

Singhal Prusty & Associates
Chartered Accountants

A142, Raju Park Sainik Farms (Eastern
Avenue Khanpur, New Delhi 110062, India
Email: vinay.singhal@spacindia.in
Tel. No. : +91 124 4242 800

INDEPENDENT AUDITORS' REPORT

To the Members of Punj Lloyd Industries Limited

Opinion

We have audited the standalone financial statements of **Punj Lloyd Industries Limited**, which comprise the balance sheet as at 31st March 2020, the statement of profit and loss, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information [Here in after referred to as "Standalone financial statements"].

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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; 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and



using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key



audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of The Companies Act 2013, we give in the Annexure A, 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion the aforesaid financial statements comply with Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company does not have any pending litigations which would impact its financial position.
- ii. the Company does not have any long-term contracts requiring a provision for material foreseeable losses.
- iii. the Company does not have any amounts required to be transferred to the Investor Education and Protection Fund.

For SinghalPrusty & Associates

Chartered Accountants

Firm Registration No: 024433N

Vinay Singhal

Partner

Membership No.: 517499

Place: Gurgaon

UDIN: 20517499AAAAB4797



Date: 15/12/2020

Annexure - A to the Auditors' Report

Referred to in paragraph 1 under the heading report on other legal and regulatory requirements of the Auditors' Report of even date to the members of Punj Lloyd Industries Limited.

- (i) The Company did not have fixed assets during the year under review. Therefore, clauses 3 (i) (a) to (c) of the Order are not applicable.
- (ii) The Company did not have any inventory during the year under review. Therefore, clause 3 (ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the clauses 3 (iii) (a) to (c) of the Order are not applicable.
- (iv) According to the information and explanations given to us, there are no loans, investments, guarantees or security provided by the Company. Therefore, clause 3 (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public.
- (v) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act, for any of the service rendered by the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues applicable to it.

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

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

- (viii) The Company did not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Therefore, clause 3 (viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The Company did not pay/provide any managerial remuneration during the year. Accordingly, clause 3 (xi) of the Order is not applicable.



- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has transacted with the related parties during the year in compliance with sections 177 & 188 where applicable and the details have been disclosed in the Note no. 19 to the Financials Statements etc., as required by applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, clause 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SinghalPrusty & Associates
Chartered Accountants
Firm Registration No: 024433N

Vinay Singhal
Partner
Membership No.: 517499



Place: Gurgaon
Date: 15/12/2020
UDIN: 20517499AAAABG4797

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Punj Lloyd Industries Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being



made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SinghalPrusty & Associates

Chartered Accountants

Firm Registration No: 024433N

Vinay Singhal

Partner

Membership No.: 517499



Place: Gurgaon

Date: 15/12/2020

UDIN: 20517499AAAABG4797

Punj Lloyd Industries Limited
Standalone Balance Sheet as at March 31, 2020
(All amounts in INR, unless otherwise stated)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Non current assets			
Financial Assets			
Investments	3	-	98,015,369
Others	4	206,120	-
		<u>206,120</u>	<u>98,015,369</u>
Current assets			
Current tax assets (net)		7,066,193	562,287
Financial Assets			
Debtors	6	2,095,941	-
Cash and bank balances	7	21,570,030	1,617,550
Loans	5	-	215,000
Other financial assets	8	-	12,780
		<u>23,665,971</u>	<u>1,845,330</u>
Total Assets		<u><u>30,938,284</u></u>	<u><u>100,422,986</u></u>
Equity and liabilities			
Equity			
Equity Share capital	9	115,002,000	115,002,000
Other Equity	10	(93,067,012)	(84,564,328)
		<u>21,934,988</u>	<u>30,437,672</u>
Current liabilities			
Financial Liabilities			
Short term borrowings	11	-	60,000,000
Trade payables	11	-	-
a) total outstanding dues of micro and small enterprises		-	-
b) total outstanding dues other than (a) above		1,953,829	128,370
Other Payables	12	-	9,302,056
Other current liabilities	12	61,797	554,889
Non Financial Liabilities			
Current Tax Liability		6,987,670	-
		<u>9,003,296</u>	<u>69,985,314</u>
Total Equity and Liabilities		<u><u>30,938,284</u></u>	<u><u>100,422,986</u></u>

