(All amounts in INR Crores, unless otherwise stated)

1. Corporate information

Punj Lloyd Limited (the Company) is a public limited company domiciled in India. Its equity shares are listed on two recognized stock exchanges in India. The principal place of business of the Company is located at Gurugram, India. The Company is primarily engaged in the business of engineering, procurement and construction in the oil, gas and infrastructure sectors. The Company caters to both domestic and international markets.

These financial statements for the year ended March 31, 2018 were authorized for issue in accordance with a resolution of the directors on May 30, 2018.

2. Significant accounting policies

(a) Basis of preparation

(i) Compliance with Ind AS

These financial statements have been prepared and comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act"), read together with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(ii) Basis of measurement

These financial statements have been prepared on an accrual and historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- certain items of property, plant and equipments which have been fair valued on the transition date

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

(iii) The net worth of the Company has deteriorated further as at March 31, 2018 and there are delays/ defaults in repayments of dues to its lenders. In view of the above, the Company has submitted a proposal to its lenders for restructuring of its debt. Restructuring is essential for the company's ability to continue as a going concern and ability to realise its assets and discharge the liabilities in the normal course of business. The restructuring proposal is under active consideration by the lenders as per the latest RBI guidelines. Subsequently, the Company will obtain mandatory approvals from other stakeholders. The management is confident of favourable restructuring within stipulated timeframe and also getting the necessary approvals. Additionally, to improve operational efficiencies, the Company is taking various measures, including monetizing its identified assets as avenues of raising funds. The management is confident that with the above measures, the Company would be able to generate sustainable cash flow, discharge its short term and long-term liabilities and improve its net worth through profitable operations and continue as a going concern. In view of the above, these financial statements have been prepared on a going concern basis.

(b) Property, plant and equipment

Property, plant and equipment, excluding freehold land, but including capital work-in-progress are stated at cost, less accumulated depreciation and impairment losses, if any. Freehold land is carried at historical cost. The cost includes the purchase price and expenditure that is directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

The Company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with Ministry of Corporate Affairs ("MCA") circular dated August 09, 2012, exchange differences adjusted to the cost of tangible assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences.

Depreciation method, estimated useful lives and de-recognition

Depreciation is calculated using the straight-line method to allocate the cost, net of the residual values, over the estimated useful lives as follows:

Asset Description	Useful lives (years)
Factory buildings	30

Other buildings	60
Plant and equipment	3 – 20
Furniture and fixtures, office equipments and tools	3 – 20
Vehicles	3 – 10

The property, plant and equipment acquired under finance leases, including assets acquired under sale and lease back transactions, is depreciated over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use thereof. Any gain or loss arising on de-recognition of the assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of profit and loss when the asset is derecognized.

The useful lives, residual values and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

(c) Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

Development expenditures are recognized as an intangible asset when the Company is able to demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use
- its intention to complete and its ability and intention to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development

The Company amortizes intangible assets with finite lives using the straight-line method over the period of licenses or based on the nature and estimated useful economic life, i.e., six years, whichever is lower.

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

The amortization period and the method is reviewed at each financial year end and adjusted prospectively.

(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. 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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover 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. To estimate cash flow projections beyond periods covered by the most recent budgets/ forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been, had no impairment loss been recognized. Such reversal is recognized in the statement of profit and loss.

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as an investment property. Investment properties are measured initially at cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are expensed when incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives, i.e., 60 years.

Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

(f) Sale and lease back transactions

If a sale and leaseback transaction results in a finance lease, the profit or loss, i.e., excess or deficiency of sale proceeds over the carrying amounts is deferred and amortized over the lease term in proportion to the depreciation of the leased asset. The unamortized portion of the profit is classified under “Other liabilities” in the financial statements.

If a sale and leaseback transaction results in an operating lease, profit or loss is recognized immediately in case the transaction is established at fair value. If the sale price is below fair value, the loss is recognized immediately except that, if the loss is compensated by future lease payments at below market price, it is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the profit is deferred and amortized over the period for which the asset is expected to be used.

(g) Leases

Where the Company is the lessee

Lease where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (see note 2.(l)).

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life or the lease term of the asset.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Lease income from operating lease is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are classified in the balance sheet based on their nature.

(h) Inventories

Project materials are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the materials to their present location and condition. Cost is determined on weighted average basis.

Scrap is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(i) Unbilled revenue (work-in-progress)

Unbilled revenue (work-in-progress) is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are exclusive of taxes or duties collected on behalf of third parties. The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that the economic benefits will flow to the Company and specific criteria, as described below, are met for each of the Company's activities.

i) Contract revenue associated with long term construction contracts is recognized as revenue by reference to the stage of completion of the contract at the balance sheet date. The stage of completion of project is determined by the proportion that contracts costs incurred for the work performed up to the balance sheet date bear to the estimated total contract costs. However, profit is not recognized unless there is reasonable progress on the contract. If total cost of a contract, based on technical and other estimates, is estimated to exceed the total contract revenue, the foreseeable loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the statement of profit and loss of the year in which revisions are made. Contract revenue earned in excess of billing is classified as "Unbilled revenue (work-in-progress)" and billing in excess of contract revenue is classified under "Other liabilities" in the financial statements. Claims on construction contracts are included based on Management's estimate of the probability that they will result in additional revenue, they are capable of being reliably measured, there is a reasonable basis to support the claim and that such claims would be admitted either wholly or in part. The Company assesses the carrying value of various claims periodically, and makes adjustments for any unrecoverable amount arising from the legal and arbitration proceedings that they may be involved in from time to time. Insurance claims are accounted for on acceptance/settlement with insurers.

ii) Revenue from long term construction contracts executed in unincorporated joint ventures under work sharing arrangements is recognized on the same basis as similar contracts independently executed by the Company. Revenue from unincorporated joint ventures under profit sharing arrangements is recognized to the extent of the Company's share in unincorporated joint ventures.

iii) Revenue from hire charges is accounted for in accordance with the terms of agreements with the customers.

iv) Revenue from management services is recognized pro-rata over the period of the contract as and when the services are rendered.

v) Rental income arising from operating leases on investment properties is generally accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss. These are accounted for otherwise where the payments to the lessor are structured to increase in line with expected general inflation, to compensate for the expected inflationary cost increases.

vi) Interest income from debt instruments is recognized using the effective interest rate method (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 asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

vii) Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders of the investee approve the dividend.

viii) Export Benefit under the Duty Free Credit Entitlements is recognized in the statement of profit and loss, when right to receive license as per terms of the scheme is

(All amounts in INR Crores, unless otherwise stated)

established in respect of exports made and there is no significant uncertainty regarding the ultimate collection of the export proceeds.

ix) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(l) Foreign currencies

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is Company's functional and presentation currency.

ii) Transaction and balances

Transactions in foreign currencies are initially recorded in the functional currency using the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences resulting from the settlement or translation of such transactions are generally recognized in profit or loss, except the following:

a. Exchange differences are deferred in equity if they are attributable to part of the net investment in a foreign operation. They are recognized initially in other comprehensive income (OCI) and reclassified to statement of profit and loss on disposal of the net investment, as part of gain or loss on disposal.

b. Exchange differences arising on long-term foreign currency monetary items (recognized upto 31 March 2016), related to acquisition of a depreciable asset are capitalized and depreciated over the remaining useful life of the asset.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

iii) Translation of foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate of exchange at the reporting date,
- Income and expenses are translated at quarterly average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction), and
- All resulting exchange differences are recognized in OCI.

On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, i.e. 01 April 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but comprises only translation differences arising after the transition date.

(m) Financial instruments

Financial Instruments (assets and liabilities) are recognized when the Company becomes a party to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in statement of profit and loss.

A. Financial assets

(i) Subsequent measurement

Subsequent measurement depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets.

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

- **Fair value through other comprehensive income (FVTOCI):** The Company has investments which are not held for trading. The Company has elected an irrevocable option to present the subsequent changes in fair values of such investments in other comprehensive income. Amounts recognized in OCI are not subsequently reclassified to the statement of profit and loss.

- **Fair value through profit and loss (FVTPL):** FVTPL is a residual category for financial assets in the nature of debt instruments. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. This category also includes derivative financial instruments, if any, entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

(ii) Impairment of financial assets

The Company applies Ind AS 109 for recognizing impairment losses using Expected Credit Loss (ECL) model. Impairment is recognized for all financial assets subsequent to initial recognition, other than financial assets in FVTPL category. The impairment losses and reversals are recognized in statement of profit and loss.

(iii) De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the same are transferred.

B. Financial liabilities

(i) Subsequent measurement

There are two measurement categories into which the Company classifies its financial liabilities.

- **Amortised cost:** After initial recognition, interest-bearing borrowings and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

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

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

Gains or losses on liabilities held for trading are recognised in the profit or loss.

(ii) **De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires

C. Offsetting financial instruments

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

(n) Fair value measurement

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

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

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

Level 1 – Where fair value is based on quoted prices from active market.

Level 2 – Where fair value is based on significant direct or indirect observable market inputs.

Level 3 – Where fair value is based on one or more significant input that is not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfer is required between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) (a) on the date of the event or change in circumstances or (b) at the end of each reporting period.

(o) Employee benefits

Short-term obligations

Liabilities for salaries and wages, including non-monetary benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized up to the end of the reporting period and are measured at the amounts expected to be paid on settlement of such liabilities. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

The liabilities for earned and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in Other Comprehensive Income.

The obligations are presented as current liabilities in the balance sheet since the Company does not have an unconditional right to defer the settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Company operates the following post-employment schemes:

- Defined benefit plans in the form of gratuity, and
- Defined contribution plans such as provident fund and pension fund

Gratuity obligations

The Company operates a defined benefit gratuity plan for employees employed in India. The Company has obtained group gratuity scheme policies from Life Insurance Corporation of India and ICICI Prudential Life Insurance Company Limited to cover the gratuity liability of these employees. The difference in the present value of the defined benefit obligation and the fair value of plan assets at the end of the reporting period is recognized as a liability or asset, as the case may be, in the balance sheet. The defined benefit obligation is calculated annually on the basis of actuarial valuation using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss.

