

PUNJ LLOYD INFRASTRUCTURE PTE. LTD.
(Incorporated in the Republic of Singapore)

**DIRECTORS' STATEMENT AND AUDITED
FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31 MARCH 2019**



J. TAN & CO.
Public Accountants and Chartered Accountants

CORPORATE INFORMATION

REGISTERED OFFICE 195 Pearl's Hill Terrace
#03-14
Singapore 168976

DIRECTORS Atul Punj
Ajay Khajanchi

COMPANY SECRETARY Tay Yew Beng Peter

INDEPENDENT AUDITOR J. TAN & CO.
Public Accountants and Chartered Accountants

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DIRECTORS' STATEMENT

for the financial year ended 31 March 2019

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 March 2019.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements set out on pages 5 to 29 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.
- (c) the observation of the auditors have been fully explained in the notes to financial statements (Note 2.2).

2 DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Atul Punj
Ajay Khajanchi

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4 DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or or any other body corporate, except as follows:

	Ordinary shares			
	Shareholdings registered in the names of the director		Shareholdings in which a director is deemed to have an interest	
	At end of year	At beginning of year	At end of year	At beginning of year
Punj Lloyd Limited (Holding Company) (Ordinary shares of Rps 2 each)				
Atul Punj	1,430,540	1,430,540	23,172,475	96,176,791

DIRECTORS' STATEMENT

for the financial year ended 31 March 2019

5 SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

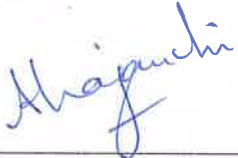
6 INDEPENDENT AUDITOR

The independent auditor, **J. TAN & CO., Public Accountants and Chartered Accountants** has expressed its willingness to accept re-appointment.

On behalf of the directors,



Atul Punj
Director



Ajay Khajanchi
Director

Singapore, 21 MAY 2019



INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Infrastructure Pte. Ltd.

for the financial year ended 31 March 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Punj Lloyd Infrastructure Pte. Ltd.** (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2019, and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 in the financial statements, which indicates that the Company incurred a net loss of \$189,821,633 (2018: \$43,487,514) during the year ended 31 March 2019 and, as of that date, the Company's total liabilities exceeded its total assets by \$248,001,198 (2018: \$58,179,565). As stated in Note 2.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 1 to 2 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the 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.

The directors' responsibilities include overseeing the Company's financial reporting process.



陳占士會計公司
特許會計師

J. TAN & CO.
Public Accountants and Chartered Accountants
UEN No.: S95PF0596A



INDEPENDENT AUDITOR'S REPORT

to the members of

Punj Lloyd Infrastructure Pte. Ltd.

for the financial year ended 31 March 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

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 assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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 SSAs, we exercise professional judgement and maintain professional scepticism 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 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 the directors 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

J. TAN & CO.
Public Accountants and Chartered Accountants

Singapore, 21 MAY 2019

STATEMENT OF FINANCIAL POSITION

as at 31 March 2019

	Note	2019 US\$	2018 US\$
ASSETS			
Current assets			
Cash and cash equivalents	4	11,029	46,631
Amounts owing from related parties	5	56,261	183,363
		67,290	229,994
Non-current assets			
Investment in subsidiaries	6	-	178,001,958
Investment in associated company	7	376,029	9,906,790
		376,029	187,908,748
Total assets		443,319	188,138,742
LIABILITIES			
Current liabilities			
Trade and other payables	8	9,449,454	5,000,289
Amounts owing to related parties	9	177,876,696	174,290,809
Bank borrowings and obligations	10	60,207,201	65,649,126
		247,533,351	244,940,224
Non-current liabilities			
Trade and other payables	8	911,166	1,378,083
Total liabilities		248,444,517	246,318,307
Net liabilities		(248,001,198)	(58,179,565)
EQUITY			
Share capital	11	595,217	595,217
Accumulated losses		(248,596,415)	(58,774,782)
Total equity		(248,001,198)	(58,179,565)