Summary of significant accounting policies

2.10

The accompanying notes form an integral part of the financial statements

1-270

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

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

For Singhal Prushty & Associates

Chartered Accountants

Firm registration number: 024433N

Vinay Singhal

Partner

Membership number : 517499

Place : Gurgaon

Dated : 15/12/2020

20517499AAAA B64797



Rahul Maheshwari

Rahul Maheshwari
Director

DIN : 07345645

Swatantar Kumar Goyal

Swatantar Kumar Goyal
Director

DIN : 00495187

Punj Lloyd Industries Limited
Standalone Statement of Profit and Loss for the year ended March 31, 2020
(All amounts in INR, unless otherwise stated)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operation		8,411,104	-
Other income	13	13,571	398,315
Total income		8,424,675	398,315
Expenses			
Material Consumed		2,736,166	-
Other expenses	14	8,186,486	7,652,793
Finance cost	15	5,492,948	5,441,017
Total expenses		16,415,600	13,093,810
Profit before tax		(7,990,925)	(12,695,495)
Tax expense:			
Current tax		6,987,670	-
Earlier Year		508,720	-
Total tax expense		7,496,390	-
Profit for the Year		(15,487,315)	(12,695,495)
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Net (Loss)/gain on FVTOCI Investments	16	6,984,631	(215,061,236)
Total Other comprehensive income not to be reclassified to profit or loss in subsequent years		6,984,631	(215,061,236)
Total comprehensive income for the year		(8,502,684)	(227,756,731)
Earnings per equity share [nominal value per share Rs.10 (Previous year Rs.10)]	17		
Basic and diluted (in Rs.)		-1.35	-1.10
Summary of significant accounting policies	2.10		
The accompanying notes form an integral part of the financial statements	1-20		

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

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

Vinay Singhal
Partner
Membership number : 517499
Place : Gurgaon
Dated : 15/12/2020



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

Rahul Maheshwari

Rahul Maheshwari
Director
DIN : 07345645

Swatanter Kumar Goyal

Swatanter Kumar Goyal
Director
DIN : 00495187

Punj Lloyd Industries Limited

Standalone Cash flow statement for the year ended March 31, 2020

(All amounts in INR, unless otherwise stated)

	PARTICULARS	Notes	Year ended March 31, 2020	Year ended March 31, 2019
A	Cash flow from/ (used in) operating activities			
	Profit before tax		(7,990,925)	(12,695,495)
	Adjustment for:			
	Provision for Expected credit loss		-	6,913,956
	Interest income		(13,571)	(398,315)
	Operating profit before working capital changes		(8,004,496)	(6,179,854)
	Movement in working capital:			
	(Decrease)/ increase in trade payables		1,825,459	22,770
	(Decrease)/ increase in other current liabilities		(9,795,147)	5,030,135
	(Decrease)/ increase in other short term borrowings		(60,000,000)	10,000,000
	Decrease/ (increase) in loans		(206,120)	(6,350,921)
	Decrease/ (increase) in Other financial assets		(1,868,160)	-
	Cash generated from/ (used in) operations		(78,048,464)	2,522,130
	Direct taxes paid (net of refunds)		(7,012,627)	130,604
	Net cash flow from/ (used in) operating activities (A)		(85,061,091)	2,652,734
B	Cash flow used in investing activities			
	Interest received		13,571	677,653
	Investments in bank deposits (having original maturity of more than three months)		1,585,510	8,914,490
	Investments in equity instruments		105,000,000	(13,075,720)
	Net cash flow from/ (used in) investing activities (B)		106,599,081	(3,483,577)
	Net increase/decrease in cash and cash equivalents (A+B)		21,537,990	(830,844)
	Cash and cash equivalents at the beginning of year		32,040	862,884
	Cash and Cash equivalents at the end of year		21,570,030	32,040
	Components of cash and cash equivalents			
	Balances with banks:			
	On current accounts		21,570,030	32,040
	Total cash and cash equivalents (also refer note 6)		21,570,030	32,040