Re-measurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in OCI.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Defined contribution plans

The Company makes contribution to statutory provident fund and pension funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee benefits in overseas locations

In overseas branches and unincorporated joint venture operation, provision for retirement and other employee benefits are recognized as prescribed in the local labour laws of the respective country, for the accumulated period of service at the end of the financial year.

(p) Income taxes

Income tax comprises current income tax and deferred tax. The income tax expense or credit for the year is the tax payable on the current year's taxable income, based on the applicable income tax rate for each jurisdiction where the Company operates, adjusted by changes in deferred tax assets and liabilities attributed to temporary differences and to unused tax losses.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities, using the tax rates and tax laws that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generate taxable income.

Deferred tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

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

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set-off current tax assets against liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is recognized in OCI or directly in equity, respectively.

(q) Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(r) Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year, adjusted for the events such as bonus issue, share split or otherwise that have changed the number of equity shares outstanding without a corresponding change in resources.

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

(s) Share-based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of the options granted is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the option granted:

- including any market performance conditions (e.g., the Company's share price),
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining and employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or holding shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(t) Cash and cash equivalents

Cash and cash equivalents, for the purposes of cash flow statement, comprise cash on hand, demand deposits, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(u) Dividends

The Company recognized a liability for the amount of any dividend declared when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders.

(v) Contingent 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 with in 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.

(w) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation 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.

Where the effect of the time value of money is expected to be material, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

(x) Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents and the management considers this to be the project period.

(y) Measurement of EBITDA

As permitted by the Guidance Note on the Division II of Schedule III to the Companies Act, 2013, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

(All amounts in INR Crores, unless otherwise stated)

3. (a) Significant accounting judgements, estimates and assumptions:

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

Critical estimates and judgements

In applying the accounting policies, following are the items/ areas that involved a higher degree of judgement or complexity and which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Fair valuation of unlisted securities:

The fair value of financial instruments that are not traded in an active market is determined using internationally accepted valuation principles. The inputs to these valuations are taken from observable markets wherever possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as discount rates, liquidity risk, credit risk, earning growth factors and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Revenue recognition:

The Company uses the percentage-of-completion method (POCM) in accounting for its long term construction contracts. Use of POCM requires the Company to estimate the total cost to complete a contract. Changes in the factors underlying the estimation of the total contract cost could affect the amount of revenue recognized.

Impairment of financial assets:

The Company basis the impairment provisions for financial assets on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of non-financial assets:

Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is sensitive to inputs like discount rate, expected future cash-inflows and growth rate used for extrapolation purposes.

Defined benefit plan (employee benefits):

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

Taxes:

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

The Company neither has any taxable temporary difference nor any tax planning opportunities available that could support the recognition of unused tax losses and unabsorbed depreciation as deferred tax assets. On this basis, the Company has accounted for deferred tax assets on temporary differences, including unabsorbed depreciation and business losses, for which it is reasonably certain that future taxable income would be generated.

b) Recent accounting pronouncements:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)- The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

4. Property, plant and equipment

	Land	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Tools	Vehicles	Total
Gross carrying amount								
At March 31, 2016	100.11	88.12	1,703.44	27.30	13.83	13.17	68.45	2,014.42
Additions	-	-	46.87	0.09	-	0.04	-	47.00
Disposals (-)	-	-	153.43	7.95	1.69	-	3.57	166.64
Other adjustments								
Exchange differences	-	-	(1.98)	-	-	-	-	(1.98)
Currency translation	-	-	(9.31)	(0.36)	(0.11)	-	(3.48)	(13.26)
At March 31, 2017	**100.11**	**88.12**	**1,585.59**	**19.08**	**12.03**	**13.21**	**61.40**	**1,879.54**
Additions	-	6.26	15.17	0.01	0.00	-	-	21.45
Disposals(-)	-	-	142.60	0.51	0.49	0.12	1.72	145.43
Other adjustments								
Exchange differences	-	-	-	-	-	-	-	-
Currency translation	-	-	12.00	0.39	0.08	-	2.43	14.90
At March 31, 2018	**100.11**	**94.39**	**1,470.17**	**18.97**	**11.63**	**13.09**	**62.11**	**1,770.45**
Accumulated depreciation								
At March 31, 2016	-	2.66	1,106.28	24.28	13.23	7.14	62.31	1,215.90
Charge for the year	-	2.66	115.27	1.41	0.33	0.80	1.93	122.40
Disposals(-)	-	-	139.62	7.52	1.63	-	3.09	151.86
Other adjustments								
Currency translation	-	-	(9.13)	(0.34)	(0.10)	-	(3.39)	(12.96)
At March 31, 2017	**-**	**5.32**	**1,072.80**	**17.83**	**11.83**	**7.94**	**57.76**	**1,173.48**
Charge for the year	-	2.71	111.70	0.78	0.10	0.65	1.95	117.90
Disposals(-)	-	-	132.28	0.32	0.49	0.12	1.72	134.93
Other adjustments								
Currency translation	-	-	11.95	0.39	0.08	-	2.41	14.84
At March 31, 2018	**-**	**8.03**	**1064.18**	**18.68**	**11.53**	**8.47**	**60.41**	**1171.29**
Net block								
At March 31, 2017	**100.11**	**82.80**	**512.79**	**1.25**	**0.20**	**5.27**	**3.64**	**706.06**
At March 31, 2018	**100.11**	**86.36**	**405.99**	**0.30**	**0.10**	**4.62**	**1.71**	**599.16**

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

1. The Company has elected to adjust exchange differences arising on translation/settlement of long-term foreign currency monetary items, pertaining to acquisition of a depreciable asset, to the cost of such asset. Accordingly, during the current year, foreign exchange loss of 0.45 (Previous year: foreign exchange gain of 1.98) has been adjusted in the gross block of plant and equipment.

2. Gross block of vehicles includes vehicles of cost Nil (Previous year: 1.25) taken on finance lease. Accumulated depreciation there on is Nil (Previous year: 1.25).

3. Gross block of plant and equipment includes equipment of cost 68.34 (Previous year: 105.35) taken on finance lease. Accumulated depreciation thereon is 68.34 (Previous year: 105.35).

4. For assets pledged as security, refer notes 12(a) and 12(b) and for capital commitments refer note 28.

5. Investment properties

	March 31, 2018	March 31, 2017
Gross carrying amount		
Opening gross carrying amount	98.76	98.76
Additions	0.44	-
Closing gross carrying amount	99.20	98.76
Accumulated depreciation		
Opening accumulated depreciation	7.34	5.69
Charge for the year	1.65	1.65
Closing accumulated depreciation	8.99	7.34
Net carrying amount	**90.20**	**91.42**

Amounts recognized in profit or loss for investment properties:

	2017-18	2016-17
Rental income	6.62	6.62
Direct operating expenses from property that generated rental income	(0.07)	(0.07)
Direct operating expenses from property that did not generated rental income	(0.66)	(0.58)
Profit from investment properties before depreciation	**5.89**	**5.97**
Depreciation	(1.65)	(1.65)
Profit from investment properties	**4.23**	**4.32**

There is no contractual obligation for repairs, maintenance or enhancements which has not been recognized as liability.

Leasing arrangements

The Company has leased its investment property to tenants on long-term operating lease, with rentals payable monthly. The non-cancellable period of lease is 5 years and includes an escalation clause of 15% after three years. Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows:

	March 31, 2018	March 31, 2017
Within one year	6.62	6.62
Later than one year but not later than 5 years	9.7	16.32
Later than five years	-	-

Fair value

	March 31, 2018	March 31, 2017
Investment properties	102.27	102.27

The fair value has been derived based on market observable inputs for identical assets.

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

6. Intangible assets*

	March 31, 2018	March 31, 2017
Gross carrying amount		
Opening gross carrying amount	3.92	3.09
Additions	2.94	0.83
Disposals(-)	0.01	0.00
Other adjustments		
Currency translation	0.00	0.00
Closing gross carrying amount	**6.85**	**3.92**
Accumulated amortization		
Opening accumulated amortization	2.09	1.01
Charge for the year	1.14	1.08
Disposals(-)	0.01	0.00
Other adjustments		
Currency translation	0.00	0.00
Closing accumulated amortization	**3.22**	**2.09**
Net block	**3.63**	**1.84**

*Software

7. Financial assets

7(a) Investments

	As at	
	March 31, 2018	March 31, 2017
Fair valued through Other Comprehensive Income		
Trade investments		
Unquoted equity instruments		
Investment in subsidiaries		
Punj Lloyd International Limited 100,000 (March 31, 2017: 100,000) equity shares of USD 1 each fully paid up.	-	-
Punj Lloyd Industries Limited 11,500,195 (March 31, 2017: 11,500,195) equity shares of Rs. 10 each fully paid up	25.71	11.47
Atna Investments Limited 515,221 (March 31, 2017: 515,221) equity shares of Rs. 100 each fully paid up.	0.67	0.70
PLN Construction Limited 2,000,000 (March 31, 2017: 2,000,000) equity shares of Rs. 10 each fully paid up.	-	-

