

## INDEPENDENT AUDITORS' REPORT

To the Members of PL Engineering Limited

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of PL Engineering Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

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

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.



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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS, of the state of affairs of the Company as at March 31, 2018, its loss, total comprehensive loss, its cash flows and changes in equity for the year ended on that date.


### **Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure I", a statement on the matters specified in paragraphs 3 and 4 of the Order.
- (2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);



- d. On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- e. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position, as detailed in Note 32 to the standalone Ind AS financial statements;
  - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts, as detailed in Note 36 to the standalone Ind AS financial statements;
  - iii. The company did not have any dues on account of Investor Education and Protection Fund;

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Registration Number: 003304N

  
**Pranav Jain**  
Partner  
Membership No.098308



Place: Gurugram

Date: May 30, 2018

## **Annexure 1 to Independent Auditors' Report**

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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not have any Immovable property. Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not hold any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b), 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the provisions of clause 3(iv) of the order are not applicable since during the year, the Company has not entered into transaction covered under the sections 185 and 186 of the Act.
- (v) In our opinion, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules (as amended). Accordingly, the provisions of clause 3 (v) of the Order are not applicable.
- (vi) The Central Government of India has not prescribed the maintenance of cost records for any of the products/ activities of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under. Accordingly, the provisions of clause 3(vi) of the order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable, have not been regularly deposited to the appropriate authority and there have been significant delays in a large number of cases. Further, no material undisputed amounts payable in respect thereof, were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding with respect to sales tax, service tax, value added tax, entry tax, customs duty, excise duty on account of any dispute, are as follows:



Name of the statute	Nature of dues	Amount Disputed Rs.	Period to which relates	Forum where dispute is pending
The Finance Act, 1994 and The Service Tax Rules.	Service Tax	46,13,189 (nil under protest)	2010-11 to 2013-14	The Additional Commissioner, Service Tax Commissionerate, Delhi-IV.

- (viii) The Company has not defaulted in repayment of loans or borrowings to banks. There are no dues to a financial institution or government. The company did not have any outstanding debenture during the year and as at the year end.
- (ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year covered by our audit.
- (xi) The company has not paid/provided for any Managerial remuneration. Accordingly, provisions of clause 3 (xi) of the order are not applicable.
- (xii) In our opinion the Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the order are not applicable.
- (xiii) All transactions entered into by the Company with the related parties are in compliance with Section 177 and 188 of Act, where applicable and the requisite details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) In our opinion, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of clause 3(xiv) of the Order are not applicable.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with him under section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Registration No.003304N

*Pranav Jain*  
**Pranav Jain**

Partner  
Membership No. 098308



Date: May 30,2018  
Place: Gurugram

## **Annexure 2 to Independent Auditors' Report**

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

### **Independent Auditors' report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the companies act 2013 "the Act"**

We have audited the internal financial controls over financial reporting of PL Engineering Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company as of and for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

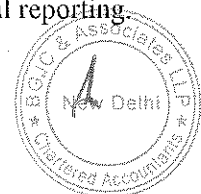
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

#### **Auditors' Responsibility**

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

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

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



## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.


## Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For BGJC & Associates LLP**  
Chartered Accountants  
Firm Registration No.003304N

  
**Pranav Jain**  
Partner  
Membership No. 098308



Date: May 30, 2018  
Place: Gurugram

**PL Engineering Limited**  
**Standalone Balance Sheet as at March 31, 2018**  
(All amount in INR, unless otherwise stated)

Particulars	Notes	As at	
		March 31, 2018	March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment's	4	949,916	4,614,824
Intangible assets	5	5,858,436	11,439,873
<b>Financial Assets</b>			
Investments	6	32,633,245	57,987,902
Loans	7	-	-
Deferred Tax Assets (net)	8	-	-
Other non current assets	9	-	-
		<b>39,441,597</b>	<b>74,042,599</b>
<b>Current assets</b>			
Inventories - Unbilled revenue (work-in-progress)		26,511,540	314,135,943
<b>Financial Assets</b>			
Investment held for Sale	10	155,576	155,576
Trade receivables	11	56,964,464	614,072,460
Cash and cash equivalents	12	23,558,298	21,899,687
Loans and advances	7	5,350,851	91,994,975
Current Tax Assets (Net)	13	20,034,469	49,748,552
Other current assets	9	3,295,209	16,464,743
		<b>135,870,407</b>	<b>1,108,471,936</b>
<b>Total Assets</b>		<b>175,312,004</b>	<b>1,182,514,535</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	13	62,250,000	62,250,000
<b>Other Equity</b>			
Equity component of Convertible Cumulative Preference Shares		200,050,000	200,050,000
Others reserves		(264,006,502)	244,901,556
<b>Total Equity</b>		<b>(1,706,502)</b>	<b>507,201,556</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	14	-	836,686
Provisions	15	2,112,114	27,718,861
Deferred Tax Liabilities (net)	8	-	-
		<b>2,112,114</b>	<b>28,555,547</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	16	-	34,839,874
Trade payables	17	168,851,249	499,331,851
Other Financial Liabilities	18	0	590,183
<b>Other current liabilities</b>			
Provisions	15	5,601,446	84,745,590
		453,697	27,249,934
<b>Total Liabilities</b>		<b>174,906,392</b>	<b>646,757,432</b>
<b>Total Equity and Liabilities</b>		<b>175,312,004</b>	<b>1,182,514,535</b>

Summary of significant accounting policies

1, 2 & 3

The accompanying notes form an integral part of the financial statements  
This is the Standalone Balance Sheet referred to in our report of even date.

For BGJC & Associates LLP

Chartered Accountants

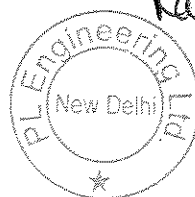
Firm Registration Number: 003304N

*Pranav Jain*

Pranav Jain  
Partner

Membership Number: 098308

Place : Gurugram  
Date : May 30, 2018



For and on behalf of the board of directors of  
**PL Engineering Limited**

*Rahul Maheshwari*

Rahul Maheshwari  
Director  
DIN: 07345645

*Rohit Mehta*

Rohit Mehta  
Chief Financial Officer

*Atul Punj*

Atul Punj  
Director  
DIN: 00005612

*Sameer P. Sashidharan*  
Sameer P. Sashidharan  
Company Secretary  
M. No: A13600



**PL Engineering Limited**

**Standalone Statement of Profit and Loss for the year ended March 31, 2018**

(All amount in INR, unless otherwise stated)

	Notes	Year ended	
		March 31, 2018	March 31, 2017
<b>Income</b>			
Revenue from operations			
Sale of services		65,559,893	594,747,400
Other income	20	16,344,466	3,132,945
<b>Total income</b>		<b>81,904,359</b>	<b>597,880,345</b>
<b>Expenses</b>			
Employee benefits expense	21	243,786,917	392,992,403
Finance costs	23	2,747,519	17,128,334
Depreciation and amortisation expense	4	8,191,872	16,378,841
Other expenses	22	323,155,682	393,580,724
<b>Total expenses</b>		<b>577,881,990</b>	<b>820,080,302</b>
<b>Loss before tax</b>		<b>(495,977,631)</b>	<b>(222,199,957)</b>
<b>Tax expenses</b>			
Current tax		-	-
Mat Entitlement		20,198,379	-
Tax for Previous Year		(6,113,734)	-
<b>Total tax expense</b>		<b>14,084,645</b>	<b>-</b>
<b>Loss for the year</b>		<b>(510,062,276)</b>	<b>(222,199,957)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss.			
Remeasurement gains/(losses) on defined benefit plans		26,508,875	13,403,050
Net (losses)/ gains on FVTOCI equity instruments		(25,354,657)	73,822,364
<b>Total other comprehensive income for the year, net of tax (refer note no. 08)</b>		<b>1,154,218</b>	<b>87,225,414</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>(508,908,058)</b>	<b>(134,974,543)</b>
<b>Earnings per equity share [nominal value per share Rs. 10 each (Previous year Rs. 10)]</b>			
Basic and Diluted (in)	24	(81.94)	(35.69)

Summary of significant accounting policies

1,2 & 3

The accompanying notes form an integral part of the financial statements

This is the Standalone Statement of Profit and Loss referred to in our report of even date.