Summary of significant accounting policies

2.0

The accompanying notes form an integral part of the financial statements

1-28

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

Vinay Singhal
Partner
Membership number : 517499
Place : Gurgaon
Dated : 15/12/2020



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

Rahul Maheshwari

Rahul Maheshwari
Director
DIN : 07345645

Swatantar Kumar Goyal

Swatantar Kumar Goyal
Director
DIN : 00495187

Punj Lloyd Industries Limited
Standalone Statement of Changes in Equity for the year ended March 31, 2020
(All amounts in INR, unless otherwise stated)

Statement of changes in Equity (SOCE)

	Numbers	Amount
Authorized Share Capital		
At 31, March 2019	14,010,000	140,100,000
At 31, March 2020	14,010,000	140,100,000
Issued equity capital		
At 31, March 2019	11,500,200	115,002,000
At 31, March 2020	11,500,200	115,002,000

Other Equity

For the year ended 31 March, 2019

Description	Reserves and Surplus		Other Comprehensive Income	Total
	General Reserve	Retained earning	Fair value through OCI for Non Trade Equity Investments	
As at April 01, 2018	10,500	(5,487,442)	148,669,345	143,192,403
Profit for the year		(12,695,495)		(12,695,495)
Fair value through OCI- Investments			(215,061,236)	(215,061,236)
As at March 31, 2019	10,500	(18,182,937)	(66,391,891)	(84,564,328)

For the year ended 31 March, 2020

Description	Reserves and Surplus		Other Comprehensive Income	Total
	General Reserve	Retained earning	Fair value through OCI for Non Trade Equity Investments	
As at March 31, 2019	10,500	(18,182,937)	(66,391,891)	(84,564,328)
Profit for the year		(15,487,315)	-	(15,487,315)
Fair value through OCI- Investments			6,984,631	6,984,631
As at March 31, 2020	10,500	(33,670,252)	(59,407,260)	(93,067,012)

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

Vinay Singhal
Partner
Membership number :
Place : Gurgaon
Dated : 15/12/2020



Rahul Maheshwari

Rahul Maheshwari
Director
DIN : 07345645

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

Swatanter Kumar Goyal

Swatanter Kumar Goyal
Director
DIN : 00495187

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020

A. Overview and Significant Accounting Policies

1. Company Overview

Punj Lloyd Industries Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 which has since been replaced with Companies Act, 2013. The Company is a subsidiary of Punj Lloyd Limited and is primarily engaged in the infrastructure projects and activity of engineering construction.

Corporate Insolvency Resolution Process (CIRP) for the holding company under the insolvency and bankruptcy code, 2016 (IBC) has commenced with effect from March 08, 2019. Mr. Gaurav Gupta, Interim Resolution Professional (IRP) was appointed by Hon'ble National Law Tribunal (NCLT), Principal Bench, New Delhi vide its order dated March 08, 2019. Subsequently NCLT vide its order CA-971(PB)/2019 dated May 22, 2019 has appointed Mr. Ashwini Mehra as Resolution Professional (RP) and have taken over from IRP on May 27, 2019. Under CIRP, the powers of the Board of Directors of the Company stand suspended. The RP had invited expression of Interest (EOI) from the Resolution Applicants (RA). The RA would be required to submit their proposal. The resolution of the Company and its continuation as a going concern will depend on and acceptance and approval of the RA proposal by Committee of Creditors (COC) and adjudicating authority respectively. Until further direction by the Hon'ble NCLT, the financial statements have been prepared on a going concern basis.

2. Significant accounting policies

(i) Statement of Compliance

Standalone Ind-AS Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and relevant provisions of the Companies Act, 2013.

Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Balance Sheet as at 31 March, 2020, the Statement of Profit and Loss for the year ended 31 March 2020, the Statement of Cash Flows for the year ended 31 March 2020 and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as 'Standalone Ind-AS Financial Statements').