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

	As at	
	March 31, 2018	March 31, 2017
Punj Lloyd Pte Limited 573,346 (March 31, 2017: 573,346) equity share of SGD 1 fully paid up.	-	-
PL Engineering Limited 5,000,000 (March 31, 2017: 5,000,000) equity shares of Rs 10 each fully paid up.	5.28	48.77
Punj Lloyd Aviation Limited 53,998,710 (March 31, 2017: 53,998,710) equity shares of Rs 10 each fully paid up.	26.13	49.35
Punj Lloyd Infrastructure Limited 22,650,000 (March 31, 2017: 22,650,000) equity shares of Rs 10 each fully paid up. Of the above, 6,795,000 (March 31, 2017: 6,795,000) equity shares are pledged with bank.	3.33	50.30
Punj Lloyd Upstream Limited 36,397,350 (March 31, 2017: 36,397,350) equity shares of Rs 10 each fully paid up.	-	-
Sembawang Infrastructure (India) Private Limited 9,575,000 (March 31, 2017: 9,575,000) equity shares of Rs.10 each fully paid up.	-	-
Indtech Global Systems Limited 82,418 (March 31, 2017: 82,418) equity shares of Rs.100 each fully paid up	1.06	1.02
Shitul Overseas Placement and Logistics Limited 102,000 (March 31, 2017: 102,000) equity shares of Rs. 10 each fully paid up.	0.08	0.10
Punj Lloyd Construction Contracting Company Limited (formerly known as Dayim Punj Lloyd Construction Contracting Company Limited) 51,000 (March 31, 2017: 51,000) equity shares of SAR 20 each fully paid up.	55.56	44.35
Spectra Punj Lloyd Limited 5,000,000 (March 31, 2017: 5,000,000) equity shares of Rs.10 each fully paid up.	-	-
Punj Lloyd Infrastructure Pte Limited 835,625 (March 31, 2017: 835,625) equity shares of SGD 1 each fully paid up. Above equity shares are encumbered vide a non-disposal undertaking.	346.09	554.46

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

	As at	
	March 31, 2018	March 31, 2017
PT Punj Lloyd Indonesia 7,805 (March 31, 2017: 7,805) equity shares of USD 500 each fully paid up.	-	-
Investment in joint ventures		
Ramprastha Punj Lloyd Developers Private Limited 5,000 (March 31, 2017: 5,000) equity shares of Rs. 10 each fully paid up	-	-
Investment in others		
GMR Hyderabad Vijaywada Expressways Private Limited 500,000 (March 31, 2017: 500,000) equity shares of Rs. 10 each fully paid up.	-	-
Hazaribagh Ranchi Expressway Limited 13,100 (March 31, 2017: 13,100) equity shares of Rs. 10 each fully paid up.	0.01	0.01
Kaefer Private Limited 74,520 (March 31, 2017: 74,520) equity shares of Rs. 100 each fully paid up.	-	-
Unquoted other instruments **Investment in subsidiary**		
Punj Lloyd Pte Limited 450,000 (March 31, 2017: 450,000) redeemable convertible preference share of SGD 100 each and 1,400,000 (March 31, 2017: 1,400,000) redeemable convertible preference share A of SGD 100 each fully paid up	-	-
Punj Lloyd Kazakhstan LLP KZT 1,107,977,200 (March 31, 2017: 1,107,977,200) being 100% of the amount of Charter Capital.	-	12.19
Non-trade **Unquoted equity instruments** **Investment in others**		
RFB Latex Limited NIL (March 31, 2017: 200,000) equity shares of Rs. 10 each fully paid up.	-	-
Arooshi Enterprises Private Limited 598,500 (March 31, 2017: 598,500) equity shares of Rs. 10 each fully paid up.	-	-

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

	As at	
	March 31, 2018	March 31, 2017
Quoted equity instruments		
Investment in others		
Reliance Naval and Engineering Limited	0.00	0.01
1,000 (March 31, 2017: 1,000) equity shares of Rs. 10 each fully paid up.		
	463.94	**772.73**
Aggregate carrying value of quoted investments	0.00	0.01
Aggregate market value of quoted investments	0.00	0.01
Aggregate carrying value of unquoted investments	463.93	772.72

7(b) Loans

	Non-current		Current	
	As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Unsecured, considered good				
Security deposits	5.72	5.72	5.81	5.99
Loan to subsidiaries	-	-	289.64	388.88
Loan to employees	-	-	-	1.62
Unsecured, considered doubtful				
Loan to subsidiaries	-	-	86.87	47.00
Less: Allowance for doubtful loans	-	-	(86.87)	(47.00)
	5.72	**5.72**	**295.45**	**396.49**

7(c) Trade receivables

	As at	
	March 31, 2018	March 31, 2017
Unsecured, considered good	2,591.26	2,386.60
Doubtful	180.73	207.19
Less: Allowance for doubtful debts	(180.73)	(207.19)
Net trade receivables	**2,591.26**	**2,386.60**
Retention money included in total receivables	440.6	813.04

Of the above, trade receivables from related parties are as below:

	As at	
	March 31, 2018	March 31, 2017
Trade receivable from related parties	908.61	843.42
Less: Allowance for doubtful receivables	(89.07)	(81.87)
Net receivable	**819.54**	**761.55**

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

7 (d) Cash and cash equivalents

	As at	
	March 31, 2018	March 31, 2017
Balances with banks:		
On current accounts #	144.95	120.48
On EEFC account	69.83	166.78
Deposit with original maturity of less than three months	4.56	74.36
Cash on hand	0.94	4.53
	220.28	**366.15**
#Balance with banks in unpaid dividend accounts	0.15	0.19

7(e) Other bank balances

	Current	
	As at	
	March 31, 2018	March 31, 2017
Deposits with original maturity for more than 12 months	0.18	0.18
Deposits with original maturity for more than 3 months but less than 12 months	-	-
Margin money deposit	177.70	119.22
	177.88	**119.40**

7(f) Other financial assets

	Current	
	As at	
	March 31, 2018	March 31, 2017
Unsecured, considered good		
Advances to related parties	426.26	195.22
Interest receivable	23.77	21.19
Insurance claim receivable	-	15.73
Receivables against sale of investments	-	0.42
Assets held for disposal	3.86	3.86
Other receivable	-	0.04
Unsecured, considered doubtful		
Advances to related parties	22.62	17.42
Interest receivable from related parties	24.04	24.04
Less: Allowance for doubtful advances/receivable	(46.66)	(41.46)
	453.89	**236.46**

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

8. Deferred tax (net)

	As at	
	March 31, 2018	March 31, 2017
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowable for tax purposes on payment basis	20.53	39.70
Others	31.86	40.94
Unabsorbed tax losses	1,404.32	165.68
Gross deferred tax assets	**1,456.71**	**246.32**
Deferred tax liability		
Property, plant and equipments, investment property & intangible assets	34.41	71.41
Financial assets carried at fair value through OCI	223.30	174.91
Gross deferred tax liability	**257.71**	**246.32**
Net Deferred tax assets	**1,199.00**	**-**

The Company has business losses and unabsorbed depreciation which are allowed to be carried forward and set off against future taxable income under Income Tax Act, 1961. Owing to uncertainties in earlier years regarding future profits, the Company had refrained from recognising deferred tax assets on such carried forward losses and unabsorbed depreciation. However, the Company has undertaken several measures to improve operational efficiency which have resulted in increased revenues and higher margins. Further, as stated in Note 2 (a) (iii), the management is confident of a favourable outcome of its restructuring proposal submitted with its lenders. Accordingly, based on projected future taxable income and results of operations, the management believes that the Company will more likely than not have sufficient taxable income in future allowing it to realize the carried forward losses and unabsorbed depreciation. In the view of the above, the Company has recognized deferred tax asset, on conservative basis, during the year.

9. Other assets

	Non-current		Current	
	As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
(Unsecured, considered good)				
Capital advances	0.00	0.01	-	-
Advances other than capital advances				
Prepayments to vendors for supply of goods/ services	-	-	313.54	467.76
Prepaid expenses	4.63	4.62	2.78	3.01
Others				
GST / Value added tax / sales tax recoverable (net)	175.58	158.62	-	-
Balances with statutory/ government authorities	-	-	11.60	15.73
	180.21	**163.25**	**327.92**	**486.50**

10. Inventories

	As at	
	March 31, 2018	March 31, 2017
Project materials	117.05	88.57
	117.05	**88.57**

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

11. Equity share capital

	As at	
	March 31, 2018	**March 31, 2017**
Authorized share capital		
450,000,000 (March 31, 2017: 450,000,000 equity shares of Rs. 2 par value each	90.00	90.00
10,000,000 (March 31, 2017: 10,000,000 preference shares of Rs. 10 par value each	10.00	10.00
	100.00	**100.00**
Issued, subscribed and fully paid-up shares		
Equity shares of ₹ 2 par value	67.12	66.85
	67.12	**66.85**

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

Equity shares

	As at March 31, 2018		As at March 31, 2017	
	Nos	**Amount**	**Nos**	**Amount**
At the beginning of the year	334,225,745	66.85	332,095,745	66.42
Exercise of Employee Stock Options	1,370,000	0.27	2,130,000	0.43
Outstanding as at the end of the year	335,595,745	67.12	334,225,745	66.85

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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) Details of shareholders holding more than 5% of the equity shares in the Company

Shareholder Name:	Cawdor Enterprises Limited		Spectra Punj Finance Private Limited	
	Nos.	**% holding**	**Nos.**	**% holding**
As at March 31, 2017	75,691,430	22.65	21,852,977	6.54
As at March 31, 2018	75,691,430	22.55	20,485,361	6.10

As per records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownerships of shares

(d) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, please refer note 24.

(e) Over the period of five years immediately preceding March 31, 2018, neither any bonus shares were issued nor any shares were allotted for consideration other than cash. Further, no shares were bought back during the said period.