**For BGJC & Associates LLP**

**Chartered Accountants**

Firm Registration Number: 003304N

For and on behalf of the board of directors of

**PL Engineering Limited**

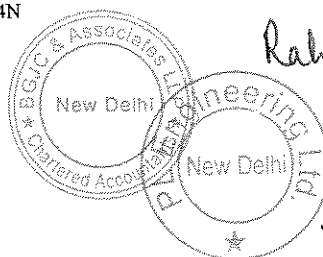
**Pranav Jain**

Partner

Membership Number: 098308

Place : Gurugram

Date : May 30, 2018



*Rahul Maheshwari*

**Rahul Maheshwari**

Director

DIN: 07345645

*Rohit Mehta*

**Rohit Mehta**

Chief Financial Officer

**Atul Punj**

Director

DIN: 00005612

**Sameer P Sashidharan**

Company Secretary

M. No: A13600

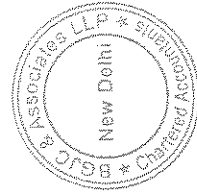
**PL Engineering Limited**  
**Standalone Statement of Changes in Equity for the year ended March 31, 2018**  
 (All amount in INR, unless otherwise stated)

a. Equity Share Capital:		
Equity share of Rs. 10 each issued, subscribed and fully paid	Nos	Amount
As at March 31, 2016	6,225,000	62,250,000
As at March 31, 2017	6,225,000	62,250,000
As at March 31, 2018	6,225,000	62,250,000

b. Other Equity	Equity component of convertible cumulative preference shares	Reserves and Surplus		Items of OCI		Total Other Equity
		Share Premium	Retained earning	FVTOCI Reserve	Others Reserve	
As at March 31, 2016	200,050,000	187,401,473	88,111,971	104,362,655	-	579,926,099
Loss for the year						
Remeasurement of the net defined benefit liability/ asset			(222,199,957)		13,403,050	(222,199,957)
Change in fair value of investments			13,403,050	73,822,364	(13,403,050)	13,403,050
OCI reclassified to retained earnings						73,822,364
As at March 31, 2017	200,050,000	187,401,473	(120,684,936)	178,185,019	-	444,951,556
Loss for the year			(510,062,276)			(510,062,276)
Remeasurement of the net defined benefit liability/ asset					26,508,875	26,508,875
Change in fair value of investments				(25,354,657)		(25,354,657)
OCI reclassified to retained earnings			26,508,875		(26,508,875)	
March 31, 2018	200,050,000	187,401,473	(604,238,337)	152,830,362	-	(63,956,502)

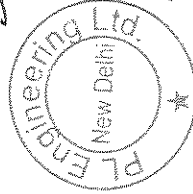
The accompanying notes form an integral part of the financial statements  
 This is the Standalone Statement of Changes in Equity referred to in our report of even date.

For BGJC & Associates LLP  
 Chartered Accountants  
 Firm Registration Number: 003304N



*Pranav Jain*  
**Pranav Jain**  
 Partner  
 Membership Number: 098308  
 Place : Gurugram  
 Date : May 30, 2018

*Rahul Maheshwari*  
**Rahul Maheshwari**  
 Director  
 DIN: 07345645



*Rohit Mehta*  
**Rohit Mehta**  
 Chief Financial Officer

For and on behalf of the board of directors of  
**PL Engineering Limited**

*Atul Punj*  
**Atul Punj**  
 Director  
 DIN: 00005612

*Sameer P Sashidharan*  
**Sameer P Sashidharan**  
 Company Secretary  
 M. No. A13600

**PL Engineering Limited**

**The Standalone Statement of Cash Flow for the year ended March 31, 2018**

(All amount in INR, unless otherwise stated)

	Year ended	
	March 31, 2018	March 31, 2017
<b>Cash flow from operating activities</b>		
Loss before tax	(495,977,631)	(222,199,957)
Non-cash adjustment to reconcile (loss)/profit before tax to net cash flows		
Depreciation and amortisation expense	8,191,872	16,378,841
Loss/ (Gain) on sale of fixed assets (net)	164,744	(355,079)
Gain on sale foreign currency transactions	(79,999)	-
Bad debts written off	227,018,293	233,160,006
Interest expense	2,231,212	14,621,172
<b>Operating profit before working capital changes</b>	<b>(258,451,509)</b>	<b>41,604,983</b>
<b>Changes in working capital :</b>		
Increase in trade payables	(330,479,036)	(30,032,545)
Increase/(Decrease) in provisions	(25,894,109)	9,462,513
(Decrease)/ Increase in other current liabilities	(79,144,144)	(9,595,942)
Increase in trade receivables	486,744,568	36,618,781
Decrease in loans and advances	86,644,124	23,095,544
Decrease/(Increase) in unbilled revenue (work-in-progress)	130,969,538	(73,132,590)
Increase in other current assets	13,169,534	(4,301,601)
<b>Cash generated from operations</b>	<b>23,558,966</b>	<b>(6,280,856)</b>
Direct taxes refunded/ (paid)	15,629,440	(4,146,357)
<b>Net cash from operating activities (A)</b>	<b>39,188,406</b>	<b>(10,427,214)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets		(269,325)
Purchase of fixed a	(1,082,151)	(21,560,700)
Proceeds from sale of investment in Subsidiaries		133,558,664
Proceeds from sale of fixed assets	888,163	359,100
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(193,988)</b>	<b>112,087,739</b>
<b>Cash flows from financing activities</b>		
Repayment of long-term borrowings	(1,413,033)	(1,974,597)
(Repayment of)/ Proceeds from short-term borrowings (net)	(34,839,874)	(84,848,719)
Interest paid	(2,245,048)	(14,641,245)
<b>Net cash used in financing activities (C)</b>	<b>(38,497,955)</b>	<b>(101,464,561)</b>
Net decrease in cash and cash equivalents (A + B + C)	496,463	195,964
Cash and cash equivalents at the beginning of the year (Refer note no. 12)	338,987	143,023
<b>Cash and cash equivalents at the end of the year</b>	<b>835,450</b>	<b>338,987</b>

The accompanying notes form an integral part of the financial statements

This is the Standalone Statement of Statement of Cash Flow referred to in our report of even date.

For BGJC & Associates LLP

Chartered Accountants

Firm Registration Number: 003304N

*Pranav Jain*

Pranav Jain

Partner

Membership Number: 098308

Place : Gurugram

Date : May 30, 2018



For and on behalf of the board of directors of

PL Engineering Limited

*Rahul Maheshwari*

Rahul Maheshwari

Director

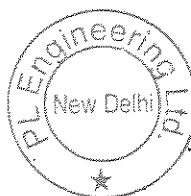
DIN: 07345645

*Atul Punj*

Atul Punj

Director

DIN: 00005612



*Rohit Mehta*

Rohit Mehta

Chief Financial Officer

*Sameer P Sashidharan*

Sameer P Sashidharan

Company Secretary

M. No: A13600

## 1. Corporate information

PL Engineering Limited ('the Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956, (Revised) which has since been replaced with Companies Act, 2013. The Company is engaged in the business of rendering Engineering and Design Consultancy Services. 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

The Company has applied the same accounting policies for preparing its opening Ind AS financial statements and all subsequent periods presented in these financial statements.