These Standalone Ind-AS Financial Statements are approved for issue by the Board of Directors on 15th December 2020.

(ii) Basis of preparation of financial statements

These Standalone Ind-AS Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on an accrual basis as per provisions of the Companies Act, 2013 ("the Act"), except for:

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

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

With effect from April 01, 2019, Ind AS 116- "Leases" (Ind AS-116) supersedes Ind AS 17- "Leases". The Company has adopted Ind AS using the prospective approach. The application of Ind AS 116 has resulted into recognition of "Right of use" asset with a corresponding Lease Liability in the Balance sheet.

The Standalone Ind-AS Financial Statements have been presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest two decimals of Crore, unless otherwise stated.

Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020 (continued)

(b) Property, plant and equipment

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

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

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

Depreciation method, estimated useful lives and de-recognition

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

Asset Description	Useful lives (years)
Factory buildings	30
Other buildings	60
Plant and equipment	3 – 20
Furniture and fixtures, office equipments and tools	3 – 20
Vehicles	3 – 10

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

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

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

(c) Intangible assets

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

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

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



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020 (continued)

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

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

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

(d) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been, had no impairment loss been recognized. Such reversal is recognized in the statement of profit and loss.

(e) Revenue recognition

The company has adopted AS 115 "Revenue from Customers" effective April 01, 2018. Ind AS 115 supersedes Ind AS 11 "Construction Contracts". The Company has applied Ind AS 115 using the modified retrospective method and the cumulative impact of transition to Ind AS 115 has been adjusted against the Retained earnings as at April 01, 2018. Accordingly, the figures of the previous year are not restated under Ind AS 115. The application of Ind AS 115 did not have any material impact on recognition and measurement principles. However, it results in additional presentation and disclosure requirements for the Company.

The Company recognizes revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognized to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020 (continued)

obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Profit & Loss immediately in the period in which such costs are incurred.

Significant judgments are used in :

1. Determining the revenue to be recognized in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.
 2. Determining the expected losses, which are recognized in the period in which such losses become probable based on the expected total contract cost as at the reporting date.
- A) Revenue from operations
Revenue for the periods upto June 30, 2017 includes Service Tax/Sales Tax collected from customers. Revenue from July 1, 2017 onwards is exclusive of goods and service tax (GST) which subsumed Service Tax/Sales Tax. Revenue also includes adjustments made towards liquidated damages and variation wherever applicable. Escalation and other claims, which are not ascertainable/acknowledged by customers are not taken into account.
- B) Revenue from management services is recognized pro-rata over the period of the contract as and when the services are rendered.
- C) Interest income from debt instruments is recognized using effective interest rate methods (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in the statement of profit and loss.
- D) Revenue from contracts with customers is recognised when control of goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services. The Company is generally the principal as it typically controls the goods or services before transferring them to the customer.

Generally, control is transferred upon shipment of the goods to the customer or when goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering services is recognized over time by measuring the projects towards complete satisfaction of performance obligation at the reporting period.

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Generally, the credit period varies between 0-30 days from the shipment of delivery of goods or services as the case may be.



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020 (continued)

(f) 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.

(g) 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.



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020 (continued)

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.

(n) Fair value measurement

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

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

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

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

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

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

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

(o) Employee benefits

Short-term obligations

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



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020 (continued)

Other long-term employee benefit obligations

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

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

Post-employment obligations

The Company operates the following post-employment schemes:

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

Gratuity obligations

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

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

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

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

Defined contribution plans

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

Employee benefits in overseas locations

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

(p) Income taxes

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

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



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020 (continued)

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

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

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

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

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

(q) Segment reporting

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

(r) Earnings per share

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

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

(s) Share-based payments

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

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

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



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020 (continued)

(t) Cash and cash equivalents

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

(u) Dividends

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

(v) Contingent liabilities

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

- a) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully 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.

(w) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

(x) Operating cycle

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

(y) Measurement of EBITDA

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

(z) Current and Non-Current Classification:

The Company presents assets and liabilities in the Balance Sheet based on Current/Non-Current classification.