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2019

	Note	2019 US\$	2018 US\$
REVENUE	12	-	14,028,675
Other gains and (losses) – net	13	(184,372,801)	(696,714)
Purchases and related cost		-	(14,025,144)
Finance expenses	14	(5,063,936)	(4,801,735)
Administrative expenses	15	(384,896)	(37,992,596)
Loss before income tax		(189,821,633)	(43,487,514)
Income tax expenses	16	-	-
Loss for the year / Total comprehensive loss for the year		(189,821,633)	(43,487,514)

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2019

	Share capital	Accumulated losses	Total equity
	US\$	US\$	US\$
As at 1 April 2017	595,217	(15,287,268)	(14,692,051)
Loss for the year / Total comprehensive loss for the year	-	(43,487,514)	(43,487,514)
As at 31 March 2018	595,217	(58,774,782)	(58,179,565)
Loss for the year / Total comprehensive loss for the year	-	(189,821,633)	(189,821,633)
As at 31 March 2019	595,217	(248,596,415)	(248,001,198)

STATEMENT OF CASH FLOWS*for the financial year ended 31 March 2019*

	Note	2019 US\$	2018 US\$
<u>Cash flows from operating activities</u>			
Loss before income tax		(189,821,633)	(43,487,514)
<u>Adjustments for:</u>			
Provision for diminution in value of investment	13	187,532,719	-
Foreign exchange loss		(3,013,026)	756,567
Finance expenses	14	5,063,936	4,801,735
Operating cash flows before working capital changes		(238,004)	(37,929,212)
<u>Changes in working capital</u>			
Changes in other receivables		-	1,431,036
Changes in amounts owing from related parties		127,102	35,906,437
Changes in amounts owing to related parties		6,598,913	29,281,858
Changes in trade and other payables		3,982,248	3,052,489
		10,708,263	69,671,820
Net cash generated from operating activities		10,470,259	31,742,608
<u>Cash flows from investing activities</u>			
Acquisition of an associated company	7	-	(9,906,790)
Net cash used in investing activities		-	(9,906,790)
<u>Cash flows from financing activities</u>			
Interest paid	14	(5,063,936)	(4,801,735)
Repayment of term loan		(5,441,925)	(17,059,065)
Net cash used in financing activities		(10,505,861)	(21,860,800)
Changes in cash and cash equivalents during the year		(35,602)	(24,982)
Cash and cash equivalents at beginning of year		46,631	71,613
Cash and cash equivalents at end of year	4	11,029	46,631

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

Punj Lloyd Infrastructure Pte. Ltd. (the "Company") (UEN: 200815914N) is incorporated and domiciled in the Republic of Singapore. The registered office of the Company is located at 195 Pearl's Hill Terrace, #03-14, Singapore 168976.

The principal activities of the Company are those of general contracting activities. The Company has been dormant in the current financial year.

The Company's holding company is Punj Lloyd Limited, a listed company on the Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd and is incorporated in New Delhi, India.

Pursuant to an order dated 8 March 2019 of the National Company Law Tribunal ("NCLT"), Principal Bench, New Delhi, India, Corporate Insolvency Resolution Process ("CIRP") has been initiated for Punj Lloyd Limited ("The Ultimate Holding Company") as per the provisions of the Insolvency and Bankruptcy Code, 2016 ("IBC"). An Interim Resolution Professional ("IRP") has been appointed for carrying out the CIRP of Punj Lloyd Limited. Upon initiation of CIRP, the powers of the Board of Directors of Punj Lloyd Limited has been suspended and shall be exercised by the IRP.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) which are stated at cost, are assumed to approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

At the beginning of the current financial year, the Company adopted the new or amended FRSs and interpretations of FRSs (INT FRSs) that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

Interpretations and amendments to published standards effective in 2018

On 1 April 2018, the Company adopted the new or amended FRSs and interpretations of FRSs (INT FRSs) that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Exemption from preparing consolidated financial statements

These financial statements are the separate financial statements of Punj Lloyd Infrastructure Pte. Ltd.. The Company is exempted from the requirement to prepare consolidated financial statements as the Company is a wholly-owned subsidiary of Punj Lloyd Limited, a India-incorporated company which produces consolidated financial statements available for public use. The registered office of Punj Lloyd Limited, from where those consolidated financial statements can be obtained, is as follows: Group Headquarters, 78 Institutional Area, Sector 32, Gurgaon 122 001, India.

