

SinghalPrusty & Associates
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Punj Lloyd Industries Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Consolidated Financial Statements of Punj Lloyd Industries Limited (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on standalone financial statements of subsidiary and on the other financial information of the subsidiary, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the the company, as at March 31, 2020, their consolidated Profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the company, its subsidiary 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 financial statements under the provisions of the Act 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 audit opinion on the Consolidated Financial Statements.

RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures 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 Group or to cease operations, or has no realistic alternative but to do so. Those respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.



AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 Consolidated Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated 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 Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements 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 ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated 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 auditors' report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors 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.

Other Matter

- a. We did not audit the financial statements of a subsidiary, whose financial statements reflect total revenues of Rs. 1,21,16,926 and net cash flows amounting to Rs.47,89,149 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiary as noted in the 'other matters' paragraph we report, to the extent applicable, that:

- (a) We/the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and report of the other auditor;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors who are appointed under Section 139 of the Act and, of its subsidiary, none of the directors of the Group's companies, incorporated in India, 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 and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company and its subsidiary, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other Matters' paragraph:
 - a. There were no pending litigations which would impact the consolidated financial position of the Group.
 - b. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company, incorporated in India.

For Singhal Prusty & Associates
Chartered Accountants
Firm Registration No. 024433N


Vinay Singhal
Partner
Membership No. 517499



Place: Gurgaon
Date: 15/12/2020
UDIN: 20517499AAAABH5337

ANNEXURE 1

TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PUNJ LLOYD INDUSTRIES LIMITED

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the Consolidated Financial Statements of Punj Lloyd Industries Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Punj Lloyd Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiary, which is company incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company, its subsidiary, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company, its subsidiary, which is company incorporated in India, internal financial controls over financial reporting with reference to these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 with reference to these Consolidated Financial Statements 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 with reference to these Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Consolidated Financial Statements, 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these Consolidated Financial Statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial control over financial reporting with reference to these Consolidated Financial Statements 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 with reference to these Consolidated Financial Statements 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements



Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated Financial Statements, 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 with reference to these Consolidated Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated Financial Statements 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, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the Holding Company, its subsidiaries, its associates and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Financial Statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding 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.

OTHER MATTERS

Our report under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company, in so far as it relates to separate financial statement of a subsidiary, which is company incorporated in India, is based on the corresponding report of the auditor of such subsidiary incorporated in India.

For Singhal Prusty & Associates
Chartered Accountants
Firm Registration No. 024433N

Vinay Singhal
Partner
Membership No. 517499



Place: Gurgaon
Date: 15/12/2020
UDIN: 20517499AAAABH5337

Punj Lloyd Industries Limited
Consolidated 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			
Property, Plant and Equipment	3	-	62,350,502
Financial Assets			
Non current investments	4	-	-
Loans	8	-	100,000
Others	5	206,120	-
Other assets	8	-	210,000
		206,120	62,660,502
Current assets			
Inventories		-	6,685,098
Other assets	5	-	31,168,931
Current tax assets (net)		7,066,193	914,769
Financial Assets			
Trade receivable	6	2,095,941	20,987,226
Cash and bank balances	7	21,570,030	44,402,455
Loans	8	-	5,000
Other financial assets	9	-	138,221
		30,732,164	104,301,700
Total Assets		30,938,284	166,962,202
Equity and liabilities			
Equity			
Equity Share capital	10	115,002,000	115,002,000
Other Equity	11	(93,067,012)	(120,315,281)
Equity attributable to equity holders of the parent		21,934,988	(5,313,281)
Non-controlling interests		-	60,635,220
Total Equity		21,934,988	55,321,939
Financial Liabilities			
Short term borrowings	12	-	60,000,000
Trade payables	13	-	-
a) total outstanding dues of micro and small enterprises		-	-
b) total outstanding dues other than (a) above		1,953,829	37,103,635
Other payables	12	-	13,043,397
Advance to Customer		-	-
Other current liabilities	14	61,797	896,620
Current tax liabilities (net)		6,987,670	-
Provisions	15	-	596,611
		9,003,296	111,640,263
Total Equity and Liabilities		30,938,284	166,962,202
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements	1-30		