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020 (continued)

An Asset is classified as Current when it is –

- Expected to be realized or intended for sale or consumption in, the Company's normal operating cycle;
- Held primarily for the purpose of trading;

All other assets are classified as non-current.

A liability is classified as current when it is:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading.
- It is due to be settled within 12 months after the reporting date; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

(aa) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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

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

Critical estimates and judgements

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

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

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.



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020 (continued)

Taxes:

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

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

Recoverability of Trade Receivables:

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

Global Health Pandemic on COVID19:

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbances and slowdown of economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite period of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

COVID 19 is significantly impacting business operation of the Companies, by way of interruption in operating activities, unavailability of personnel, supply chain disruption etc. On March 24, 2020, the Government of India ordered a nationwide lockdown for 21 days which further got extended till May 03, 2020, May 17, 2020, May 31, 2020, June 30, 2020, July, 31, 2020, August 31, 2020, September 30, 2020 and October 31, 2020 respectively to prevent community spread of COVID 19 in India resulting in significant reduction in economic activities.

In assessing the recoverability of Company's assets such as Investments, Loans, Intangible assets, Trade receivables etc. the company has considered internal and external information. The Company has performed sensitivity analysis on the assumptions used basis the internal and external information/ indicators of future economic conditions, the Company expects to recover the carrying amount of the assets.

(b) Recent accounting pronouncements:

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – Leases and certain amendment to existing Ind AS. These amendments shall be applicable to the Company from April 01, 2019.

Issues of Ind AS 116 – Leases

Ind AS 116 will replace existing leasing standard i.e. Ind AS 17 and related interpretations. Ind AS 116 introduces a single lessee accounting model and requires lessee to recognize assets and liabilities for all leases with non-cancellable period of more than twelve months except for low value assets. Ind AS 116 substantially carries forward the lessor accounting requirement in Ind AS 17.

Amendment to existing standard

The MCA has also carried out amendments of the following accounting standards

- | | |
|------------------|--|
| (i) Ind AS 12 | Income Taxes |
| (ii) Ind AS 19 | Employee Benefits |
| (iii) Ind AS 23 | Borrowing Costs |
| (iv) Ind AS 103 | Business Combinations |
| (v) Ind AS 111 | Joint Arrangements |
| (vi) Ind AS 28 | Investment in Associates and Joint Venture |
| (vii) Ind AS 109 | Financial Instruments |
| (viii) Ind AS 08 | Accounting Policies, Change in Accounting Estimates and Errors |

Application of above standards are not expected to have any significant impact on the Company's financial statements.



Rahul Maheshwari

Punj Lloyd Industries Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2020
(All amounts in INR, unless otherwise stated)

3 Financial Assets : Non Current Investments

Particulars	As at March 31, 2020	As at March 31, 2019
Investment at Fair value through OCI (fully paid up)		
Unquoted equity instruments		
Punj Lloyd Aviation Limited (Fellow Subsidiary) 98,00,000 (Previous year 98,00,000) equity shares of Rs.10 each	-	-
PLR Systems Private Limited (Formerly known as Punj Lloyd Raksha Systems Private Limited) (Subsidiary) 61,40,722 (Previous year 48,33,150) equity shares of Rs.10 each	-	98,015,369
Investment in others (fully paid up)		
Kaefer Private Limited 13,680 (Previous year 13,680) equity shares Of Rs.100 each	-	-
	<u>-</u>	<u>98,015,369</u>
Aggregate value of unquoted Investments	-	98,015,369

4 Others

Particulars	As at March 31, 2020	As at March 31, 2019
GST Receivable	200,692	-
Advance to Customer/Vendor	5,428	-
	<u>206,120</u>	<u>-</u>

5 Financial Assets : Loans

Particulars	Long term		Short term	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Security Deposits	-	-	-	5,000
Unsecured, considered good	-	-	-	5,000
Loans & advances to Related Parties	-	-	11,740,921	11,740,921
Unsecured, considered good	-	-	11,740,921	11,740,921
Less ECL provision	-	-	-	-
Other loans and advances	-	-	-	210,000
Staff/Other advances	-	-	-	210,000
	-	-	-	<u>215,000</u>