2.2 Going concern

The Company incurred a net loss of US\$189,821,633 (2018: US\$43,487,514) during the financial year ended 31 March 2018 and as at that date, the Company's total liabilities exceeded its total assets by US\$248,001,198 (2018: US\$58,179,565). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern depends on its future projections and ability to generate sufficient cash flows to meet its obligations and continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from rendering of services and handling fees is recognised when the services have been performed and rendered.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions. Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

2.5 Investments in subsidiaries and associated company

Investments in subsidiaries and associated company are carried at cost, less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the statement of comprehensive income.

2.6 Impairment of non-financial assets

Investments in subsidiaries and associated company are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the statement of comprehensive income, a reversal of that impairment is also recognised in the statement of comprehensive income.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

(a) Classification

The Company classifies its financial assets in the following categories: loans and receivables and financial assets, available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are presented as non current assets. Loans and receivables are presented as "cash and cash equivalents" (Note 4) on the statement of financial position.

(b) Recognition and derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceed is recognised in statement of comprehensive income. Any amount in the fair value reserve relating to that asset is transferred to the statement of comprehensive income.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

(e) Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial assets (Continued)

The accounting for financial assets before 1 January 2018 are as follows: (Continued)

(e) Impairment (Continued)

Loans and receivables (Continued)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

The impairment allowance is reduced through the statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

The accounting for financial assets from 1 January 2018 are as follows:

(f) Classification and measurement

The Company classifies its financial assets into amortised cost.

The classification of debt instruments depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent recognition

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and other receivables.

Amortised cost: Debt instruments 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. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Financial assets (Continued)

The accounting for financial assets from 1 January 2018 are as follows: (Continued)

(g) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(h) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial positions when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

2.10 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.11 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.14 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollar ("US\$"), which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

All other foreign exchange gains and losses impacting statement of comprehensive income are presented in the statement of comprehensive income.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.17 Related parties

Related parties consist of key management of the Company and entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) A related person has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (iii) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of current assets

The Company assesses whether there are any indicators of impairment for all current assets at end of reporting period.

Current assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows.

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2019***4 CASH AND CASH EQUIVALENTS**

	2019	2018
	US\$	US\$
Cash at bank	10,990	45,676
Cash on hand	39	955
	11,029	46,631

At the end of reporting period, the carrying amounts of cash and cash equivalent approximate their fair value.

5 AMOUNTS OWING FROM RELATED PARTIES

	2019	2018
	US\$	US\$
Amounts owing from subsidiaries	36,678	176,106
Amounts owing from related parties	1,331,720	1,668,436
Amounts owing from holding company	673,645	597,545
	2,042,043	2,442,087
(Less): Allowance for impairment	(1,985,782)	(2,258,724)
	56,261	183,363

At the end of reporting period, the carrying amounts of amounts owing from related parties approximate their fair value.

The amounts owing from related parties are non-trade, interest free and repayable on demand.

6 INVESTMENT IN SUBSIDIARIES

	2019	2018
	US\$	US\$
<u>Unquoted equity investment at cost:</u>		
Beginning of financial year	178,001,958	178,001,958
Provision for diminution in value of investment	(178,001,958)	-
End of financial year	-	178,001,958

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

6 INVESTMENT IN SUBSIDIARIES (Continued)

Details of the subsidiaries are as follows:

Name of Company	Principal activity	Equity interest	
Country of incorporation	Place of business	2019	2018
		%	%
<u>Held by Company</u>			
Punj Lloyd Aviation Pte. Ltd. Singapore [See appended note (a) below]	Aircraft leasing Singapore	100	100
Christos Aviation Ltd. Bermuda [See appended note (b) below]	Leasing and trading of aircrafts Bermuda	100	100
Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd. Malaysia [See appended note (c) below]	Construction of pipelines Malaysia	100	100
Indraprastha Renewables Pvt Ltd India [See appended note (d) below]	Renewable energy products India	100	100
<u>Held by Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.</u>			
Punj Lloyd Sdn. Bhd. Malaysia [See appended note (c) below]	Construction of pipelines Malaysia	100	100