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

12. Financial liabilities

12 (a) Non-current borrowings

	Non-current portion		Current maturities	
	As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Debentures (secured)				
10.50% debentures redeemable at par at the end of 5 years from the deemed date of allotment, i.e., October 15, 2010.	-	-	300.00	300.00
Secured by first charge on Flat No. 201, Satyam Apartment, Saru Section Road, Jamnagar, Gujarat, India and subservient charge on the moveable tangible and current assets of the Company.				
12.00% debentures redeemable at par in ten equal half-yearly installments beginning at the end of 5 years from the date of allotment, i.e., January 02, 2009.	-	29.79	135.00	105.00
Secured by first pari passu charge on the moveable tangible assets of the project division of the Company and further secured by exclusive charge on the Flat No. 202, Satyam Apartment, Saru Section Road, Jamnagar, Gujarat, India.				
Term loans				
Indian rupee loan from banks (secured)				
Loans carrying rate of interest of NIL (March 31, 2017: 10.44% repayable in 36 to 60 monthly installments.	-	-	-	0.10
Secured by way of exclusive charge on the equipment purchased out of the proceeds of loans.				
Loans carrying rate of interest of NIL (March 31, 2017: 11.75% repayable in 15 to 16 quarterly installments beginning at the end of 1 year from the disbursement.	-	-	-	9.38
Secured by way of first pari passu charge on movable tangible assets of the project division of the Company.				
Loan carrying rate of interest of 12.75% (March 31, 2017: 12.75%) repayable in 17 equal quarterly installments beginning at the end of 12 months from the date of first disbursement.	-	-	168.24	168.24
Secured by way of first charge on the corporate offices of the Company, at Plot No. 78 & 95, and Medicity building situated at Sector 32 and 38 respectively at Gurgaon, Haryana, India. Further secured by way of first pari passu charge on the movable tangible assets of the project division of the Company (upto 0.5 times of loan outstanding).				
Loans carrying weighted average rate of interest of 10.80% (March 31, 2017: 10.82%) repayable in 12 quarterly installments beginning at the end of 2 years from the date of first disbursement.	429.82	870.74	723.11	403.74

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

	Non-current portion		Current maturities	
	As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Secured by way of first ranking pari-passu charge on the existing and future current assets, except receivables of foreign projects financed by foreign lenders, of the Company and first ranking pari-passu charge on the existing and future movable and immovable tangible assets of the Company, except those specifically charged to others lenders of Company. Collaterally secured by personal guarantee of chairman and managing director. Further secured by pledge of 17,516,100 equity shares of Air Works India (Engineering) Private Limited; first pari passu charge on the land & building at Malanpur (M.P); pledge of 6,795,000 shares of Punj Lloyd Infrastructure Limited and second charge on 73,004,316 shares of Company held by two promoter group companies, pledged to IFCI Limited.				
Foreign currency loan from others (secured)				
Loan carrying rate of interest of 5.77% (March 31, 2017: 5.77%) repayable in 17 equal half yearly installments, beginning at the end of 4 years from the date of its origination. Secured by first pari passu charge on the moveable tangible assets of the project division of the Company.	15.37	-	76.67	91.59
Indian rupee loan from financial institutions (secured)				
Loans carrying weighted average rate of interest of 12.25% (March 31, 2017: 12.80%), repayable in 47 to 57 monthly installments beginning at the end of 12 months from the date of first disbursement. Secured by first and exclusive charge by way of hypothecation on certain specific equipments financed through the loan.	10.69	23.47	6.06	6.73
Loan carrying rate of interest of 13.60% (March 31, 2017: 13.60%) repayable in 16 quarterly installments beginning at the end of 12 months from the date of first disbursement. Secured by way of first pari passu charge on existing and future moveable tangible assets of the project division of the Company.	2.00	7.25	9.25	4.75
Loan carrying rate of interest of 13.00% (March 31, 2017: 13.00%) repayable in 36 monthly installments starting from October 2016. Secured by way of first ranking pari-passu charge on entire current assets of the Company, except receivables exclusively charged to other lenders of the Company. First ranking pari-passu charge on movable and immovable tangible assets of the Company, both present and future, except those specifically charged to other lenders of Company.	13.96	29.17	40.50	25.92
Loan carrying rate of interest of 14.60% (March 31, 2017: 13.25%) repayable in 12 equal quarterly installments after the moratorium period of 2 years from the date of disbursement.	-	71.66	66.67	66.67

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

	Non-current portion		Current maturities	
	As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Secured by way of first pari passu charge on the moveable tangible assets of the project division of the Company and subservient charge on the corporate offices of the Company, at Plot No. 78 & 95, and Medicity building situated at Sector 32 and 38 respectively at Gurgaon, Haryana, India.				
Loan carrying rate of interest of 10.91% (March 31, 2017: 10.91%) repayable in 12 quarterly installments beginning at the end of 2 years from the date of first disbursement.	10.30	13.04	11.78	11.43
Secured by way of first ranking pari-passu charge on the existing and future current assets, except receivables of foreign projects financed by foreign lenders, of the Company and first ranking pari-passu charge on the existing and future movable and immovable tangible assets of the Company, except those specifically charged to others lenders of Company. Collaterally secured by personal guarantee of chairman and managing director. Further secured by pledge of 17,516,100 equity shares of Air Works India (Engineering) Private Limited; first pari passu charge on the land & building at Malanpur (M.P); pledge of 6,795,000 shares of Punj Lloyd Infrastructure Limited and second charge on 73,004,316 shares of Company held by two promoter group companies, pledged to IFCI Limited.				
	482.14	1,045.12	1,537.28	1,193.55
The above amount includes				
Secured borrowings	482.14	1,045.12	1,537.28	1,193.55
Amount disclosed under the head "Other financial liabilities" (refer note 12(c))	-	-	(1,537.28)	(1,193.55)
Net amount	**482.14**	**1,045.12**	**-**	**-**

12 (b) Current borrowings

	As at	
	March 31, 2018	March 31, 2017
Secured		
Working capital loan repayable on demand		
Loans carrying weighted average rate of interest of 12.75% (March 31, 2017: 13.75%).	181.65	161.39
Secured by way of first charge on pari passu basis on current assets (excluding receivables of the projects financed by the other banks) and second charge on pari passu basis on moveable tangible assets of the project division of the Company.		
Loans carrying rate of interest of 12.50% (March 31, 2017: 12.50%).	26.93	26.91
Secured by way of exclusive charge on the receivables of the specific projects financed, first pari passu charge on the current assets of the project division (excluding receivables of the projects financed by the other banks), pari passu second charge on the movable tangible assets of the project division of the Company.		

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

	As at	
	March 31, 2018	March 31, 2017
Loans carrying weighted average rate of interest of 11.38% (March 31, 2017: 11.47%).	4,229.46	3,659.52
Secured by way of first ranking pari-passu charge on existing and future current assets of the Company, except receivables of foreign projects financed by foreign lenders. First ranking pari-passu charge on movable and immovable tangible assets of the Company, both present and future, except those specifically charged to other lenders.		
Loan carrying rate of interest of NIL (March 31, 2017: 16%).	-	16.79
Secured by way of pari passu charge on the receivables financed.		
Loan carrying rate of interest of 3 months LIBOR + 6% (March 31, 2017: 3 months LIBOR + 6%).	125.11	255.78
Secured by way of pari passu charge on the receivables financed.		
Loan carrying rate of interest of 5.54% (March 31, 2017: 4.00%).	55.86	15.82
Secured by way of pari passu charge on the receivables financed.		
Loan carrying rate of interest of 3 Months FGB EIBOR + 2.5% (March 31, 2017: 3 Months FGB EIBOR + 2.5%).	0.22	26.56
Secured by way of charge on the receivables and assets of the project financed.		
Unsecured		
Buyer's line of credit from banks carried rate of interest of 2.18% (April 01, 2017: 1.92%).	18.93	20.10
Cash credit from a bank carried rate of interest of 3 months EIBOR + 2.5%		-
	4,638.16	**4,182.87**
The above amount includes:		
Secured borrowings	4,619.23	4,162.77
Unsecured borrowings	18.93	20.10
	4,638.16	**4,182.87**

12(c) Other financial liabilities

	Current	
	As at	
	March 31, 2018	March 31, 2017
Current maturities of long term borrowings [note 12(a)]	1,537.28	1,193.55
Interest accrued but not due on borrowings	112.43	16.92
Interest accrued and due on borrowings	551.81	272.20

(All amounts in INR Crores, unless otherwise stated)

Book overdraft	6.54	2.45
Unpaid dividends #	0.15	0.19
Due to subsidiaries	59.42	43.92
Security deposits	7.72	7.80
	2,275.35	**1,537.03**

There is no amount currently due and outstanding which is to be credited to Investor Education and Protection Fund.

13. Provisions

	Non-current		Current	
	As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Provision for employee benefits				
Provision for gratuity (also refer note 23)	3.48	4.06	-	-
Provision for compensated absences	2.01	-	12.05	16.27
	5.49	**4.06**	**12.05**	**16.27**
Other provisions				
Provision for foreseeable losses	-	-	48.89	108.14
	-	**-**	**48.89**	**108.14**
	5.49	**4.06**	**60.94**	**124.41**

14. Other liabilities

	Current	
	As at	
	March 31, 2018	March 31, 2017
Service tax payable	-	18.30
Tax deducted at source payable	17.77	18.83
Advance billing	174.82	745.15
Advances from customers	1,227.06	1,712.68
Others	7.81	8.41
	1,427.46	**2,503.37**

15. Revenue from operations

	Year ended	
	March 31, 2018	March 31, 2017
Contract revenue	3,826.84	3,345.51
Sale of traded goods	132.28	337.87
Other operating revenue		
Hire charges	14.65	0.37
Management services	85.72	77.27
	4,059.49	**3,761.02**

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

16. Other income

	Year ended	
	March 31, 2018	March 31, 2017
Scrap sales	15.38	19.13
Insurance claims	30.98	9.53
Unspent liabilities and provisions written back	121.58	118.87
Exchange differences (net)	138.13	-
Interest income on		
Bank deposits	3.16	3.53
Financial assets, carried at amortized costs	-	70.10
Others	21.66	26.53
Net gain on sale of long-term investments	0.48	-
Profit on sale of property, plant & equipments (net)	2.52	23.19
Dividend income on non-trade long term investments	-	0.23
Rental income from investment property	6.62	6.62
Others	12.90	21.00
	353.41	**298.73**

17. Employee benefit expense

	Year ended	
	March 31, 2018	March 31, 2017
Salaries, wages and bonus	322.60	340.88
Contribution to provident funds	14.26	12.62
Employee share based payment expense	-	6.13
Gratuity expense (also refer note 23)	1.85	2.06
Compensated absences	4.43	2.52
Staff welfare expenses	23.50	18.95
	366.64	**383.16**

18. Other expenses

	Year ended	
	March 31, 2018	March 31, 2017
Contractor charges	918.92	957.06
Site expenses	57.97	55.33
Diesel and fuel	81.19	63.83
Repair and maintenance		
Buildings	0.60	0.46
Plant and equipments	2.27	4.04
Others	1.76	2.18
Rent	31.69	26.83