#### (b) Use of estimates

The preparation of financial statements in conformity with Ind AS (Generally accepted accounting principles) requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### (c) Property, plant and equipments

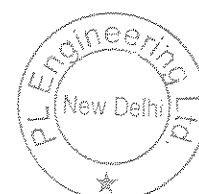
Tangible assets are stated at cost, net off accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing costs if capitalization criteria are met and all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The Company considered the previous GAAP carrying cost of plant and equipments as deemed cost, as the fair value of these assets does not differ materially from its carrying cost.

Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the assets are de-recognised.



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**(d) Intangible assets**

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

Gains or losses arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss when the assets are derecognised.

For the transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as on April 1, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(e) Depreciation on property, plant and equipments and amortisation on intangible fixed assets**

Depreciation on property, plant and equipments is calculated on a straight line basis using the rates arrived at based on the useful lives prescribed under Schedule II to the Companies Act, 2013. The Company has used the following lives to provide depreciation.

Particulars	Useful Life (In years)
Computer hardware	3
Network and servers	6
Furniture and fixtures	10
Vehicles *	5
Office equipment	5
Computer software	6

\* For these class of assets, based on internal assessment and independent technical evaluation carried out by external valuers the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

**(f) Component accounting**

The Company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset. Now, the Company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. However, this change in accounting policy did not have any material impact on financial statements of the Company.

**(g) 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) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

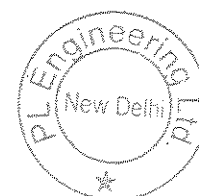
The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years.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



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**(h) 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.(k)).

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.

**(l) 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.

**(j) Foreign currency**

**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 March 31, 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:

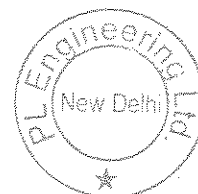
- Assets and liabilities are translated at the closing rate of exchange at the reporting date,
- Income and expenses are translated at quarterly average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case 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. April 01, 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.



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#### (k) 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. Gains or losses on liabilities held for trading are recognised in the profit or loss.

##### (ii) De-recognition

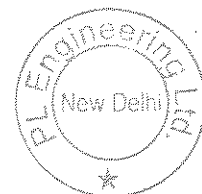
A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires

#### 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.



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**(l) 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 transfers 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.

**(m) 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 the statement of profit and loss.

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**

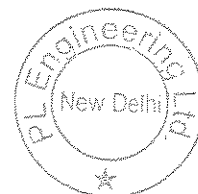
The Company makes contribution to statutory provident fund and pension funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee 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.



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**(n) Income Tax**

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.

**(o) 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.

**(p) 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.

**(q) Share-based payment arrangements**

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).

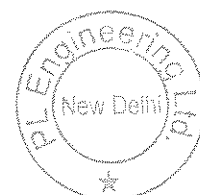
The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service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

**(r) 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.



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**(s) 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.

**(t) 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 recognised 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 recognised because it cannot be measured reliably.

A disclosure is made for a contingent liability when there is a:

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

**(u) 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.

**(v) Operating cycle**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents and the same is considered as project period.

**(w) Unbilled revenue (work in progress)**

Unbilled revenue (work in progress) is valued at net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make the sale.

**(x) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The following specific recognition criteria must also be met before revenue is recognized

**Income from services**

Revenues from services comprise of income from man - hour rate (time basis) contracts and fixed price contracts.

Revenues associated with services rendered on time basis is recognised when the services are rendered. The same is calculated based on the man hours incurred for rendering the services.

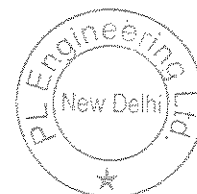
Revenue from fixed price contracts (including maintenance and support contracts) is recognised by reference to the stage of the service contract at the balance sheet date. The stage of completion is the proportion of the contract costs incurred for the work performed up to the balance sheet date to the estimated total contract costs. However, profit is not recognised 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. Excess / shortfall of revenue over that billed as at the year end is carried in the financial statements as unbilled revenue and billing in excess of contract revenue is shown under current liabilities as advance billing to customer in the financial statement. The Company collects service tax on behalf of the government and therefore, there are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

**Dividend income**

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.



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#### Export benefit

Export benefit under the duty free credit entitlement is recognised in the statement of profit and loss, when the right to receive license as per the terms of the scheme is established in the respect of export made and there is no significant uncertainty regarding the ultimate collection of the export proceeds.

#### Interest

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument, but does not consider the expected credit losses. Interest income is included in other income in the statement of Profit and Loss.

### 3. 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:

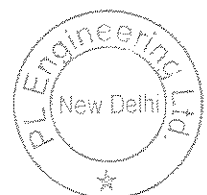
Non-financial assets are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (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.



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**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, to the extent of deferred tax liability recognized as at the balance sheet date, for which it is reasonably certain that future taxable income would be generated by reversal of such deferred tax liability.

**Recent accounting pronouncements**

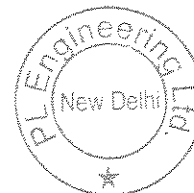
Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration 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.

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.

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PL Engineering Limited  
Notes to financial statements year ended March 31, 2018  
(All amount in INR, unless otherwise stated)

4. Property, Plant and Equipments

Particulars	Computer hardware	Furniture and fixtures	Vehicles	Office equipment	Total
<b>Gross block</b>					
As at March 31, 2016	48,400,555	2,478,717	16,328,120	6,289,113	73,496,505
Additions during the year	269,325	-	-	-	269,325
Disposals during the year	(4,966,289)	-	-	-	(4,966,289)
As at March 31, 2017	43,703,591	2,478,717	16,328,120	6,289,113	68,799,541
Additions during the year	-	-	-	-	-
Disposals during the year	-	-	(16,328,120)	-	(16,328,120)
As at March 31, 2018	43,703,591	2,478,717	-	6,289,113	52,471,421
<b>Accumulated depreciation</b>					
As at March 31, 2016	44,512,623	1,382,976	12,655,272	5,837,874	64,388,745
Charge for the year	2,405,299	293,922	2,015,649	43,370	4,758,240
Disposals during the year	(4,962,268)	-	-	-	(4,962,268)
As at March 31, 2017	41,955,654	1,676,898	14,670,921	5,881,244	64,184,717
Charge for the year	1,513,050	451,291	604,292	43,369	2,612,002
Disposals during the year	-	-	(15,275,213)	-	(15,275,213)
As at March 31, 2018	43,468,704	2,128,189	-	5,924,613	51,521,506
<b>Net block</b>					
As at March 31, 2017	1,747,937	801,819	1,657,199	407,869	4,614,824
As at March 31, 2018	234,888	350,528	-	364,500	949,916

5. Intangible assets

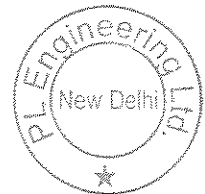
	Software	Total
<b>Gross block</b>		
As at March 31, 2016	129,440,903	129,440,903
Additions during the year	-	-
As at March 31, 2017	129,440,903	129,440,903
Additions during the year	-	-
As at March 31, 2018	129,440,903	129,440,903
<b>Accumulated amortisation</b>		
As at March 31, 2016	106,380,429	106,380,429
Charge for the year	11,620,601	11,620,601
As at March 31, 2017	118,001,030	118,001,030
Charge for the year	5,581,437	5,581,437
As at March 31, 2018	123,582,467	123,582,467
<b>Net block</b>		
As at March 31, 2017	11,439,873	11,439,873
As at March 31, 2018	5,858,436	5,858,436

a. for assets pledged as security, referred note no 14 and "Nil" capital commitments