(a) Audited by J. TAN & CO., *Public Accountants and Chartered Accountants*

(b) Not required to be audited by regulations in country of incorporation

(c) Audited by Yong & Leonard *Chartered Accountants*, Malaysia(d) Audited by Singhal Prusty & Associates, *Chartered Accountants***7 INVESTMENT IN ASSOCIATED COMPANY**

	2019 US\$	2018 US\$
<u>Unquoted equity investment at cost:</u>		
Beginning of financial year	9,906,790	-
Addition	-	9,906,790
Provision for diminution in value of investment	(9,530,761)	-
End of financial year	376,029	9,906,790

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2019***7 INVESTMENT IN ASSOCIATED COMPANY (Continued)**

Details of the associated company is as follows:

Name of Company Country of incorporation	Principal activity Place of business	Equity interest	
		2019	2018
		%	%
Punj Lloyd Construction Contracting Company Ltd. Saudi Arabia [See appended note (a) below]	General contracting activities Saudi Arabia	11.75	49

(a) Audited by Associated Accountants, Houmod Al Robian and Co. Certified Accountants and Consultants, Independent Member GGI, Riyadh, KSA.

Acquisition of an associated company

On 24 August 2017, the Company acquired 49% of the share capital of Punj Lloyd Construction Contracting Company Ltd ("PLCCL"), a company incorporated in Saudi Arabia for a consideration of US\$8,000,000 plus Deferred Consideration of US\$1,906,790, out of which US\$906,790 is based on future revenues of the investee and thus contingent in nature.

Reduction in shareholding

Due to fresh issuance of new share capital during the current financial year by PLCCL, the Company's shareholding has been reduced to 11.75% as at 31 March 2019.

8 TRADE AND OTHER PAYABLES

	2019	2018
	US\$	US\$
<u>Current</u>		
<u>Trade payables</u>		
Non-related parties	113,680	55,753
<u>Other payables:</u>		
Deferred consideration	466,917	425,093
Interest payable	8,868,857	4,519,443
	<u>9,449,454</u>	<u>5,000,289</u>
<u>Non-current</u>		
Deferred consideration	<u>911,166</u>	<u>1,378,083</u>

At the end of reporting period, the carrying amounts trade and other payables approximate their fair value.

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2019***9 AMOUNTS OWING TO RELATED PARTIES**

	2019	2018
	US\$	US\$
Amounts owing to subsidiaries	31,541,342	26,580,147
Amounts owing to associated company	214,549	-
Amounts owing to related parties	1,798,224	752,000
Amounts owing to holding company	144,322,581	146,958,662
	177,876,696	174,290,809

At the end of reporting period, the carrying amounts of amounts owing to related parties approximate their fair value.

The amounts owing to related parties is non-trade, bears interest Nil% (2018: Nil%) per annum and repayable on demand.

10 BANK BORROWINGS AND OBLIGATIONS

	2019	2018
	US\$	US\$
Bank overdrafts	991,646	1,247,756
Bank loan [See appended note (a) below]	33,314,290	38,500,105
Obligations to pay a financial institution [See appended note (b) below]	25,901,265	25,901,265
	60,207,201	65,649,126

(a) The bank loan is repayable in 10 equal installments between 22 September 2016 and 21 December 2018 and bears effective interests at 8.67%. During the financial year 2015, the Company breached a covenant of the bank loan as the Company did not fulfill certain financial ratio requirements. Consequently, the credit is presented as current liability as at 31 March 2018 and 31 March 2019. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount in the event of breach of covenant but as at 31 March 2019 had not done so. The loan is guaranteed by the holding company, Punj Lloyd Limited.