Rahul Maheshwari

Punj Lloyd Industries Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2020
(All amounts in INR, unless otherwise stated)

6 Financial Assets : Debtors

Particulars	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unsecured considered good	-	-	2,095,941	-
	-	-	-	-
	-	-	2,095,941	-

7 Financial Assets : Cash and bank balances

Particulars	As at March 31, 2020	As at March 31, 2019
a. Cash and cash equivalents		
Balances with bank :		
On Current Account	21,570,030	32,040
	21,570,030	32,040
b. Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months		1,585,510
	-	1,585,510
	21,570,030	1,617,550

8 Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Interest receivable	-	1,196,603
Less ECL provision	-	1,183,823
Less Received	-	-
	-	12,780

9 Share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised shares		
14,010,000 (Mar-17 - 14,010,000) equity shares of Rs. 10 each	140,100,000	140,100,000
	140,100,000	140,100,000
Issued, subscribed and fully paid up shares		
11,500,200 (Mar-17 - 11,500,200) equity shares of Rs. 10 each	115,002,000	115,002,000
	115,002,000	115,002,000

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	11,500,200	115,002,000	11,500,200	115,002,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	11,500,200	115,002,000	11,500,200	115,002,000

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(All amounts in INR, unless otherwise stated)

(c) Shares held by its holding company

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

	As at March 31, 2020	As at March 31, 2019
Punj Lloyd Limited (under CIRP), the holding company		
11,500,195 (Mar-17 - 11,500,195) equity shares of Rs. 10 each	115,001,950	115,001,950

(d) Detail of shareholders holding more than 5% of the equity share capital of the Company

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	Nos.	% of holding	Nos.	% of holding
Punj Lloyd Limited (under CIRP)	11,500,195	99.99996%	11,500,195	99.99996%

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

10 Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
General Reserve	10,500	10,500
Surplus/(Deficit) in the statement of profit and loss		
Balance as per last financial statement	(18,182,937)	(5,487,442)
Profit for the year	(15,487,315)	(12,695,495)
	(33,670,252)	(18,182,937)
Other Comprehensive Income	(59,407,260)	(66,391,891)
Total	(93,067,012)	(84,564,329)

11 Financial Liability : Current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Short term borrowings from Related Parties (Repayable on demand)	-	60,000,000
Trade Payables (including acceptances)		
Total Outstanding dues of micro and small enterprise		
Total Outstanding dues other than micro and small enterprise	1,953,829	128,370
(Also refer note 23 for details of dues to micro and small enterprises)		
Other Payables		
Interest Payable	-	9,302,056
	1,953,829	60,128,370

Dues to Micro and small enterprises – As per Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)



Rahul Maheshwari

Punj Lloyd Industries Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2020
(All amounts in INR, unless otherwise stated)

This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

	Particulars	As at March 31, 2020	As at March 31, 2019
	Amount of interest paid under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.	-	-
	Amount of interest due and payable for the period of delay in making payment (where the principal has been paid but interest under the MSMED Act, 2006 not paid).	-	-
	Amount of interest accrued and remaining unpaid at the end of year.	-	-
12	Other current liabilities		
	Particulars	As at March 31, 2020	As at March 31, 2019
	Others		
	Tax deducted at source payable	61,797	554,889
		<u>61,797</u>	<u>554,889</u>
13	Other income		
	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Interest income on :		
	- Bank deposits	13,571	398,315
	- Others	-	-
		<u>13,571</u>	<u>398,315</u>
14	Other expenses		
	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Contractor Charges	5,313,271	-
	Office expenses	220,739	10,345
	Consultancy and professional charges	2,159,336	41,052
	Payment to auditors (refer below)	100,000	119,018
	Travel Expenses	373,583	-
	Fees and Taxes	19,558	568,422
	Provision for expected credit loss		6,913,956
		<u>8,186,486</u>	<u>7,652,793</u>
	Payment to auditors		
	As auditors :		
	Audit fee	100,000	119,018
		<u>100,000</u>	<u>119,018</u>
15	Finance cost		
	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	Interest	5,491,803	5,438,356
	Bank Charges	1,145	2,661
		<u>5,492,948</u>	<u>5,441,017</u>