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

	Year ended	
	March 31, 2018	March 31, 2017
Freight and cartage	62.39	43.38
Hire charges	61.68	51.47
Rates and taxes	62.34	29.91
Insurance	23.93	11.65
Travelling and conveyance	29.86	47.24
Payment to auditors (refer below)	0.65	0.53
Consultancy and professional	95.07	131.38
Exchange difference (net)	-	75.48
Irrecoverable balances written off (including provision for expected credit loss and unbilled revenue of 253.90 (Previous year: 110.86))	328.46	366.30
CSR expenditure (also refer note 38(c))	0.01	0.00
Provision for foreseeable losses on onerous contract	-	23.11
Miscellaneous	15.75	27.22
	1,774.54	**1,917.40**

Details of payment to auditors:

	Year ended	
	March 31, 2018	March 31, 2017
As auditors:		
Audit fee	0.32	0.20
Limited reviews	0.30	0.30
Certification	0.02	0.02
Reimbursement of expenses	0.01	0.01
	0.65	**0.53**

19. Depreciation and amortization expense

	Year ended	
	March 31, 2018	March 31, 2017
Depreciation of property, plant and equipment	117.90	122.40
Depreciation on investment properties	1.65	1.65
Amortisation of intangible assets	1.14	1.08
	120.70	**125.13**

20. Finance costs

	Year ended	
	March 31, 2018	March 31, 2017
Interest	924.50	817.25
Bank charges	51.88	64.41
	976.38	**881.66**

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

21. Income tax expenses

	2017-18	2016-17
(a) Income Tax expense		
Current Tax	(0.08)	6.86
Adjustments for current tax of prior periods	-	(55.44)
Deferred Tax	(1,199.00)	-
Total tax expense	**(1,199.08)**	**(48.58)**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Loss before tax	(881.71)	(899.16)
Tax at the Indian tax rate of 30.90% (Previous year - 30.90%)	(272.45)	(277.84)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Provisions for diminution in value of Investments	-	-
Tax losses of provision for unforeseeable losses & credit losses	5.75	27.68
Overseas tax	(0.08)	6.86
Effect of deferred tax asset not recognised	247.53	228.05
Deferred tax recognised	(1,199.00)	-
Tax relating to earlier years	-	(55.44)
Other items	19.17	22.11
Total tax expense	**(1,199.08)**	**(48.58)**
(c) Tax Losses:		
Unused tax losses for which no deferred tax asset has been recognised	592.25	2,294.83
Potential tax benefit @ tax rate	183.01	709.10

22. Earnings per share (EPS)

	2017-18	2016-17
Net profit/(loss) after tax attributable to equity share holders	317.37	(850.58)
Weighted average number of equity shares outstanding during the year (Nos.)	335,378,211	332,200,786
Basic EPS (₹)	9.46	(25.60)
Adjustment for calculation of diluted EPS on account of stock options	326,608	1,803,559*
Weighted average number of equity shares for calculating diluted EPS (Nos.)	335,740,819	332,200,786*
Diluted EPS	9.45	(25.60)
Nominal value per equity share (₹)	2.00	2.00

* As the Company has incurred loss during the previous year, dilutive effect of stock options on weighted average number of equity shares would have an anti-dilutive impact and hence, not considered.

23. Post-employment benefit plans

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. All permanent employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contribution to recognized funds (in form of insurance policies) in India.

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

(a) The following tables summarize the components of net benefit expense recognized in the statement of profit and loss, the funded status and the amounts recognized in the balance sheet for the plan.

	Present value of obligations	Fair value of plan assets	Net amount
April 01, 2017	**12.63**	**(8.57)**	**4.06**
Current service cost	1.66	-	1.66
Interest expenses/(income)	0.81	(0.63)	0.18
Total amount recognized in profit or loss	**2.47**	**(0.63)**	**1.84**
Re-measurements:			
- Due to changes in financial assumptions	0.49	-	0.49
- Due to experience adjustments	2.87	-	2.87
- Return on assets (excluding interest income)	-	(2.47)	(2.47)
Total amount recognized in OCI	**3.36**	**(2.47)**	**0.89**
Benefits payments	(0.30)	0.30	-
Employer contributions	-	(1.54)	(1.54)
March 31, 2018	**11.44**	**(7.97)**	**3.47**

	Present value of obligations	Fair value of plan assets	Net amount
April 01, 2016	**12.69**	**(9.70)**	**2.99**
Current service cost	1.84	-	1.84
Interest expenses/(income)	0.90	(0.68)	0.22
Total amount recognized in profit or loss	**2.74**	**(0.68)**	**2.06**
Re-measurements:			
- Due to changes in financial assumptions	(0.70)	-	(0.70)
- Due to experience adjustments	1.53	-	1.53
- Return on assets (excluding interest income)	-	0.14	0.14
Total amount recognized in OCI	**0.83**	**0.14**	**0.97**
Benefits payments	(1.97)	1.97	-
Employer contributions	-	(0.02)	(0.02)
March 31, 2017	**12.63**	**(8.57)**	**4.06**

The net liability disclosed above entirely relates to the funded gratuity plans. 100% plan assets are allocated in insurance company products portfolio. The Company expects to contribute 1.18 (Previous year: 1.50) to gratuity fund in the next year.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2018	March 31, 2017
Discount rate	7.53%	6.90%
Expected rate of return on assets	7.53%	6.90%
Salary increase rate	5.50%	5.50%
Employee turnover		
upto age 30 years	15.00%	15.00%
31-44 years	10.00%	10.00%

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

	March 31, 2018	March 31, 2017
45 and above	5.00%	5.00%
Retirement age (in years)	60	60
Mortality rates	Indian Assured Lives Mortality (2006-08) Ultimate	

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Sensitivity analysis

Assumption	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase by 50 basis points	Decrease by 8.03%
	Decrease by 50 basis points	Increase by 8.03%
Salary increase rate	Increase by 50 basis points	Increase by 6.00%
	Decrease by 50 basis points	Decrease by 5.00%

Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which is the risk of change in the interest rates due to market volatility. A decrease therein will increase plan liabilities. Apart from the interest rate, the other significant risks associated with defined benefit plans are inflation risk, economic environment and regulatory changes.

The Company manages its investment positions to achieve long-term investments that are in line with the obligations under the employee benefit plans. The designated trust actively monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed its processes to manage its risks from previous periods.

Maturity profile of the defined benefit obligations

The weighted average duration of the defined benefit obligation is 7 years. The expected maturity analysis of undiscounted gratuity benefits is as follows:

Period	Amount
Within one year	1.18
Between 1 – 2 years	1.48
Between 2 – 5 years	5.80
Over 5 years	10.09

(b) The company recognizes the leave encashment expenses in the Statement of Profit & Loss based on actuarial valuation. The expenses recognized in the Statement of Profit & Loss and the Leave encashment liability at the beginning and at the end of the year :

	2017-18	2016-17
At the beginning of the period	**16.08**	**14.91**
Current service cost	3.53	3.39
Interest expenses/(income)	0.90	0.93

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

	2017-18	2016-17
Total amount recognised in profit or loss	**4.43**	**4.32**
Remeasurements:		
- Due to changes in financial assumptions	0.49	-
- Due to experience adjustments	3.94	-
- Return on assets (excluding interest income)	-	-
Total amount recognised in OCI	**4.43**	**-**
Benefits payments	(2.02)	(2.96)
Employer contributions	-	-
At the end of the period	**14.06**	**16.27**

24. Employee stock option plans (ESOP)

The Company provides various share based payment schemes to its employees. During the year ended March 31, 2018, the relevant details of the schemes are as follows:

	ESOP 2005	ESOP 2006
Date of Board of Directors approval	September 05, 2005 and February 12, 2016	June 27, 2006 and February 12, 2016
Date of Remuneration Committee approval	Various dates subsequent to September 05, 2005	Various dates subsequent to June 27, 2006
Date of Shareholder's approval	September 29, 2005 and April 3, 2006	September 22, 2006
Number of options	4,000,000	5,000,000
Method of settlement	Equity	
Vesting period (for fresh grant)	One year from the date of grant	
Exercise period (for fresh grant)	Five years from the date of vesting or one year from the date of separation from service, whichever is earlier	
Vesting condition	Employee should be in service	

The details of activities under ESOP 2005 have been summarized below:

	Number of options		Weighted average exercise price (₹)	
	2017-18	2016-17	2017-18	2016-17
Outstanding at the beginning of the year	770,000	2,972,760	2.00	2.00
Granted during the year	-	-	-	-
Exercised during the year	150,000	1,702,760*	2.00	2.00
Expired during the year	-	500,000	-	2.00
Outstanding at the end of the year	620,000	770,000	2.00	2.00
Exercisable at the end of the year	620,000	770,000	2.00	2.00

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

*Out of these, 770,000 ESOPs exercised on March 31, 2017 were allotted on April 26, 2017.

The details of activities under ESOP 2006 have been summarized below:

	Number of options		Weighted average exercise price (₹)	
	2017-18	2016-17	2017-18	2016-17
Outstanding at the beginning of the year	200,000	1,897,240	2.00	2.00
Granted during the year	-	-	-	-
Exercised during the year	200,000	1,447,240**	2.00	2.00
Expired during the year	-	250,000	-	2.00
Outstanding at the end of the year	-	200,000	-	2.00
Exercisable at the end of the year	-	200,000	-	2.00

**Out of these, 250,000 ESOPs exercised on March 31, 2017 were allotted on April 26, 2017.

The weighted average share price at the date of exercise of the options exercised during the year ended March 31, 2018 was Rs. 22.03. The weighted average remaining contractual life of the stock options outstanding as at March 31, 2018 is 1.37 years.

No options were granted during the year ended March 31, 2018. The fair value at the grant date of options granted during the year ended March 31, 2016 was Rs. 15.72, which was determined using the Black Scholes Model. The Model took into account the following inputs for computing the fair value:

Particulars	
Dividend yield (%)	7.50
Expected volatility (%) [computed based on past two years historical share price]	53.06
Risk-free interest rate (%)	7.87
Share price (₹)	22.40
Exercise price (₹)	2.00
Expected life of options granted (in years)	3.50

Total expenses arising from share based payments transactions recognized in profit & loss as part of employee benefit expense is Nil (previous year Rs. 6.13).