(b) The obligations to pay a financial institution arose from the Share Sale & Purchase Agreement for the acquisition of a subsidiary. In consideration of purchase of the shares, the Company undertook to discharge the Punj Lloyd Pte Ltd ("PLPL") obligations and payables. The original loan which bears effective interest rate of 5.11%, is repayable in two equal installments, the first, 24 months from the utilisation date and the second, on the final repayment date. The loan is guaranteed by the holding company, Punj Lloyd Limited, the Company's subsidiary, Punj Lloyd Oil & Gas (Malaysia) Sdn Bhd and the related company, Sembawang Engineers and Constructors Pte Ltd. As at 31 March 2019, the bank had requested for immediate repayment of the outstanding loan amount. Further, the beneficiary has already invoked the Corporate Guarantee of Punj Lloyd Limited ("the Holding Company") and recorded their claim with IRP of Punj Lloyd Limited and become a member of Committee of Creditors of the Holding Company.

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2019***11 SHARE CAPITAL**

	2019		2018	
	No. of shares	Amount of shares	No. of shares	Amount of shares
		US\$		US\$
<u>Ordinary shares with par value of SGD 1 each</u>				
Beginning and end of financial year	835,625	595,217	835,625	595,217

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

12 REVENUE

	2019	2018
	US\$	US\$
Sale of goods	-	14,028,675

13 OTHER GAINS AND (LOSSES) – NET

	2019	2018
	US\$	US\$
Foreign exchange gain / (loss)	3,013,026	(756,567)
Fair value adjustment for contingent consideration	146,892	59,853
Provision for diminution in value of investment	(187,532,719)	-
	(184,372,801)	(696,714)

14 FINANCE EXPENSES

	2019	2018
	US\$	US\$
Interest expense on others	5,057,485	4,799,302
Bank charges	6,451	2,433
	5,063,936	4,801,735

15 ADMINISTRATIVE EXPENSES

The administrative expenses included the following items:-

	2019	2018
	US\$	US\$
Bad debts written (back) / off	(39,293)	37,865,435
Consultancy and professional expenses	272,674	4,565
Rates and taxes	3,040	33,321
Travelling and conveyance expenses	1,977	6,268

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2019***16 INCOME TAX EXPENSE**

The major components of income tax expense for the years ended 31 March 2019 and 2018 were:

	2019	2018
	US\$	US\$
Current income tax	-	-

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2019 and 2018 were as follows:

	2019	2018
	US\$	US\$
Loss before income tax	(189,821,633)	(43,487,514)
Tax calculated at tax rate of 17% (2018: 17%)	(32,269,678)	(7,392,877)
Effects of:		
Effect of changes in unrecognised deferred tax assets	32,269,678	7,392,877
Tax expense	-	-

17 RELATED PARTY TRANSACTIONS

During the financial year, the Company entered into significant transactions with related parties in which certain director of the Company are also director and / or shareholder.

(a) Sales and purchases of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related companies and related parties took place at terms agreed between the parties during the financial year:

	2019	2018
	US\$	US\$
<u>Holding company</u>		
Expenses	-	36,593,662
Purchases of goods	-	14,025,144
<u>Related parties</u>		
Expenses	-	1,313,159

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2019***17 RELATED PARTY TRANSACTIONS (Continued)****(b) Amounts owing from/(to) related parties**

As at 31 March 2019 and 2018, amounts owing from/(to) related parties amounted to was as follows:

	2019	2018
	US\$	US\$
<u>Amounts owing from/(to) subsidiaries</u>		
Punj Lloyd Aviation Pte Ltd	(5,059,271)	139,428
Christos Aviation Limited	36,678	36,678
Punj Lloyd Oil & Gas Malaysia Sdn Bhd	(26,482,071)	(26,580,147)
<u>Amounts owing from/(to) associated company</u>		
Punj Lloyd Construction Contracting Co Ltd	(214,549)	-
<u>Amounts owing from/(to) related parties</u>		
Punj Lloyd International Limited	6,895	6,895
Punj Lloyd Engineering Pte Ltd	12,688	363
Punj Lloyd Sdn Bhd	(1,798,224)	(752,000)
<u>Amounts owing from/(to) holding company</u>		
Punj Lloyd Limited	(88,773,989)	(91,739,451)
Punj Lloyd Limited – Abu Dhabi Branch	(36,904,635)	(36,904,757)
Punj Lloyd Limited – Oman Branch	(1,514,750)	(1,515,247)
Punj Lloyd Limited – Kuwait Branch	(345,000)	(15,000)
Punj Lloyd Limited – Qatar Branch	(16,784,207)	(16,784,207)

Outstanding balances at 31 March 2019 and 31 March 2018, arising from the sale of goods and rendering of services to and for related parties, are set out in Note 5 and Note 9 respectively.