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(All amounts in INR, unless otherwise stated)

16 Components of Other Comprehensive Income (OCI)

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

	Year ended March 31, 2020	Year ended March 31, 2019
Net (Loss)/gain on FVTOCI Equity Investments	6,984,631	(215,061,236)
Total	<u>6,984,631</u>	<u>(215,061,236)</u>

17 Earnings per share

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Basic and diluted earnings		
a) Calculation of weighted average number of equity shares of Rs. 10 each		
Number of equity shares at the beginning of the year	11,500,200	11,500,200
Equity shares at the end of the year	11,500,200	11,500,200
Weighted average number of equity shares outstanding during the year	11,500,200	11,500,200
b) Net profit/(loss) after tax available for equity share holders (Rs.)	(15,487,315)	(12,695,495)
c) Basic and diluted earnings per share	-1.35	-1.10
d) Nominal value of share (Rs.)	10	10

18 Segment Reporting

Business Segment:

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

Geographical Segment

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

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

A) List of related parties

Holding Company

Punj Lloyd Limited (under CIRP)

Fellow Subsidiary Companies

Punj Lloyd Aviation Limited
Punj Lloyd Upstream Limited
Punj Lloyd Infrastructure Limited

Key managerial personnel

Rahul Maheshwari - Director
Rahul Kapahi - Director (till 26th August 2020)
Swatantar Goyal - Director (w.e.f 17th February 2020)



Rahul Maheshwari

Punj Lloyd Industries Limited
Notes to the Standalone Financial Statements for the year ended March 31, 2020
(All amounts in INR, unless otherwise stated)

Relatives of Key Managerial Personnel/Enterprise over which Relative of Key Managerial Personnel have significant influence.

Punj Business Centre

B) Transactions with the Related Parties

Particulars	Holding Company	Subsidiary/ Fellow Subsidiary/ Associates	Enterprise over which Relative of Key Managerial Personnel have significant influence	Total
TRANSACTIONS DURING THE YEAR :				
EXPENSES				
Interest Paid(Gross)	-	5,491,803	-	5,491,803
Punj Lloyd Infrastructure Limited	(-)	4,576,503	(-)	4,576,503
Contract Charges	5,224,224	-	-	5,224,224
Punj Lloyd Limited (under CIRP)	(-)	-	-	-
YEAR END BALANCES :				
LOANS AND ADVANCES - GRANTED				
Punj Lloyd Upstream Limited				
Opening balance as on 01-04-2019	-	5,600,000	-	5,600,000
Add : Paid during the year	-	-	-	-
Less: ECL provision	-	(5,600,000)	-	(5,600,000)
Less : Received back during the year	-	-	-	-
Closing balance as on 31-03-2020	-	-	-	-
Punj Lloyd Limited				
Opening balance as on 01-04-2019	-	6,140,921	-	6,140,921
Add : Paid during the year	-	-	-	-
Less: ECL provision	-	(6,140,921)	-	(6,140,921)
Less : Received back during the year	-	-	-	-
Closing balance as on 31-03-2020	-	-	-	-
SHORT TERM BORROWINGS				
Punj Lloyd Infrastructure Limited				
Opening balance as on 01-04-2019	-	50,000,000	-	50,000,000
Add : Received during the year	-	-	-	-
Less : Repaid during the year	-	50,000,000	-	50,000,000
Closing balance as on 31-03-2020	-	-	-	-
Indtech Global Systems Pvt. Limited				
Opening balance as on 01-04-2019	-	10,000,000	-	10,000,000
Add : Received during the year	-	-	-	-
Less : Repaid during the year	-	10,000,000	-	10,000,000
Closing balance as on 31-03-2020	-	-	-	-
INVESTMENTS at cost				
Punj Lloyd Aviation Limited	-	98,000,000	-	98,000,000
	(-)	(98,000,000)	(-)	(98,000,000)
PLR Systems Private Limited	-	98,015,369	-	98,015,369
	(-)	(98,015,369)	(-)	(98,015,369)
Provision against Investment through OCI	-	(98,000,000)	-	(98,000,000)
Punj Lloyd Aviation Limited	(-)	98,000,000	(-)	98,000,000