25. Segment information

Based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity falls within a single operating segment viz. Engineering, procurement and construction services. Accordingly the segment disclosure requirements of Ind AS 108 are not applicable.

26. Interest in other entities

(a) Subsidiaries

The Company's interest and share in subsidiaries as at March 31, 2018 are set out below. Unless otherwise stated, the proportion of ownership interests held equals the voting rights held by the Company, directly or indirectly, and the country of incorporation or registration is also their principal place of business.

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

Name of entity	Country of incorporation	Ownership interest as at	
		March 31, 2018	March 31, 2017
Subsidiaries		%	%
Spectra Punj Lloyd Limited	India	100.00	100.00
Punj Lloyd Industries Limited	India	99.99	99.99
Atna Investments Limited	India	100.00	100.00
PLN Construction Limited	India	100.00	100.00
Punj Lloyd International Limited	British Virgin Islands	100.00	100.00
Punj Lloyd Kazakhstan, LLP	Kazakhstan	100.00	100.00
Punj Lloyd Pte. Limited $	Singapore	100.00	100.00
PL Engineering Limited	India	80.32	80.32
Punj Lloyd Infrastructure Limited	India	100.00	100.00
Punj Lloyd Upstream Limited	India	58.06	58.06
Punj Lloyd Aviation Limited	India	100.00	100.00
Sembawang Infrastructure (India) Private Limited	India	100.00	100.00
Indtech Global Systems Limited	India	99.99	99.99
Shitul Overseas Placement and Logistics Limited	India	100.00	100.00
Punj Lloyd Construction Contracting Company Limited (formerly known as Dayim Punj Lloyd Construction Contracting Company Limited)	Saudi Arabia	100.00	51.00
Punj Lloyd Infrastructure Pte. Limited	Singapore	100.00	100.00
Punj Lloyd Building and Infrastructure Private Limited	Sri Lanka	100.00	100.00
Step Down Subsidiaries			
Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.	Malaysia	100.00	100.00
Punj Lloyd Sdn. Bhd.	Malaysia	100.00	100.00
Punj Lloyd Aviation Pte. Limited	Singapore	100.00	100.00
Christos Aviation Limited	Bermuda	100.00	100.00
Indraprastha Renewables Private Limited	India	100.00	100.00
Punj Lloyd Raksha Systems Private Limited	India	51.00	51.00
Punj Lloyd Engineering Pte. Limited	Singapore	80.32	80.32
PL Delta Technologies Limited @	India	80.32	80.32
AeroEuro Engineering India Private Limited	India	80.32	-
Punj Lloyd Solar Power Limited	India	100.00	100.00
Khagaria Purnea Highway Project Limited	India	100.00	100.00
Indraprastha Metropolitan Development Limited	India	100.00	100.00
PL Surya Urja Limited *	India	-	100.00

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

Name of entity	Country of incorporation	Ownership interest as at	
		March 31, 2018	March 31, 2017
PL Sunshine Limited *	India	-	100.00
PL Surya Vidyut Limited *	India	-	100.00

(b) Joint operations

The Company's interest in joint operations as at March 31, 2018 is set out below.

Name of entity	Nature of operations	Place of business	March 31, 2018	March 31, 2017
Joint operations of the Company			%	%
Joint Venture of Whessoe Oil and Gas Limited and Punj Lloyd Limited	Revival of Ratnagiri Gas and Power Private Limited LNG Terminal project	India	50.00	50.00
Punj Lloyd Group Joint Venture	Design and construction services of platform compression facilities	Thailand	75.00	75.00
Public Works Company Tripoli Punj Lloyd Joint Venture	Laying of sewerage and water pipeline and city road development	Libya	60.00	60.00

Joint venture partners have direct rights to the assets of the operations and are jointly and severally liable for liabilities incurred by the operations. The Company recognizes its direct right to the jointly held assets, liabilities, revenue and expenses.

(c) Interest in associates and joint ventures

The Company's interest and share in associates and joint ventures as at March 31, 2018 are set out below. Unless otherwise stated, the proportion of ownership interests held equals the voting rights held by the Company, directly or indirectly, and the country of incorporation or registration is also their principal place of business.

Name of entity	Nature of operations	Place of business	March 31, 2018	March 31, 2017
Joint ventures of the Company			%	%
Thiruvananthpuram Road Development Company Limited @	Thiruvananthpuram city road improvement	India	50.00	50.00
Ramprastha Punj Lloyd Developers Private Limited	Real estate developers	India	50.00	50.00
Joint ventures through subsidiary:				
AeroEuro Engineering India Private Limited	Designing in aerospace sector	India	-	40.16%
PLE TCI Engenharia Ltda	Engineering and design consultancy services	Brazil	39.36%	39.36%
PLE TCI Engineering Limited @	Engineering and Designing	India	39.36%	39.36%
Associates through subsidiaries:				
Air Works India (Engineering) Private Limited	Aviation – Maintenance, Repair and Overhaul	India	23.24	23.24

* Entities filed for strike-off/ liquidation or struck-off/ liquidated/ sold during the year.

@ Entity held with an intention of disposal in near future.

$ The Singapore High Court ordered for the appointment of Judicial Manager for Punj Lloyd Pte Limited (PLPL) as per the Singapore Companies Act, w.e.f. June 27, 2016 and subsequently ordered the liquidation on August 07, 2017. The Group has lost control over the entire PLPL Group, comprising the following entities, pursuant to appointment of Judicial Manager.

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

Name of entity	Country of incorporation	Ownership interest as at	
		March 31, 2018	March 31, 2017
Subsidiaries			
PT Punj Lloyd Indonesia	Indonesia	100.00	100.00
PT Sempec Indonesia	Indonesia	100.00	100.00
Punj Lloyd Engineers and Constructors Pte. Limited	Singapore	100.00	100.00
Buffalo Hills Limited	British Virgin Islands	100.00	100.00
Indtech Trading FZE	United Arab Emirates	100.00	100.00
Punj Lloyd Thailand (Co.) Limited	Thailand	100.00	100.00
Sembawang Development Pte. Limited	Singapore	97.38	97.38
Sembawang Engineers and Constructors Pte. Limited	Singapore	97.38	97.38
Contech Trading Pte. Limited	Singapore	97.38	97.38
Sembawang Mining (Kekal) Pte. Limited	Singapore	97.38	97.38
Sembawang (Tianjin) Constructions Engineering Co. Limited	China	68.17	68.17
Sembawang UAE Pte. Limited	Singapore	97.38	97.38
Sembawang Consult Pte. Limited	Singapore	97.38	97.38
Sembawang (Malaysia) Sdn. Bhd	Malaysia	97.38	97.38
Jurubina Sembawang (M) Sdn. Bhd.	Malaysia	97.38	97.38
Tueri Aquila FZE	United Arab Emirates	97.38	97.38
Sembawang Equity Capital Pte. Limited	Singapore	97.38	97.38
Sembawang (Tianjin) Investment Management Co. Limited	China	97.38	97.38
PT Sembawang Indonesia	Indonesia	97.38	97.38
Reliance Contractors Private Limited	Singapore	97.38	97.38
Sembawang E&C Malaysia Sdn. Bhd.	Malaysia	97.38	97.38
Joint Operations			
Kumagai-Sembawang-Mitsui Joint Venture	Singapore	43.82	43.82
Kumagai-SembCorp Joint Venture	Singapore	48.69	48.69
Kumagai-SembCorp Joint Venture (DTSS)	Singapore	48.69	48.69
SembCorp-Daewoo Joint Venture	Singapore	58.43	58.43
Joint Ventures			
PT Kekal Adidaya	Indonesia	48.69	48.69
Punj Lloyd Dynamic LLC	Qatar	48.00	48.00

(All amounts in INR Crores, unless otherwise stated)

27. Related Parties

(a) Details of related parties

(i) Parties over which the Company has control

Interest in subsidiaries, including associates and joint ventures, are set out in note 26.

(ii) Key management personnel

Atul Punj	Chairman and Managing Director
Atul Kumar Jain	Director (upto May 29, 2018)
Shiv Punj	Director

Non-executive director

Jyoti Punj

Non-executive and independent directors

Phiroz Vandrevala
Uday Walia
Shravan Sampath
Rajat Khare

(iii) Enterprises over which Key Managerial Personnel or their relatives exercise significant influence and with whom transactions have taken place during the year:

Pt. Kanahya Lal Dayawanti Punj Charitable Society	-	Chairmanship of Father of Chairman
PTA Engineering and Manpower Services Private Limited	-	Shareholding of Chairman
PLE Hydraulics Private Limited	-	Shareholding of Chairman
Artcon Private Limited	-	Shareholding of Chairman
Manglam Equipment Private Limited	-	Shareholding of Chairman
Petro IT Limited	-	Shareholding of Brother of Chairman

(iv) Other related parties – Post employment benefit plan of the Company

Punj Lloyd Group Employee's Provident Fund Trust
Punj Lloyd Employee's Group Gratuity Trust
Punj Lloyd Group Employee's Superannuation Trust

(b) Key management personnel (KMP) compensation

	March 31, 2018	March 31, 2017
Short-term employee benefits	-	-
Post-employment benefits *	-	-

*As the liabilities for defined benefit plans are provided on actuarial basis for the Company as a whole, these amounts pertaining to KMP are not identifiable and reportable.