18 FINANCIAL RISK MANAGEMENT**Financial risk factors**

The Company's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company and has established detailed policies such as authority levels and oversight responsibilities.

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2019***18 FINANCIAL RISK MANAGEMENT (Continued)****Financial risk factors (Continued)****(a) Market risk****(i) Currency risk**

The Company operate mainly in Singapore and are subjected to various currency exposures, primarily with respect to the Singapore Dollar (SGD), United Arab Emirates Dirham (AED) and Malaysian Ringgit (MYR). Currency risk arises from future commercial transactions, recognised assets and liabilities.

The Company are exposed to foreign currency risk on their foreign currencies denominated cash balances, trade receivables and trade payables. The currency giving rise to this risk is primarily Singapore Dollar, United Arab Emirates Dirham and Malaysian Ringgit. Exposure to foreign exchange risk is monitored on an ongoing basis by the Company to ensure that the net exposure is at an acceptable level. As far as possible, the Company have natural hedges of matching foreign currency inflows and outflows.

The Company's currency exposure based on the information provided to key management is as follows:

	SGD	AED	MYR	OTHERS	TOTAL
2019					
<u>Financial assets</u>					
Amounts owing from related parties	12,688	-	-	-	12,688
Cash and cash equivalents	7,462	-	-	-	7,462
	<u>20,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,150</u>
<u>Financial liabilities</u>					
Trade and other payables	-	-	-	-	-
Amounts owing to related parties	5,059,271	36,904,634	28,280,295	18,858,506	89,102,706
Bank borrowings and obligations	3,112	-	-	-	3,112
	<u>5,062,383</u>	<u>36,904,634</u>	<u>28,280,295</u>	<u>18,858,506</u>	<u>89,105,818</u>
Currency exposure	<u>(5,042,233)</u>	<u>(36,904,634)</u>	<u>(28,280,295)</u>	<u>(18,858,506)</u>	<u>(70,227,162)</u>

Others includes Omani Riyal (OMR), Qatari Riyal (QAR), Kuwaiti Dinar (KWD) and Saudi Riyal (SAR).

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

18 FINANCIAL RISK MANAGEMENT (Continued)**Financial risk factors (Continued)****(a) Market risk (Continued)****(i) Currency risk (Continued)**

	SGD	AED	MYR	OTHERS	TOTAL
<u>2018</u>					
<u>Financial assets</u>					
Amounts owing from related parties	125,769	-	-	-	125,769
Cash and cash equivalents	1,675	-	-	-	1,675
	<u>127,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,444</u>
<u>Financial liabilities</u>					
Trade and other payables	-	-	-	-	-
Amounts owing to related parties	-	36,904,757	27,332,147	18,314,454	64,236,904
Bank borrowings and obligations	1,983	-	-	-	1,983
	<u>1,983</u>	<u>36,904,757</u>	<u>27,332,147</u>	<u>18,314,454</u>	<u>64,238,887</u>
Currency exposure	<u>125,461</u>	<u>(36,904,757)</u>	<u>(27,332,147)</u>	<u>(18,314,454)</u>	<u>(64,111,443)</u>

Sensitivity analysis for foreign currency risk

If the foreign currencies change against the USD by 10% (2018: 10%) and with all other variables including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Profit after tax	
	Increase / (Decrease)	
	2019	2018
	US\$	US\$
<u>SGD against USD</u>		
- strengthened	(418,505)	10,413
- weakened	<u>418,505</u>	<u>(10,413)</u>
<u>AED against USD</u>		
- strengthened	(3,063,085)	(3,063,095)
- weakened	<u>(3,063,085)</u>	<u>3,063,095</u>
<u>MYR against USD</u>		
- strengthened	(2,347,265)	(2,268,568)
- weakened	<u>2,347,265</u>	<u>2,268,568</u>

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

18 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

The Company is exposed to interest rate risk on its borrowings.