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

205174999AAAAABH/5337

Rahul Maheshwari

Rahul Maheshwari
Director
DIN : 07345645

Swatanter Kumar Goyal

Swatanter Kumar Goyal
Director
DIN : 00495187

Punj Lloyd Industries Limited
Consolidated 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 operations		259,709,561	216,458,485
Other income	16	3,558,171	3,060,354
Increase / (Decrease) in Stock - Wrok in progress		(2,283,326)	70,367
Total income		260,984,406	219,589,206
Expenses			
Material consumed and cost of goods sold		183,546,830	163,358,081
Employee benefit expenses	17	17,843,656	11,207,619
Other expenses	18	39,343,019	30,945,966
Depreciation and amortization expenses	3	5,886,103	5,039,830
Finance cost	19	5,981,498	6,414,859
Total expenses		252,601,106	216,966,355
Loss before tax		8,383,300	2,622,851
Share of profit / (Loss) of associates / joint ventures (net)		-	-
Loss before tax		8,383,300	2,622,851
Tax expense:			
Current tax.		8,382,170	3,153,577
Earlier Year		508,720	-
Deferred Tax		2,862,800	-
Total tax expense		11,753,690	3,153,577
Profit for the Year		(3,370,390)	(530,727)
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Net (Loss)/gain on FVTOCI Investments	20	43,592,783	(47,432,000)
Total Other comprehensive income not to be reclassified to profit or loss in subsequent years		43,592,783	(47,432,000)
Total comprehensive income for the year		40,222,393	(47,962,727)
Profit for the year			
Attributable to:			
Equity holders of the parent		(9,307,683)	(6,491,463)
Non-Controlling interests		5,937,294	5,960,737
Total comprehensive income for the year			
Attributable to:			
Equity holders of the parent		34,285,100	(53,923,463)
Non-Controlling interests		5,937,294	5,960,737
Earnings per equity share (nominal value per share Rs.10 (Previous year Rs.10))	21		
Basic and diluted (in Rs.)		(0.29)	
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements	1-30		
This is the statement of profit and loss 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

Rahul Maheshwari
Director
DIN : 07345645

Swatantar Kumar Goyal
Director
DIN : 00495187

Punj Lloyd Industries Limited

Consolidated Cash flow statement for the period 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		8,383,300	2,622,851
	Adjustment for:			
	Provision for Expected credit loss		-	6,913,956
	Depreciation		5,886,103	5,039,830
	Interest expenses		5,491,803	5,438,356
	Interest income		(106,062)	(537,704)
	Operating profit before working capital changes		19,655,144	19,477,290
	Movement in working capital:			
	(Decrease)/ increase in trade payables		(35,149,806)	30,295,293
	(Decrease)/ increase in other current liabilities		(834,823)	240,427
	(Decrease)/ increase in other financial liabilities		(13,640,008)	(740,885)
	(Increase) / decrease in Trade receivables		18,891,285	(9,469,292)
	(Increase) / decrease in Current assets		31,378,931	(23,251,961)
	(Increase) / decrease in Inventories		6,685,098	2,137,900
	(Increase) / decrease in Other assets / Loans		105,000	(6,073,956)
	(Increase) / decrease in Other financial assets		(67,899)	90,118
	Cash generated from/ (used in) operations		27,022,923	12,704,934
	Direct taxes paid (net of refunds)		(12,589,936)	(3,044,187)
	Net cash flow from/ (used in) operating activities (A)		14,432,986	9,660,747
B	Cash flow used in investing activities			
	Purchase of property, plant & equipments (Including CIP and capital advances)		36,100,341	(8,708,178)
	Interest received		1,428,106	694,786
	Investments in bank deposits (having original maturity of more than three months)		15,295,510	(3,085,510)
	Net cash flow from/ (used in) investing activities (B)		52,823,957	(11,098,902)
C	Cash flow from financing activities			
	Proceeds / (Repayment) from short term borrowings (net)		(60,000,000)	10,000,000
	Equity contribution by minority partner		-	12,562,940
	Interest paid		(14,793,859)	(543,835)
	Net increase/decrease in cash and cash equivalents (A+B)		(7,536,915)	20,580,949
	Cash and cash equivalents at the beginning of year		29,106,945	8,525,996
	Cash and Cash equivalents at the end of year		21,570,030	29,106,945
	Components of cash and cash equivalents			
	Balances with banks:			
	On current accounts		21,570,030	29,106,945
	Total cash and cash equivalents (also refer note 7)		21,570,030	29,106,945

Summary of significant accounting policies

2

The accompanying notes form an integral part of the financial statements

1-30

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

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



Rahul Maheshwari

Rahul Maheshwari
Director
DIN : 07345645

Swatantar Kumar Goyal

Swatantar Kumar Goyal
Director
DIN : 00495187

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

Punj Lloyd Industries Limited
Consolidated Statement of Changes in Equity for the year ended March 31, 2018
(All amounts in INR, unless otherwise stated)

Statement of change in equity

	Numbers	Amount
Authorized Share Capital		
At 31, March 2017	14,010,000	140,100,000
At 31, March 2018	14,010,000	140,100,000

a. Issued equity capital

At 31, March 2017	11,500,200	115,002,000
At 31, March 2018	11,500,200	115,002,000

b. Other Equity

For the year ended March 31, 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	(10,834,278)	(55,568,040)	(66,391,818)
Profit for the year		(6,491,463)		(6,491,463)
Fair value through OCI- Investments			(47,432,000)	(47,432,000)
Total	10,500	(17,325,741)	(103,000,040)	(120,315,281)
As at March 31, 2019	10,500	(17,325,741)	(103,000,040)	(120,315,281)