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**PL Engineering Limited**  
**Notes to financial statements year ended March 31, 2018**  
(All amount in INR, unless otherwise stated)

**6. Non-current investments**

Particulars	As at	
	March 31, 2018	March 31, 2017
<b>Fair Value through Othes Comprehensive Income (Fully Paidup)</b>		
<b>Investment in subsidiaries (unquoted equity)</b>		
Punj Lloyd Engineering Pte Limited 1 (previous year: 1) equity shares of SGD 1 each	32,633,243	57,987,900
AeroEuro Engineering India Private Limited 2,500,000 (previous year: 1,250,000) equity shares of ₹ 10 each	1	1
<b>Investment in joint ventures</b>		
PLE TCI Engenharia LTDA. 245,000 (previous year: 245,000) equity shares of ₹ 10 each	1	1
<b>Total</b>	<b>32,633,245</b>	<b>57,987,902</b>
Aggregate carrying value of unquoted investments	32,633,245	57,987,902

**7. Loans & Advances**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Non-current	Current	Non-current	Current
<b>Loan and advances to related parties</b>				
<b>Unsecured, considered good</b>				
Advances to subsidiaries	-	2,264,576	-	1,780,482
<b>Unsecured, considered doubtful</b>				
Advances to subsidiaries				
Advance to joint venture	-	14,640,676	-	14,640,676
Less - Expected Credit Loss		(14,640,676)		(14,640,676)
Interest receivable on loan given to Joint Venture				
Less - Expected Credit Loss				
Consideration receivable for licenses sold*				87,128,218
<b>Loan and advances to others</b>				
<b>Unsecured, considered good</b>				
Security deposits	-	3,086,275	-	3,086,275
<b>Total</b>	<b>-</b>	<b>5,350,851</b>	<b>-</b>	<b>91,994,975</b>

\* The same is Self Financing incentive scheme which is accounted in the books of accounts as and when sold to Holding Company.

**8. Deferred tax (net)**

Particulars	As at	
	March 31, 2018	March 31, 2017
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowable for tax purposes on payment basis		1,277,399
Others		
Unabsorbed tax losses#	1,601,972	13,289,815
Gross deferred tax assets	1,601,972	14,567,214
<b>Deferred tax liability</b>		
Property, Plant and Equipments & Intangible assets	1,601,972	593,358
Financial assets carried at fair value through OCI		13,973,856
Gross deferred tax liability	1,601,972	14,567,214
Net Deferred tax liability	-	-

# The Company has accounted for deferred tax assets on temporary differences, including those on unabsorbed depreciation and business losses, to the extent of deferred tax liability recognized at the balance sheet date, for which it is reasonably certain that future taxable income would be generated by reversal of such deferred tax liability.



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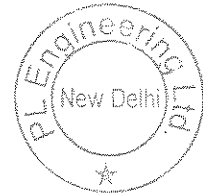
9. Other Assets (Non Current/Current)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Non-current	Current	Non-current	Current
<b>Other loans and advances</b>				
Prepaid expenses		181,739		5,755,073
Balances with statutory/ government authorities		3,029,247		9,174,329
<b>Advances recoverable in cash or kind</b>				
Advance to suppliers	-		-	1,368,961
Advance to employees	-	84,223	-	146,221
Others	-		-	20,159
<b>Total</b>	-	<b>3,295,209</b>	-	<b>16,464,743</b>

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PL Engineering Limited  
Notes to financial statements year ended March 31, 2018  
(All amount in INR, unless otherwise stated)

10. Investment held for sale:

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Investments held for sale</b>		
PL Delta Technologies Limited 50,000 (previous year: 50,000) equity shares of ₹ 10 each.	1	1
PLE TCI Engineering Limited 24,500 (previous year: 24,500) equity shares of ₹ 10 each.	155,575	155,575
<b>Total</b>	<b>155,576</b>	<b>155,576</b>
Aggregate carrying value of unquoted investments	155,576	155,576

11. Trade receivables

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured , Considered Good</b>		
Receivable from related parties	1,274,660	583,429,829
Receivable from others	55,689,804	30,642,631
<b>Unsecured , considered doubtful</b>		
Receivable from related parties		
Receivable from others		
Less: Provision for expected credit loss		
<b>Total</b>	<b>56,964,464</b>	<b>614,072,460</b>

12. Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Balances with banks:</b>		
– in current accounts	802,220	338,432
– in exchange earner's foreign currency account	163	555
Cash on hand	33,065	-
	835,448	338,987
<b>Other bank balances</b>		
Fixed Deposit with Bank*	6,430,351	5,348,200
Deposit in Escrow account on account of SCEL sale consideration	16,292,499	16,212,500
<b>Total</b>	<b>23,558,298</b>	<b>21,899,687</b>

\*Deposit of 100% margin is given to bank for issuing the various Bank Guarantees.

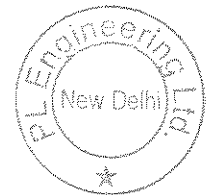
13. Current Tax Asset - Net

Particulars	As at March 31, 2018	As at March 31, 2017
Minimum alternative tax credit entitlement	-	20,198,377
Advance tax	20,034,469	29,550,175
<b>Total</b>	<b>20,034,469</b>	<b>49,748,552</b>

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13. Equity Share capital

Particulars	As at	As at
	March 31, 2018	March 31, 2017
<b>Authorised share capital</b>		
10,000,000 (Previous year: 10,000,000) equity shares of ₹ 10 each	100,000,000	100,000,000
20,005 (Previous year: 20,005) 0.0001% Cumulative Convertible Preference Shares (CCPS) of ₹ 10,000 each	200,050,000	200,050,000
	<b>300,050,000</b>	<b>300,050,000</b>
<b>Issued, subscribed and fully paid-up share capital</b>		
6,225,000 (Previous year: 6,225,000) equity shares of ₹ 10 each	62,250,000	62,250,000
20,005 (Previous year: 20,005) 0.0001% CCPS of ₹ 10,000 each	200,050,000	200,050,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>262,300,000</b>	<b>262,300,000</b>

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

	As at March 31, 2018		As at March 31, 2017	
	Nos.	Amount	Nos.	Amount
<b>Equity shares</b>				
At the beginning and at the end of the year	6,225,000	62,250,000	6,225,000	62,250,000
<b>Cumulative Convertible Preference share (CCPS)</b>				
At the beginning and at the end of the year	20,005	200,050,000	20,005	200,050,000

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 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 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 of number of equity shares held by the shareholders.

(c) Terms of conversion / redemption of CCPS

In the event of winding up, liquidation or dissolution of the Company or a sale of all or substantially all assets of the Company following the enforcement of the security, Punj Lloyd Limited (referred hereinafter as promoter) and Fidelity India Principals and FIL Capital Management (Mauritius) Limited (collectively referred hereinafter as investor) shall both be entitled, in preference to any other shareholder of the Company, to receive an amount equivalent to the aggregate amount invested by each of the investor and the promoter, respectively, in the Company (from time to time), in each case increased by (i) an internal rate of return of 25% calculated from the respective dates of the investment(s) and (ii) any accrued and unpaid dividends from the proceeds of such winding up or liquidation, prior to any distribution to any other shareholders of the Company.

In addition, to the extent that there are assets of the Company available for distribution after payment to the investor and the promoter, each of the shareholders of the Company (including the investor and the promoter) shall thereafter share in the distribution of such remaining assets of the Company in proportion to their shareholding in the Company at the time of their liquidation.

In the event that the aggregate proceeds available for distribution among the shareholders are inadequate, the Investor and the promoter shall both be entitled, in preference to any other shareholder of the Company, to receive amounts in proportion to their liquidation preference amounts.