* Previous Year figures are indicated in (Brackets)



Rahul Maheshwari

20 Fair Value

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

Description	Carrying Value		Fair Value	
	Mar-20	Mar-19	Mar-20	Mar-19
Financial Assets				
Fair value through OCI Financial Investments	-	98,015,369	-	98,015,369
Total	-	98,015,369	-	98,015,369

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

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

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

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

Description of significant unobservable inputs to valuation:

	Valuation Techniques	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Fair value through other comprehensive income assets in DCF Method unquoted equity shares of PLR System Private Limited (formerly known as Punj Lloyd Raksha Systems Private Limited)		WACC	March 31, 2018: 16.35% March 31, 2019: 16.48%	1% increase in WACC would result in increase / decrease by Rs. 834,200 in March 19, March 18 Rs.413,000
		Discount for lack of marketability	March 31, 2018: 70.35% March 31, 2019: 75.60%	Increase / (decrease) in the discount rate would decrease / (increase) the fair value.
		Operating Margin	March 31, 2018: 37% March 31, 2019: 40%	15% Increase / (decrease) in the operating margin would results in increase / (decrease) by Rs.167,100,000 in March 19, Rs.4,998,000 in March 18



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(All amounts in INR, unless otherwise stated)

22 Financial risk management objectives and policies

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

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

Market Risk

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

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in the market interest rate. The Company's exposure to the risk of changes in market interest rates related primarily to the Companies long term debt obligation with floating interest rate. As on Jan 31, 2020 the Company does not have any bank borrowing at floating interest rate.

Capital Management

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

	Mar-20	Mar-19
Borrowings	60,000,000	60,000,000
Trade payables	1,953,829	128,370
Other Payables	61,797	554,889
Less:		
Cash and cash equivalents	(21,570,030)	(1,617,550)
Net Debts	40,445,596	59,065,709
Equity	21,934,988	30,437,671
Capital & net debts	62,380,584	89,503,380
Gearing Ratio	65%	66%

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

- 23 The Micro and Small Enterprises have been identified by the Company from the available information, which has been relied upon by the auditors. According to such identification, there were no dues outstanding as at Jan 31, 2020 to Micro and Small Enterprise that are reportable as per Micro, Small and Medium Enterprise Development Act, 2006 .
- 24 Provision for income tax has been made in these financials after taking into consideration allowable deductions and allowances under the income tax act. During the year, the Company has not recognised deferred tax assets as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- 25 There are no contingent liabilities and capital commitments as at March 31 , 2020 (previous year March 31, 2019: Nil).
- 26 No Provision has been made for employees benefit in terms of Ind AS 19 as notified by The Companies Act 2013, as the same is not required to be made as per terms of employment and also the related Provisions are not applicable in case of the Company.



Rahul Maheshwari

Punj Lloyd Industries Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2020

(All amounts in INR, unless otherwise stated)

27 Recent accounting standards (Ind AS)

- a) **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments** : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

- b) **Amendment to Ind AS 12 – Income taxes** : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.
- The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
- Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

- c) **Amendment to Ind AS 19 – plan amendment, curtailment or settlement**- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment

28 Prior year figures have been regrouped / reclassified wherever necessary for comparative purpose.

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

Vinay Singhal
Partner
Membership number : 517499
Place : Gurgaon
Dated : 15/12/2020



20517499 AA AA B64797

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

Rahul Maheshwari

Rahul Maheshwari
Director
DIN : 07345645

Swatantar Kumar Goyal

Swatantar Kumar Goyal
Director
DIN : 00495187