the Note 38(a) of standalone Financial Statements read with respective heads to the Financial Statements.

### Related Party Transactions

In accordance with Section 134(3)(h) of the Act read with Rule 8(2) of Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements with related parties, referred to in Section 188(1) of the Act, in the prescribed **Form AOC 2** are attached as **Annexure -VIII** to this Report.

### Risk Management Policy

The Company has formulated and implemented a Risk Management policy. The details of elements of risk are provided in the Management Discussion and Analysis section of the Annual Report.

### Internal Financial Controls

The Company has designed and implemented a process driven framework for Internal Financial Controls as detailed in the Act. These controls have been established at the entity and process levels to comply with internal control requirements.

A detailed note on internal controls is included in the Management Discussion and Analysis Section of the Annual Report.

### Extracts of Annual Return

In terms of Section 134(3)(a) of the Act read with Rule 12(1) of Companies (Management & Administration) Rules, 2014, the extracts of Annual Return of the Company in **Form MGT 9** is attached as **Annexure - IX** to this Report.

### Significant and Material Orders

No significant and material orders have been passed by any regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### Consolidated Financial Statements

In accordance with Section 129 of the Act, Consolidated Financial Statements are attached and form part of the Annual Report and the same shall be laid before the ensuing AGM along with the Financial Statements of the Company.

### Subsidiaries, Joint Ventures & Associate Companies

As required under the first proviso to sub-section (3) of Section 129 of the Act, a separate statement containing the salient features of the financial statements of the subsidiaries, associates and joint venture companies in **Form AOC 1** is annexed to the Financial Statements and forms part of the Annual Report, which covers the performance and financial position of the subsidiaries, associates and joint venture companies.

The Annual Accounts of the Subsidiary Companies are available on the Company's website viz. [www.punjilloyd.com](http://www.punjilloyd.com) and will also be available for inspection by any member or trustee of the holder of any debentures of the Company at the Registered Office and the Corporate Office. A copy of the above accounts shall be made available to any member on request.

### Acknowledgement

Your Directors would like to place on record their appreciation for the committed services put in by the employees of the Company. Your Directors would also like to convey their sincere gratitude to the shareholders, debenture holders, bankers, financial institutions, regulatory bodies, clients and other business constituents for their continued co-operation and support.

For and on behalf of the Board of Directors

Atul Punj

Chairman and Managing Director

DIN:00005612

Place: Gurugram

Date: August 29, 2018