Holders of preference shares shall be entitled to a dividend of 0.0001% per annum, payable on an annual basis. The dividends on the preference shares for the concerned period shall at all times be declared in seniority to the dividends on equity shares of the Company. The Company declares and pays dividends in Indian rupees.

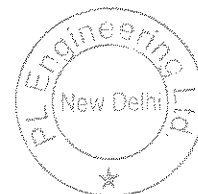
The Investor shall have the option to convert any number of preference shares into equity shares during the term of this agreement. However, on 2 November 2020 (i.e., at the expiry of 180 days from the tenth anniversary of the Completion Date), without any approval of the shareholders, prior to or at the time of conversion, all preference shares that are outstanding as of such date shall immediately and automatically convert into one fully paid and non-assessable equity share.

(d) Shares held by Holding company

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Punj Lloyd Limited (Holding Company)	50,000,000	50,000,000
5,000,000 (2017: 5,000,000) equity shares of ₹ 10 each fully paid up		



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(e) Details of shareholders holding more than 5% shares in the

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	% holding	Nos.	% holding
<b>Equity shares of ₹ 10 each fully paid up</b>				
Punj Lloyd Limited	5,000,000	80.32%	5,000,000	80.32%
FIL Capital Management (Mauritius) Limited	1,066,955	17.14%	1,066,955	17.14%
<b>CCPS of ₹ 10,000 each fully paid up</b>				
FIL Capital Management (Mauritius) Limited	19,855	99.25%	19,855	99.25%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(f) No bonus shares or shares issued for consideration other than cash or shares bought back over the last five years immediately

(g) Refer Note 23 for details on employee stock option plans.

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#### 14. Long-term borrowings

Particulars	As at March 31, 2018		As at March 31, 2017	
	Non-current portion	Current maturities	Non-current portion	Current maturities
Term loans (Secured)				
Vehicle loan from banks	-	-	836,686	576,347
Amount disclosed under the head "other financial liabilities" (note 18)	-	-	-	(576,347)
<b>Total</b>	-	-	<b>836,686</b>	-

#### Terms of security and repayment

Secured by first charge by way of hypothecation over vehicles financed by Axis Bank Limited and further by corporate guarantee from Punj Lloyd Limited, the Holding Company for vehicles financed by State Bank of India. Average rate of interest on term loans ranges from 9.85% to 12.25% p.a. on reducing balance method. Average repayment schedule ranges from 3 to 5 years.

#### 15. Provisions

Particulars	As at March 31, 2018		As at March 31, 2017	
	Long-term	Short-term	Long-term	Short-term
Provision for employee benefits				
Gratuity	1,261,009	68,415	16,585,472	5,455,040
Leave Encashment	635,590	287,549	11,133,389	5,060,816
Other	215,515	97,733	-	12,600,100
Other provisions				
Provision for contract losses (note 37)	-	-	-	4,133,978
<b>Total</b>	<b>2,112,114</b>	<b>453,697</b>	<b>27,718,861</b>	<b>27,249,934</b>

#### 16. Short-term borrowings

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Loan Repayable on Demand (Secured)		
From Bank (Cash Credit)	-	34,839,874
<b>Total</b>	<b>-</b>	<b>34,839,874</b>

In previous year cash credit facilities are secured by first charge over all present and future book debts/receivables of the current and collateral security over first charge over all the fixed assets of the Company and further secured by corporate guarantee of Punj Lloyd Limited, the Holding company. The cash credit are repayable on demand and carries interest at base rate +6.8% per annum, i.e., 15.10% as at March 31, 2017. During the year cash credit facilities are discontinued.

#### 17. Trade Payables

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Trade Payables	168,851,249	499,331,851
<b>Total</b>	<b>168,851,249</b>	<b>499,331,851</b>

The company has not received the required information from suppliers/ parties regarding their status under the Micro Small and Medium Enterprises Development Act 2006. The company believes that they have not entered any transaction with the parties covered under Micro, Small and Medium Enterprises Development Act, 2006. Hence required disclosures have been given to the extent information is available with the company.

#### 18. Other Financial Liabilities

Particulars	As at	As at
	31 March 2018	31 March 2017
Other Payables		
Current maturities of long term borrowings (note 14)	-	576,347
Interest accrued but not due on borrowings	-	13,836
<b>Total</b>	<b>-</b>	<b>590,183</b>

#### 19. Other current liabilities

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Statutory dues	4,038,913	26,639,513
Advance from customers	1,562,533	44,904,457
Advance billing to customers	-	13,201,620
<b>Total</b>	<b>5,601,446</b>	<b>84,745,590</b>



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**PL Engineering Limited**  
**Notes to financial statements year ended March 31, 2018**  
 (All amount in INR, unless otherwise stated)

**20. Other income**

Particulars	Year ended	
	March 31, 2018	March 31, 2017
Scrap Sale	437,521	194,100
Net gain on foreign currency transactions and translations	9,519,792	1,296,872
Gain on sale of fixed assets (net)	-	355,079
Interest on Fixed Deposits	425,119	-
Interest on income tax refund	5,962,034	1,286,894
	<b>16,344,466</b>	<b>3,132,945</b>

**21. Employee benefits expense**

Particulars	Year ended	
	March 31, 2018	March 31, 2017
Salaries, wages and bonus	233,256,955	369,238,810
Contribution to provident and other funds	7,880,279	15,609,899
Gratuity expense (note 26)	1,775,150	5,024,681
Staff welfare expenses	874,533	3,119,013
	<b>243,786,917</b>	<b>392,992,403</b>

**22 Other expenses**

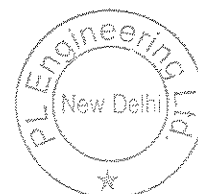
Particulars	Year ended	
	March 31, 2018	March 31, 2017
Power and fuel	-	4,455,167
Rent	40,000,000	66,296,331
Insurance	5,104,348	4,254,085
Repair and maintenance	68,400	1,390,390
Software maintenance cost	12,639,193	42,264,316
Office expenses	87,784	5,061,949
Travelling and conveyance	1,847,048	3,015,456
Printing and stationery	1,946,337	3,412,334
Consultancy and professional	32,352,652	24,365,022
Payment to auditor (refer details below)	737,492	884,926
Bad debt (net)	70,363,428	-
Contractor charges	104,921	2,398,589
Rates and taxes	478,740	806,170
Loss on sale of fixed assets (net)	164,744	-
Unbilled revenue written off	156,654,865	233,160,006
Recruitment	-	265,385
Postage and telegram	576,474	861,228
Miscellaneous Expenses	29,257	689,371
	<b>323,155,682</b>	<b>393,580,725</b>

**Payment to auditor (excluding service tax)**

Particulars	Year ended	
	March 31, 2018	March 31, 2017
As auditor:		
Audit fee for standalone & consolidated financial statements	700,000	700,000
Certification	30,000	30,000
Reimbursement of expenses	7,492	4,926
	<b>737,492</b>	<b>734,926</b>



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PL Engineering Limited  
Notes to financial statements year ended March 31, 2018  
(All amount in INR, unless otherwise stated)

23. Finance costs

Particulars	Year ended	
	March 31, 2018	March 31, 2017
Interest expense on:		
-Cash credit	1,344,472	11,155,119
-Statutory dues	-	2,218,059
-Others	886740	-
Other borrowing cost	-	1,247,994
Bank charges	516,307	2,507,162
	<b>2,747,519</b>	<b>17,128,334</b>