(All amounts in INR Crores, unless otherwise stated)

(c) Transaction with related parties

	2017-18	2016-17
Sales and purchase of goods and services		
With subsidiaries:		
Contract revenue	11.55	5.40
Sale of traded goods	90.29	88.38
Hire income	14.64	-
Management services	0.07	14.56
Interest income	7.11	7.75
Other income	4.63	9.51
Contractor charges	7.33	23.94
Consultancy and professional	15.66	19.08
With enterprises where KMPs or their relatives have influence		
Rent expense	1.57	2.13
With other related parties - post employment benefit plans		
Contribution towards post employment benefit plans	6.71	5.32
Other transactions		
With subsidiaries:		
Loan received back	66.73	5.71

(d) Outstanding balances

	March 31, 2018	March 31, 2017
Subsidiaries		
Loan receivable	369.37	435.88
Trade receivable	908.61	841.89
Interest receivable	42.48	35.63
Other advances (advances to related parties)	-	212.63
Other payable (Due to related parties)	-	(-) 43.92
Mobilization advance	(-) 9.45	(-) 9.45
Associate		
Trade receivable	1.53	1.53
Joint operation		
Other advances (advances to related parties)	-	-
Enterprises where KMPs or their relative have influence		
Trade payable	(-) 6.79	(-) 5.06
KMP remuneration payable	-	-

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

(e) Commitments on behalf of related parties

	March 31, 2018	March 31, 2017
Subsidiaries		
Bank guarantees	396.54	586.39
Corporate guarantees	2314.21	3,164.93

(f) Cumulative provision for doubtful debts against outstanding balances

	March 31, 2018	March 31, 2017
Subsidiaries		
Loan receivable	86.87	47.00
Trade receivable	90.47	81.87
Interest receivable	24.04	24.04
Other advances (advances to related parties)	22.62	17.42

(g) Terms and conditions of transactions with related parties

All related party transactions are in ordinary course of business and on arm's length basis. All outstanding balances are unsecured and repayable in cash.

28. Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognized as liabilities (net of advances) is as follows:

	March 31, 2018	March 31, 2017
Property, plant and equipment	0.88	6.17
Intangible assets	-	1.64

(b) Non-cancellable operating leases

The Company leases various offices and guest houses under non-cancellable operating leases expiring, generally, within eleven months to three years. There are no contingent rents in the lease agreements. Upon renewal, the terms of the leases are renegotiated. There is no escalation clause in the lease agreements. There are no significant restrictions imposed by lease arrangements. The amount of total future minimum lease payments under non-cancellable operating leases as at March 31, 2018 is Nil (Previous year: Nil). Rental expenses relating to operating lease for the year ended March 31, 2018 is 31.69 (Previous year: 26.83).

(c) Finance lease obligations

The Company has finance leases and hire purchase contracts for certain project equipments, vehicles and building, the cost of which is included in the gross block of plant and equipment, vehicles and investment property respectively under tangible assets and investment properties. The lease term is for one to ninety nine years. There is no escalation clause in the lease agreements. There are no significant restrictions imposed by lease arrangements.

	March 31, 2018	March 31, 2017
Gross block at the end of financial year	167.54	204.12
Written down value at the end of financial year	90.20	91.47
Details of payments made during the year:		
Principal	-	-
Interest	-	-

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

29. Contingent liabilities

		As at	
		March 31, 2018	March 31, 2017
a)	Liquidated damages deducted by customers not accepted by the Company and pending final settlement. #	82.30	113.05
b)	Corporate guarantees given on behalf of subsidiaries, joint ventures and associates	121.96	911.44
c)	Corporate guarantees given on behalf of subsidiaries, joint ventures and associates under iquidation	498.43	769.69
d)	Value added tax demands: *		
	on disallowance of deduction on labour and services of the works contracts pending with sales tax authorities and High Court	6.38	3.14
	for non submission of statutory forms	0.11	0.11
	for purchases against statutory forms not accepted by department	10.95	8.49
	against the CST demand on sales in-transit/ sale in the course of import	0.79	0.79
e)	Entry tax demands *	2.43	3.97

excludes possible liquidated damages which can be levied by customers for delay in execution of projects. The management, based on consultation with various experts, believes that there exist strong reasons why no liquidated damages shall be levied by these customers. Although, there can be no assurances, the Company believes, based on information currently available, that the ultimate resolution of these proceedings is not likely to have an adverse effect on the results of operations, financial position or liquidity of the Company.

*The management believes that the claims made are untenable and is contesting them. As of the reporting date, the management is unable to determine the ultimate outcome of the above matters. However, based on favorable decisions/outcomes in similar cases earlier and based on legal opinions /consultations with solicitors, the management believes that there are good chances of success in above mentioned cases and hence, no provision there against is necessary.

f) In respect of the direct tax matters which are subject to legal proceedings in the ordinary course of business, the management, based on the expert opinions, is confident that these matters, when ultimately concluded, will not have a material impact on the result of operations or the financial position of the Company.

g) The Company, directly or indirectly through its subsidiaries, is severally or jointly involved in certain legal cases with its customers / vendors in the ordinary course of business. The management believes that due to the nature of these disputes and in view of numerous uncertainties and variables associated with certain assumptions and judgments, and the effects of changes in the regulatory and legal environment, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial changes. The Company regularly monitors its estimated exposure to such loss contingencies and, as additional information becomes known, changes its estimates accordingly. In view of aforesaid reasons, as of the reporting date, it is unable to determine the ultimate outcome of these matters.

30. Loans and advances in the nature of loans given to subsidiaries in terms of disclosure required as per Schedule V, read with Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Name of the entities	Outstanding amount as at *		Maximum amount outstanding during the year ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Punj Lloyd Kazakhstan LLP	-	34.16	34.16	34.90
Punj Lloyd Pte Limited	-	-	-	-
Punj Lloyd Aviation Limited	27.44	27.44	27.44	27.44
Punj Lloyd Infrastructure Limited	251.27	310.49	310.49	315.49
Punj Lloyd Upstream Limited	10.93	16.79	16.79	16.81
PT Punj Lloyd Indonesia	-	-	-	7.29

(All amounts in INR Crores, unless otherwise stated)

Name of the entities	Outstanding amount as at *		Maximum amount outstanding during the year ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Punj Lloyd International Limited	-	-	-	-
Sembawang Infrastructure (India) Private Limited	-	-	-	-
Spectra Punj Lloyd Limited	-	-	-	-
Punj Lloyd Infrastructure Pte. Limited	-	-	-	-
PLN Construction Limited	-	-	-	-

All the above loans are repayable on demand.
*Represent amounts net of provision captured on ‘Expected Credit Loss (ECL)’ method as per Ind-AS 109 – Financial Instruments.

31. The disclosures as per provisions of Clauses 39, 40 and 42 of Indian Accounting Standard 11 – ‘Construction Contracts’ are as under:

		2017-18	2016-17
a)	Contract revenue recognized as revenue in the period (Clause 39 (a))	3,811.28	3,330.07
b)	Aggregate amount of costs incurred and recognized profits (less recognized losses) up to the reporting date on contract under progress (Clause 40 (a))	11,702.24	16,829.22
c)	Advance received on contract under progress (Clause 40 (b))	1,227.06	1,712.68
d)	Retention amounts on contract under progress (Clause 40 (c))	440.60	813.04
e)	Gross amount due from customers for contract work as an asset (Clause 42(a))	4,755.48	6,133.46
f)	Gross amount due to customers for contract work as a liability (Clause 42 (b))	174.82	745.15

32. The Company, during earlier years, accrued claims on Heera Redevelopment Project with Oil and Natural Gas Corporation Limited, based upon management’s assessment of cost over-run arising due to design changes and consequent changes in the scope of work on the said project since it was of the view that the delay in execution of the project was attributable to the customer. After all the discussions in various forums to resolve the matter mutually, the Company, with a view to resolve the matter in finality, expeditiously and with legal enforceability, re-commenced the arbitration proceedings. The management is confident of satisfactory settlement of the dispute.

33. The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under the law/ Indian Accounting Standards for the material foreseeable losses on such long term contracts (including derivative contracts, if any) has been made in the books of accounts.

34. The Company has defaulted in repayment of dues (including interest) amounting to 1,274.36 as on March 31, 2018 (March 31, 2017: 717.80).

35. Financial instruments

(a) Financial instruments by category

Particulars	March 31, 2018		March 31, 2017	
	FVTOCI	Amortized cost	FVTOCI	Amortized cost
Financial assets				
Non-current investments	463.94	-	772.73	-
Trade receivables	-	2,591.26	-	2,386.60
Loans	-	301.16	-	402.21

(All amounts in INR Crores, unless otherwise stated)

Cash and cash equivalents	-	220.28	-	366.15
Other bank balances	-	177.88	-	119.40
Other financial assets	-	453.89	-	236.46
	463.94	**3,744.47**	**772.73**	**3,510.82**
Financial liabilities				
Borrowings	-	5,120.30	-	5,227.99
Trade payables	-	2,443.78	-	2,354.11
Other financial liabilities	-	2,275.35	-	1,537.03
	-	**9,839.43**	**-**	**9,119.13**

(b) Fair value hierarchy

Financial instruments are classified into three levels in order to provide an indication about the reliability of the inputs used in determining the fair values.

The categories used are as follows:

Level 1: Where fair value is based on quoted prices from active market.
Level 2: Where fair value is based on significant direct or indirect observable market inputs.
Level 3: Where fair value is based on one or more significant input that is not based on observable market data.

	Level 1	Level 2	Level 3	Total
As at March 31, 2018				
Non-current investments				
Quoted	0.00	-	-	0.00
Unquoted	-	-	463.93	463.93
Total	**0.00**	**-**	**463.93**	**463.94**
As at March 31, 2017				
Non-current investments				
Quoted	0.01	-	-	0.01
Unquoted	-	-	772.72	772.72
Total	0.01	-	772.72	772.73

There are no transfers between any levels during the year.

(c) Fair value of financial instruments measured at amortized cost

The carrying amounts of the financial instruments measured at amortized cost, disclosed in note (a) above, approximates to their fair values. Accordingly, the fair values of such instruments have not been disclosed separately.

(d) Valuation techniques and processes used to determine fair value

Fair value of quoted investments is based on the quotation as at the reporting date. For unquoted investments, fair value is determined based on the present values, calculated using internationally accepted valuation principles, by independent valuers.

(All amounts in INR Crores, unless otherwise stated)

(e) Valuation inputs and relationships to fair value

Significant unobservable inputs used in Level 3 fair value measurement.