The borrowings are mainly denominated in USD. At 31 March 2019, if the interest rates had increased/decreased by 0.5% (2018: 0.5%) with all other variables including tax rate being held constant, the profit after tax for the year would have been lower/higher by US\$245,745 (2018: US\$267,266) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

The Company exposure to credit risk arises from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company, as and when they fall due. The Company manages this risk by monitoring credit periods and limiting the aggregate financial exposure to any individual counterparty.

The Company place cash with the established banks and financial institutions in Singapore.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition.

In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

In particular, the Company considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument; and
- an actual or expected significant deterioration in the operating results/of the debtor.

There is no other class of financial assets that is past due and/or impaired.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

NOTES TO FINANCIAL STATEMENTS*for the financial year ended 31 March 2019***18 FINANCIAL RISK MANAGEMENT (Continued)****Financial risk factors (Continued)****(b) Credit risk (Continued)****(i) Estimation techniques and significant assumptions**

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

(ii) Other financial assets at amortised cost

Other financial assets at amortised costs include other receivables and cash and cash equivalents.

Credit risk exposure in relation to other financial assets at amortised costs as at 31 March 2019 is insignificant, and accordingly no credit loss allowance is recognised as at 31 March 2019.

(c) Liquidity risk

The Company manage the liquidity risk by maintaining sufficient cash to meet their normal operating commitments.

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year	Between 1 to 5 years
	\$	\$
<u>2019</u>		
Trade and other payables	9,449,454	911,166
Amounts owing to related parties	177,876,696	-
Bank borrowings and obligation	60,207,201	-
	247,533,351	911,166
<u>2018</u>		
Trade and other payables	5,000,289	1,378,083
Amounts owing to related parties	174,290,809	-
Bank borrowings and obligation	65,649,126	-
	244,940,224	1,378,083

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

18 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(d) Financial instruments by category

The aggregate carrying amounts of financial asset and financial liabilities at amortised cost are as follows:

	2019	2018
	\$	\$
Financial assets, at amortised cost	67,290	229,994
Financial liabilities, at amortised cost	248,444,517	246,318,307

(e) Fair value measurement

The carrying values of financial assets and liabilities approximate to their fair values.

19 CAPITAL MANAGEMENT

The capital structure of the Company consists of debt, which includes the borrowings, obligations, cash and cash equivalents and equity comprising issued capital and retained earnings.

The Company's objectives when managing capital are

- (i) to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (ii) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

In order to maintain or achieve an optimal capital structure so as to maximise stakeholder value, the Company may make adjustments to the capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Company is required to comply with externally imposed capital requirements and bank covenants which were breached in the financial years ended 31 March 2019 and 31 March 2018. The Company's overall strategy to capital management remains unchanged from 2018. The Company will continue to be guided by prudent financial policies of which gearing is an important aspect.

NOTES TO FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

19 CAPITAL MANAGEMENT (Continued)

Disclosure on quantitative data about what the Company manages as capital, is based on information provided internally to key management personnel and is summarised as follows:

	2019	2018
	US\$	US\$
Total debt	248,444,517	246,318,307
(Less): Cash and cash equivalents	(11,029)	(46,631)
Net debt	248,433,488	246,271,676
Total equity	(248,001,198)	(58,179,565)
Total capital	432,290	188,092,111
Gearing ratio	N/A	N/A

The gearing ratio is not applicable as the company is in net liabilities position.

Consistently with others in the industry, the Company may monitor capital on the basis of the gearing ratio.

The gearing ratio is calculated as net debt divided by total capital.

Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

20 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Punj Lloyd Infrastructure Pte. Ltd. on the same date as indicated on the directors' statement.