24. Income tax expenses

Particulars	Year ended	
	March 31, 2018	
<b>(a) Income Tax expense</b>		
Current Tax		-
Adjustments for current tax of prior periods	(6,113,734)	-
Mat Entitlement	20,198,379	-
<b>Total tax expense</b>	<b>14,084,645</b>	-
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Loss before income tax expense	(495,977,631)	(222,199,957)
Tax at the Indian tax rate of 30.90% (Previous year - 30.90%)	(153,257,088)	(68,659,787)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impact of Depreciation	1,622,790	4,313,831
Tax losses of provision for unforeseeable losses & credit losses	-	-
Effect of deferred tax asset not recognized	-	-
Tax relating to earlier years	(6,113,734)	-
Tax losses for which no deferred income tax was recognized	151,583,392	64,345,956
Mat Entitlement	20,198,379	-
Other items	50,906	-
<b>Total tax expense</b>	<b>14,084,645</b>	-
<b>(c) Tax Losses:</b>		
Unused tax losses for which no deferred tax asset has been recognised	894,675,948	143,040,153
Potential tax benefit @ tax rate	276,454,868	44,199,407

25. Earning per share (EPS)

The following reflects the loss and share data used in the basic and diluted EPS computations:

Particulars	March 31, 2018	March 31, 2017
	Loss for the Year	(510,062,276)
Less : Dividends on convertible preference shares and tax thereon	200	200
<b>Net loss for calculation of basic and diluted EPS</b>	<b>(510,062,476)</b>	<b>(222,200,157)</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of equity shares in calculating basic and diluted EPS	6,225,000	6,225,000
<b>EPS - Basic and Diluted (in ₹)</b>	<b>(81.94)</b>	<b>(35.69)</b>

The potential equity shares resulting from conversion of CCPS are anti-dilutive in nature, as the company has incurred losses during the years ended March 31, 2018 and March 31, 2017.

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## 26. Gratuity and other 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.

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
<b>April 1, 2017</b>	<b>22,328,200</b>	<b>(287,688)</b>	<b>22,040,512</b>
Current service cost	237,479	-	237,479
Adjustment	-	(73,789)	(73,789)
Interest expenses/(income)	1,562,974	(25,303)	1,537,671
<b>Total amount recognised in profit or loss</b>	<b>1,800,453</b>	<b>(99,092)</b>	<b>1,701,361</b>
Remeasurements:			
- Due to changes in financial assumptions	(839,850)	-	(839,850)
- Due to experience adjustments	22,407,930		22,407,930
- Return on assets (excluding interest income)	-	4,519	4,519
<b>Total amount recognised in OCI</b>	<b>21,568,080</b>	<b>4,519</b>	<b>21,572,599</b>
Benefits payments	(839,850)	-	(839,850)
Employer contributions	-	-	-
<b>March 31, 2018</b>	<b>1,720,723</b>	<b>(391,299)</b>	<b>1,329,424</b>

	Present value of obligations	Fair value of plan assets	Net amount
<b>April 1, 2016</b>	<b>23,652,052</b>	<b>(268,867)</b>	<b>23,383,185</b>
Current service cost	3,387,858	-	3,387,858
Interest expenses/(income)	1,655,644	(18,821)	1,636,823
<b>Total amount recognised in profit or loss</b>	<b>5,043,502</b>	<b>(18,821)</b>	<b>5,024,681</b>
Remeasurements:			
- Due to changes in financial assumptions	(767,645)	-	(767,645)
- Due to experience adjustments	7,134,999	-	7,134,999
- Return on assets (excluding interest income)	-	-	-
<b>Total amount recognised in OCI</b>	<b>6,367,354</b>	<b>-</b>	<b>6,367,354</b>
Benefits payments	-	-	-
Employer contributions	-	-	-
<b>March 31, 2017</b>	<b>22,328,200</b>	<b>(287,688)</b>	<b>22,040,512</b>

The plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity	
	March 31, 2018	March 31, 2017
Investments with insurer (SBI Life Insurance Company Limited)	100%	100%

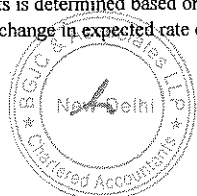
## Gratuity and other post-employment benefit plans

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

Particulars	Gratuity	
	31 March 2018	March 31, 2017
Discount rate	7%	7.00%
Expected rate of return on assets	7%	7.00%
Employee turnover	30%	30.00%
Future salary increases	6%	6.00%
Mortality	IALM 2006-08 Ultimate	IALM 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. There has been significant change in expected rate of return on assets due to change in the market scenario.



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**Sensitivity Analysis:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below:

Assumption	Change in assumptions	Impact on defined benefit obligation
Discount rate	Increase by 100 basis points	Decrease by 3%
	Decrease by 100 basis points	Increase by 3%
Salary growth rate	Increase by 100 basis points	Increase by 3%
	Decrease by 100 basis points	Decrease by 3%
Withdrawal rate	Increase by 100 basis points	Decrease by 0%
	Decrease by 100 basis points	Increase by 0%

**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 5 years. The expected maturity analysis of undiscounted gratuity benefits is as follows:

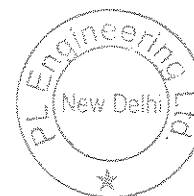
Period	Amount
Within one year	458,794
Between 1 – 2 years	560,326
Between 2 – 5 years	1,792,209

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:

	2017-2018	2016-2017
At the beginning of the period	16,194,205	18,792,070
Current service cost	144,100	3,122,386
Interest expenses/(income)	1,133,594	1,315,445
Total amount recognized in profit or loss	1,277,694	4,437,831
Remeasurements:		
-Due to changes in financial assumptions	-	553,473
-Due to experience adjustments	8,361,135	(7,589,169)
-Return on assets(excluding interest income)		
Total amount recognised in OCI	8,361,135	(7,035,696)
Benefits payments	(24,909,895)	-
Employer contributions		
At the end of the period	923,139	16,194,205



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**PL Engineering Limited**  
**Notes to Standalone Financial Year ended 31 March 2018**  
 (All amount in INR, unless otherwise stated)

**27. Employee Stock Option Plans (ESOP)**

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

Particulars	ESOP 2015	ESOP 2012	ESOP 2011	ESOP 2009	ESOP 2008
Date of Board of Directors approval	Feb 23, 2015	Nov 1, 2012	Sep 21, 2011	Dec 1, 2009	Apr 7, 2008
Date of Shareholder's approval	Feb 23, 2015	Nov 1, 2012	Sep 21, 2011	Dec 1, 2009	Apr 7, 2008
Vesting period	Over the period of four years				
Exercise period	Three Years from the date of vesting/listing whichever is later				
Vesting conditions	Continuous association with the Company				

The details of activity under ESOP 2008 have been summarised below:

Particulars	2017-18		2016-17	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at the beginning of the year	-	-	31,140	100
	-	-	11,500	32
	-	-	80,000	385
	78,000	100	93,000	100
	102,028	105	112,914	-
Granted during the year	-	105	-	105
Exercised during the year	-	-	-	-
Expired during the year	-	-	31,140	100
	-	-	11,500	32
	-	-	80,000	385
	78,000	100	15,000	100
	102,028	105	10,886	105
Outstanding/exercisable at the end of the year	-	-	-	100
	-	-	-	32
	-	-	-	385
	-	-	78,000	100
	-	-	102,028	105

The weighted average share price at the date of exercise for stock options was Rs. Nil (previous year Rs. 186.86).

The weighted average share price for the year over which stock options were exercised was Rs. Nil (previous year Rs. 186.86).

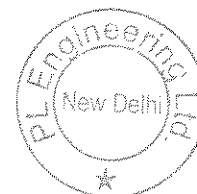
The weighted average share price at the date of exercise is not applicable since no options are exercised (previous year not applicable since no option were exercised).