Non-current investments - Unquoted

As at	Fair value	Significant unobservable inputs*	
		Earnings growth rate	Risk adjusted discount rate
March 31, 2018	463.94	0 – 4.00	7.87 – 15.00
March 31, 2017	772.73	0 – 4.00	8.23 – 9.64

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

(f) Reconciliation of financial instruments categorized under Level 3

	2017-18	2016-17
Opening	772.73	1,726.97
Addition	-	-
Gains/(losses) recognized in OCI	(308.79)	(954.24)
Closing	463.94	772.73

36. Financial risk management objective and policies

The Company's principal financial instruments are as follows:

Financial assets: Investments, Cash and cash equivalents, Loans, Trade and other receivables,

Financial liabilities: Borrowings, Trade and other payables.

The main purpose of these financial instruments is to regulate, finance and support the Company's operations.

The Company is exposed to various financial risks such as credit, liquidity and market risk. An experienced and qualified team ensures that all financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

A. **Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and other financial instruments.

A.1. Trade receivables

The Company executes various projects for public sector/ government undertaking and others at various locations, including overseas. Trade receivables are contractual amounts due from these customers for works certified. Trade receivables are non-interest bearing and are generally on 30 to 45 days credit, depending upon contractual terms. The management evaluates the outstanding receivables on a periodic basis and provides for the impairment loss based on the established ECL policy, as described below.

The Company follows a 'simplified approach' (i.e. based on lifetime ECL) for recognition of impairment loss allowance on its trade receivables. For the purpose of measuring lifetime ECL allowance for trade receivables, the Company estimates irrecoverable amounts based on the ageing of the receivable balances, clubbed with, historical experience with the customer and/or the industry in which the customer operates and assessment of litigation, if applicable. Receivables are written off when they are no more deemed collectible.

. Though the Company executes projects with repeat customers but there is no significant customer level concentration of the credit risk as at any of the reported periods. Further, there is no concentrated risk based on the location where the Company operates.

(All amounts in INR Crores, unless otherwise stated)

A.2. Other financial assets

Loans and receivable from related parties are periodically reviewed by the management in conjunction with the re-measured fair values of the Company's investments in those parties. Where the carrying amount of any receivable exceeds the re-measured fair value of investment, an impairment loss, to that extent, is provided for in the financial statements.

Cash and cash equivalents are managed by the Company's treasury department. Concentration risk is constantly monitored to mitigate financial loss.

The Company's maximum exposure to credit risk for the components of the financial assets as at March 31, 2018, March 31, 2017 is to the extent of their respective carrying amounts as disclosed in note 7.

B. **Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements, both immediate and long-term. The finance needs are monitored and managed by the Company's treasury department, in consultation with the project teams and management. The Company takes support from its secured lenders to finance and support the Company's operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans (term and working capital loans), including debentures. The working capital loans are generally revolving in nature and linked with the current assets of the projects. Of the total term debts of 2,019.42, approximately 76% is payable in less than one year at March 31, 2018 (March 31, 2017: 53% of 2,238.67) based on the carrying value of such borrowings reflected in the financial statements. Certain delays and defaults were noticed in scheduled repayment during the reported financial years. However, the Company is taking necessary corrective actions to rectify the defaults and is also in talks with its existing lender to carve out an overall financial restructuring. Such restructuring, when executed, would give the sufficient liquidity to chart out the business turnaround and would also provide an extended period to repay its current debt portfolio, including the over-due amounts.

Other financial liabilities, like trade and other payables, matures predominantly within one year.

C. **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as equity price risk.

The sensitivity analysis as shown below relates to the position as at March 31, 2018 and March 31, 2017. The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

C.1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's main interest rate risk arises from borrowings with variable rates, which exposes the Company to cash flow interest rate risk. As at March 31, 2018 and March 31, 2017, the Company's borrowings at variable rate were mainly denominated in INR and USD.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying mount nor the future cash flows will fluctuate because of a change in market interest rates.

C.1.1. Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	March 31, 2018	March 31, 2017
Total borrowings*	6,657.58	6,421.55
Less: fixed rate borrowings	776.67	776.62
Variable rate borrowings	5,880.91	5,644.93

*excluding interest accrued on borrowings.

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

C.1.2. Interest rate sensitivity

With all other variables held constant, increase of 50 basis points (bps) will result in a loss of 29.40 before tax (Previous year: 28.22) and a decrease of 50 bps will result in a gain of 29.40 before tax (Previous year: 28.22).

C.2. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's un-hedged foreign currency exposure of its Indian operations and Company's net investment in its foreign operations.

C.2.1. Foreign currency risk exposure

The Company's significant exposure to foreign currency risk at the end of the reported periods, expressed in INR, are as follows:

As at March 31, 2018

	USD	SGD	AED	OMR	QAR	LYD	THB
Financial assets	616.96	954.71	-	-	-	-	-
Financial liabilities	(648.08)	(16.76)	-	-	-	-	-
Net investment in foreign operations	-	-	358.80	174.38	124.32	182.33	339.92
Net exposure	**(31.12)**	**937.95**	**358.80**	**174.38**	**124.32**	**182.33**	**339.92**

As at March 31, 2017

	USD	SGD	AED	OMR	QAR	LYD	THB
Financial assets	845.02	1,112.85	-	-	-	-	-
Financial liabilities	(662.82)	(8.20)	(2.75)	-	-	-	-
Net investment in foreign operations	-	-	290.27	135.36	670.31	277.00	637.31
Net exposure	**182.20**	**1,104.65**	**287.52**	**135.36**	**670.31**	**277.00**	**637.31**

C.2.2. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Currency	Change in currency exchange rate	Profit/(loss) effect before tax	
		March 31, 2018	March 31, 2017
USD	+5%	(1.56)	9.11
SGD	+5%	46.90	55.23
AED	+5%	17.94	14.38
OMR	+5%	8.72	6.77
QAR	+5%	6.22	33.52
LYD	+5%	9.12	13.85
THB	+5%	17.00	31.87

A decrease of 5% in the above currency's exchange rates would result in an equivalent reciprocal effect

C.3. Other price risk

Company's exposure to equity securities price risk arises from quoted investments held and classified in the balance sheet as fair value through OCI. Company's exposure is insignificant, since Company's investment in such securities is immaterial.

37. Capital management

(All amounts in INR Crores, unless otherwise stated)

Risk management:

For the purpose of the capital management, capital includes the issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company monitors capital on the basis of a gearing ratio, which is, net debt (total borrowings net of cash and cash equivalents) divided by total equity (as shown in the balance sheet) plus net debt. Borrowings include long-term borrowings, current maturities of long-term borrowings, short-term borrowings and interest accrued thereon. The company's strategy is to maintain a gearing ratio within 100%. The gearing ratios were as follows:

	March 31, 2018	March 31, 2017
Borrowings	7,321.82	6,710.66
Less: Cash and cash equivalents	220.28	366.15
Net debt	**7,101.55**	**6,344.51**
Equity	162.53	203.35
Equity and net debt	**7,264.07**	**6,547.86**
Gearing ratio (%)	**97.76**	**96.89**

Loan covenants:

Under the terms of some borrowing facilities, the Company is required to comply with the certain financial covenants. The Company aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants could permit the bank to immediately call loans and borrowings. There have been some breaches in the financial covenants during the reporting periods; however the management, in collaboration with its bankers, is taking necessary corrective measures to rectify the breaches.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

38. Others

a) Details of loan given, investments made and guarantee given covered u/s 186(4) of the Companies Act 2013 Act have been disclosed under the respective heads of 'Related party transactions' given in note 27.

b) Contract revenues include Rs. 289.25 crores (Previous year Rs. 160.49) representing the retention money which will be received by the Company after the satisfactory performance of the respective projects. The period of release of retention money may vary from six months to eighteen months depending upon the terms and conditions of the projects.

c) The amount to be incurred towards Corporate Social Responsibility (CSR) for the financial year ended March 31, 2018, as prescribed under section 135 of the Companies Act 2013 Act, is Nil.

Notes to financial statements

for the year ended March 31, 2018

(All amounts in INR Crores, unless otherwise stated)

d) 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 identification, the disclosure in respect to Micro, Small and Medium Enterprises Development Act, 2006 is as follows:

S.No.	Particulars	2017-18	2016-17
i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	- Principal amount	4.35	6.48
	- Interest thereon	0.94	1.35
ii)	The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
iii)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	0.32	0.45
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.94	1.35
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	0.63	0.90

e) The Company has international and domestic transaction with 'Associated Enterprises' which are subject to Transfer Pricing regulations in India. The Management of the Company is of the opinion that such transactions with Associated Enterprises are at arm's length and hence in compliance with the aforesaid legislation. Consequently, this will not have any impact on the financial statements, particularly on account of tax expense and that of provision of taxation.

f) Capitalization of expenditure

During the current and previous year ended on March 31, 2018 and March 31, 2017, the Company has not capitalized any expenditure of revenue nature to the cost of tangible asset/ intangible assets under development.

g) During the current year, the Singapore High Court ('the Court') heard upon the application filed by Judicial Management (JM) of Punj Lloyd Pte. Limited and Sembawang Engineers and Constructors Pte. Limited, subsidiaries of the Company. Accordingly the Court ordered for the liquidation of Punj Lloyd Pte. Limited and Sembawang Engineers and Constructors Pte. Limited vide its order dated August 07, 2017. Pursuant to appointment of Judicial Managers by the Court w.e.f June 27, 2016, the Company had lost control over these subsidiaries and consequently necessary adjustments were made in the year ended March 31, 2017.

h) Amounts in the financial statements are presented in INR crores, unless otherwise stated. Certain amounts that are required to be disclosed and do not appear due to rounding off are expressed as 0.00. One crore equals 10 millions.

i) Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.

For **BGJC & Associates LLP**
Chartered Accountants
Firm registration number: 003304N

Darshan Chhajer
Partner

Membership No.: 088308

Place: Gurugram

Date: May 30, 2018

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

Atul Punj	Chairman and Managing Director	DIN: 00005612
Shiv Punj	Director	DIN: 03227629
Rahul Maheshwari	Chief Financial Officer	
Dinesh Thairani	Group President – Legal & Company Secretary	