For the purpose of valuation of the options granted under ESOP 2008 upto the year ended 31 March 2018, the compensation cost relating to employee stock options, calculated as per the intrinsic value method, is Nil.



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**PL Engineering Limited**  
**Notes to financial statements year ended March 31, 2018**  
 (All amount in INR, unless otherwise stated)

**28. Leases**

**Operating lease: Company as lessee**

The Company has taken office premises under operating lease agreements, expiring, within 12 months. Both the parties have the option to terminate the lease after the expiry by giving other party three month prior written notice. It is renewable at the end of eleven Months with the mutual consent of both the lessor and lessee. Lease payment charged to the Statement of Profit and Loss during the year amounted to Rs. 4,000,000 (Rs. 66,296,331).

Future minimum rentals payable under non-cancellable operating leases are as

Particulars	March 31, 2018		March 31, 2017	
Within one year	-			8,933,333
After one year but not more than five years	-			-
	-			8,933,333

**29. Interest in other entities**

**(a) Subsidiaries**

The Company's interest and share in subsidiaries 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	Country of incorporation	Ownership interest as at	
		31-Mar-18	31-Mar-17
		%	%
<b>Subsidiaries</b>			
Punj Lloyd Engineering Pte. Limited	Singapore	100	100
PL Delta Technologies Limited@	India	100	100
PLE TCI Engineering Limited	India	50	50
AeroEuro Engineering India Private Limited	India	100	-

**(b) Interest in Joint Ventures**

The Company's interest and share in associates and joint ventures 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	Ownership interest as at	Ownership interest as at	
			March 31, 2018	March 31, 2017
			%	%
AeroEuro Engineering India Private Limited	Designing in aerospace sector	India	-	50
PLE TCI Engenharia Ltda	Engineering and design consultancy services	Brazil	49	49

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

The Company's share of the assets, liabilities, income and expenses of AeroEuro Engineering India Private Limited and PLE TCI Engenharia LTDA at the year end are as follows:

Particulars	AeroEuro Engineering India Private Limited		PLE TCI Engenharia LTDA	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Current assets	-	2,229,380	129,866	129,866
Non-current assets	-	2,182,125	-	-
Current liabilities	-	(14,100,288)	-	-
Non-current liabilities	-	(327,555)	-	-
<b>Equity</b>	<b>-</b>	<b>(10,016,337)</b>	<b>129,866</b>	<b>129,866</b>
Revenue	-	8,028,437	-	-
Depreciation and amortisation	-	(598,818)	-	-
Employee benefits expense	-	(4,780,239)	-	-
Finance and other expenses	-	(3,544,866)	-	-
<b>Loss for the year</b>	<b>-</b>	<b>(895,486)</b>	<b>-</b>	<b>-</b>



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Notes to financial statements year ended March 31, 2018  
(All amount in INR, unless otherwise stated)

30. Segment information

Business segment

The Company's business activity falls within a single business segment i.e. Engineering Services. Therefore, segment reporting in terms of Ind AS 108 on Segmental Reporting is not applicable.

Geographical segments\*

Although, the Company's major operating divisions are managed on a worldwide basis, they operate in two principal geographical areas of the world, in India, its home country and the other countries.

The following table presents revenue from operations, trade receivable and unbilled revenue(work-in-progress) regarding geographical segments as at March 31, 2018 and March 31, 2017:

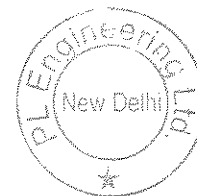
Particulars	Revenue		Unbilled revenue (work in progress)		Trade receivables	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
India	54,074,042	116,226,655	25,307,715	84,726,790	45,001,163	108,931,071
Other countries	11,485,851	478,520,745	1,203,825	229,409,153	11,963,301	505,141,389
<b>Total</b>	<b>65,559,893</b>	<b>594,747,400</b>	<b>26,511,540</b>	<b>314,135,943</b>	<b>56,964,464</b>	<b>614,072,460</b>

\* All the significant assets other than trade receivables and unbilled revenue (work in progress) are situated in India and hence, separate amounts for assets / additions to assets have not been furnished.

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**PL Engineering Limited**

Notes to financial statements year ended March 31, 2018

(All amounts in INR, unless otherwise stated)

**31 Related party disclosures**

**Names of related parties and related party relationship**

**Related parties where control exists**

Holding company	Punj Lloyd Limited
Subsidiaries	Punj Lloyd Engineering Pte Limited PL Delta Technologies Limited PLE TCI Engineering Limited AeroEuro Engineering India Private Limited
Joint Venture	PLE TCI Engenharia LTDA.

**Related parties with whom transactions have taken place during the year or in previous year**

Fellow subsidiaries	PT Punj Lloyd Indonesia Punj Lloyd – Oil & Gas (Malaysia) Sdn Bhd Punj Lloyd Construction Contracting Company Limited Punj Lloyd Engineers and Constructors Pte Limited Punj Lloyd International Limited Punj Lloyd Sdn Bhd
Key management personnel:	
Chairman	Mr. Atul Punj
CEO	Mr. Badri Krishnan (upto Sep 15, 2017)
COO	Mr. Ashok Kumar Bhargava (upto Feb 02, 2018)

**(a) Transaction with related parties**

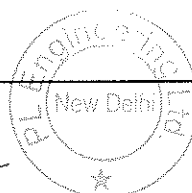
	2017-18	2016-17
<b>Sales and purchase of goods and services</b>		
<i>With Holding Company:</i>		
Contract revenue	9,955,705	251,698,265
Rental income	-	-
Consultancy expense	-	-
Rental Expense	(40,000,000)	(52,645,161)
Interest Expense	-	-
<i>With subsidiaries:</i>		
Contract revenue	19,906,934	264,948,484
Software Expense	-	-
<i>With Fellow subsidiaries:</i>		
Contract revenue	8,979,898	4,133,878
<i>With KMP</i>		
Employee benefit expenses	14,003,166	22,682,696

**(b) Outstanding balances**

	March 31, 2018	March 31, 2017
<i>Holding Company:</i>		
Trade receivable		502,355,581
Other payable (Due to related parties)		(220,891,033)
Mobilization advance	(1,079,086)	(26,138,847)
<b>Subsidiaries</b>		
Loan receivable	2,264,576	1,780,482
Trade receivable	-	126,358,604
Other payable (Due to related parties)	-	(52,760,860)
Investment	32,633,243	57,987,900
Mobilization advance		(9,597,670)
<b>Fellow Subsidiaries</b>		
Loan receivable		
Trade receivable	1,274,660	41,843,814
Other payable (Due to related parties)		(55,155,793)
<b>Joint Ventures</b>		
Investment held for sale	155,576	155,576



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**32. Contingent liabilities**

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Service tax demand	7,995,321	4,613,189

**33. The disclosures as per provisions of Clauses 39, 40 and 42 of Indian Accounting Standard 11 – 'Construction Contracts' are as under:**

Particulars	2017-18	2016-17
a) Contract revenue recognised as revenue in the period (clause 38 (a))	65,559,893	594,747,400
b) Aggregate amount of costs incurred and recognised profits upto the reporting date on contract under progress	858,100,295	1,374,231,946
c) Advance received on contract under progress (clause 39 (b))	1,562,533	44,904,457
d) Retention amounts on contract under progress (clause 39 (c))	-	-
e) Gross amount due from customers for contract work as an asset (clause 41	26,511,540	314,135,942
f) Gross amount due to customers for contract work as a liability (clause 41 (b))	-	13,201,620

34. The Company has invested a sum of ₹ 12,500,000 in the equity shares of a joint venture company. Further, the Company has receivables by way of loans and advances of ₹ 22,394,775 (previous year ₹ 22,399,788) from the said joint venture company. As per the latest audited financial statements of the said company, accumulated losses of the said company have resulted in erosion of its net worth completely. However, considering the long term business plan of the joint venture company, including the forecasts of profitability of operations, the Company is of the view that there is no other than temporary diminution in the value of investment and accordingly, no provision is considered necessary in the financial statements at this stage on the above account.

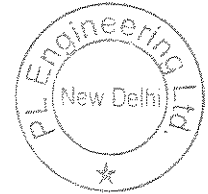
35. Assets of Nil (previous year ₹ 20,198,377) recognised by the Company as 'Minimum alternative tax Credit Entitlement' under the 'loans and advances', in respect of minimum alternate tax payment for current and earlier years, represents that portion of Minimum alternative tax credit which can be recovered and set off in subsequent periods based on provision of Section 115JAA of the Income Tax Act, 1961. The management based on the future projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilise Minimum alternative tax credit assets.

36. 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

37. The Company has international & 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 impact on the financial statements, particularly on account of tax expense and that of provision of taxation.



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38. Financial instruments  
(a) Financial instruments by category

Particulars	March 31, 2018		March 31, 2017	
	FVTOCI	Amortized cost	FVTOCI	Amortized cost
<b>Financial assets</b>				
Non-current investments	32,633,245	-	57,987,902	-
Investment held for sale	155,576	-	155,576	-
Trade receivables	-	56,964,464	-	614,072,460
Loans	-	5,350,851	-	91,994,975
Cash and cash equivalents	-	23,558,298	-	21,899,687
	<b>32,788,821</b>	<b>85,873,613</b>	<b>58,143,478</b>	<b>727,967,122</b>
<b>Financial liabilities</b>				
Borrowings	-	2,112,114	-	35,676,560
Trade payables	-	168,851,249	-	499,331,851
Other financial liabilities	-	-	-	590,183
	-	<b>170,963,363</b>	-	<b>535,598,594</b>

(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
<b>As at March 31, 2018</b>				
Non-current investments				
Unquoted	-	-	32,633,245	32,633,245
Investment held for sale				
Unquoted			155,576	155,576
<b>Total</b>	-	-	<b>32,788,821</b>	<b>32,788,821</b>
<b>As at March 31, 2017</b>				
Non-current investments				
Unquoted	-	-	57,987,902	57,987,902
Non-current investments				
Unquoted	-	-	155,576	155,576
<b>Total</b>	-	-	<b>58,143,478</b>	<b>58,143,478</b>

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

For unquoted investments, fair value is determined based on the present values, calculated using internationally accepted valuation principles, by independent valuers

(e) Valuation inputs and relationships to fair value

Significant unobservable inputs used in Level 3 fair value measurement.

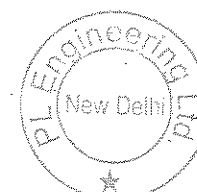
Investments - Unquoted

As at	Fair value	Significant unobservable inputs*	
		Earnings growth rate (%)	Risk adjusted discount rate (%)
March 31, 2018	32,788,821	0 - 4.00	10
March 31, 2017	58,143,478	0 - 4.00	8.50-10

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



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(f) Reconciliation of financial instruments categorized under Level 3

	March 31, 2018	March 31, 2017
Opening	58,143,478	117,879,778
Addition	-	-
Gains/(losses) recognized in OCI	(25,354,657)	73,822,364
Closing	32,788,821	191,702,142

**39. Financial risk management objectives and policies**

The Company's principal financial instruments are as follows:

**Financial assets:** Investments, Cash and bank balance, 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**

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 policy.

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.

**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 bank balances 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 and March 31, 2017 is to the extent of their respective carrying amounts as disclosed in note 6,7,10,11,12.

**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 (long-term and working capital loans). The working capital loans are generally revolving in nature and linked with the current assets of the projects. Of the total long-term debts "Nil" is payable at March 31, 2018 and nil % payable in less than one year as at March 2018 (March 31,2017: 41% Rs 14,13,033 ) based on the carrying value of such borrowings reflected in the financial statements.

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

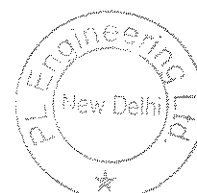
**C. Market Risk**

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.



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### 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 amount 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:

	As at March 31, 2018	As at March 31, 2018
Total borrowings *	-	36,252,907
Less: Fixed rate borrowings	-	(1,413,033)
Variable rate borrowings	-	34,839,874

\*excluding interest accrued on borrowings.

#### C.1.2. Interest rate sensitivity

With all other variables held constant, increase of 50 basis points (bps) will result in a loss of Rs. Nil before tax (Previous year: Rs. 174,199) and a decrease of 50 bps will result in a gain of Rs. Nil before tax (Previous year: Rs. 174,199).

### 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

Particulars	USD	GBP	SGD	QAR	EUR
Financial assets	33			49,133	122,331
Financial liabilities	(230,104)				
Net investment in foreign operations					
Net exposure	(230,072)	-	-	49,133	122,331

As at March 31, 2017

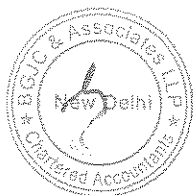
Particulars	USD	GBP	SGD	MYR	EUR
Financial assets	478,351,211	-	-	-	26,790,749
Financial liabilities	(228,081,391)	(2,442)	-	(137,994)	-
Net investment in foreign operations	-	-	-	-	-
Net exposure	250,269,820	(2,442)	-	(137,994)	26,790,749

#### C.2.2. Foreign currency sensitivity

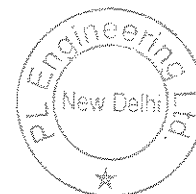
The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency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

Currency	Change in currency	Profit/(loss) effect before tax	
		31-Mar-18	31-Mar-17
USD	5%		12,513,491
GBP	5%		(122)
SGD	5%		-
MYR	5%		(6,900)
EUR	5%		1,339,537

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



*Rahul*



40 .Capital Management

**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:

	As at March 31, 2018	As at March 31, 2017
Borrowings other than convertible preference shares	-	35,676,560
Less :- Cash and cash equivalents	23,558,298	21,899,687
<b>Net Debts</b>	<b>(23,558,298)</b>	<b>13,776,873</b>
Equity	(1,706,502)	507,201,556
<b>Equity &amp; Net Debt</b>	<b>(25,264,800)</b>	<b>520,978,429</b>
<b>Gearing Ratio</b>	<b>93%</b>	<b>3%</b>

Loan covenants:


Under the terms of some borrowing facilities, the company is required to comply certain financial covenant. The company is meeting its financial covenants attached to the interest bearing loans & borrowing that define capital structure requirements

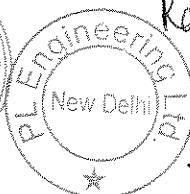
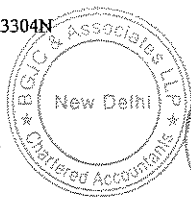
41. Amount in consolidated Financials are presented INR unless other stated

42. Previous year figures have been regrouped or reclassified where necessary to confirm to this year classification.


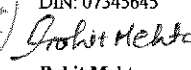
For BGJC & Associates LLP

Chartered Accountants  
 Firm Registration Number: 003304N


  
**Pranav Jain**  
 Partner  
 Membership Number: 098308  
 Place : Gurugram  
 Date : May 30, 2018



PL Engineering Limited

  
**Rahul Maheshwari**  
 Director  
 DIN: 07345645  
  
**Rohit Mehta**  
 Chief Financial Officer

  
**Atul Punj**  
 Director  
 DIN: 00005612

  
**Sameer P Sashidharan**  
 Company Secretary  
 M. No: A13600