For the year ended March 31, 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	(17,325,741)	(103,000,040)	(120,315,281)
Profit for the year		(9,307,683)		(9,307,683)
Adjustment for sale of subsidiary		(7,036,829)		(7,036,829)
Fair value through OCI- Investments			43,592,783	43,592,783
Total	10,500	(33,670,253)	(59,407,257)	(93,067,010)
As at March 31, 2020	10,500	(33,670,253)	(59,407,257)	(93,067,010)

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

As per 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



Rahul Maheshwari

Rahul Maheshwari

Director

DIN : 07345645

Swatanter Kumar Goyal

Swatanter Kumar Goyal

Director

DIN : 00495187

Punj Lloyd Industries Limited

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

A. Overview and Significant Accounting Policies

1. Corporate information

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'able NCLT, the financial statements have been prepared on a going concern basis.

These consolidated financial statements for the year ended March 31, 2020 were authorized for issue in accordance with a resolution of the directors on 15th December 2020.

The Company along with its subsidiaries, associates and joint venture has been collectively hereinafter referred to as "the Group".

2. Significant accounting policies

(a) Basis of preparation

(i) Compliance with Ind AS

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

(ii) Basis of measurement

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

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- certain items of property, plant and equipment 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 require 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 Consolidated 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.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of Punj Lloyd Industries Limited ('the Company'), its subsidiaries, associates and joint ventures as at March 31, 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (ii) Exposure, or rights, to variable returns from its involvement with the investee, and
- (iii) The ability to use its power over the investee to affect its returns.

Rahul Maheshwari

Punj Lloyd Industries Limited

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement with the other vote holders of the investee
- (ii) Rights arising from other contractual arrangements
- (iii) The Group's voting rights and potential voting rights
- (iv) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the aforementioned three elements of control. Consolidation of an investee begins when the Group obtains control over the investee and ceases when the Group loses control of the investee. Assets, liabilities, income and expenses of a investee acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the investee.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation Procedure

(1) Subsidiaries

- (i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (ii) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (iii) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS-12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests. Where cumulated losses attributable to the non-controlling interest are in excess of Group's net investment in investee, the same is accounted for by the Group, in the absence of any contractual or legal obligations on non controlling interest. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill), liabilities, the carrying amount of any non-controlling interests and the cumulative translation differences recorded in equity; and recognises the fair value of the consideration received and the fair value of any investment retained. Any surplus or deficit is recognised in the statement of profit or loss.



Rahul Maheshwari

Punj Lloyd Industries Limited

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

(2) Investment in associates and joint arrangements

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

- Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

- Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The group discontinue the use of equity method from the date the investment is classified as held for sale in accordance with Ind AS 105-Non-current Assets Held for Sale and Discontinued Operations and measures the interest in associate and joint venture held for sale at the lower of its carrying amount and fair value less cost to sell.



Rahul Maheshwari

(3) Business combination and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. The same first time adoption exemption is also used for associates and joint ventures.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. In respect to the business combination for acquisition of subsidiary, the Group has opted to measure, the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated as mentioned hereinafter:

- (i) Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- (ii) Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- (iii) Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- (iv) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

(4) Change in ownership interest

The group treats transaction with non-controlling interests that do not result in a loss of control as transaction with the equity owners of the group. A change in ownership interest results in adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

(5) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

- ✓ After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.



Rahul Maheshwari

Punj Lloyd Industries Limited

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

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

(c) 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 Group 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 Group 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 Group 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 Group 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.

(d) 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.



Rahul Maheshwari

Punj Lloyd Industries Limited

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

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

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

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

Policy for service concession intangible assets is disclosed separately under concession assets in next paras.

(e) Impairment of non-financial assets

The Group 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 Group 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 Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group'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 Group 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 Group 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 Group 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.

(f) Investment properties

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

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

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



Rahul Maheshwari

Punj Lloyd Industries Limited

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

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

(g) Sale and lease back transactions

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

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

(h) Leases

Where the Group is the lessee

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

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

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

Where the Group is the lessor

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

(i) Inventories

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

Scrap is valued at net realizable value.

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

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

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

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



Rahul Maheshwari

Punj Lloyd Industries Limited

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

(k) 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 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) 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.

- D) 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.



Rahul Maheshwari

Punj Lloyd Industries Limited

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

- E) 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.

(l) Borrowing costs

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

(m) Foreign currencies

i) Functional and presentation currency

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

ii) Transaction and balances

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

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

- Exchange differences are deferred in equity if they are attributable to part of the net investment in a foreign operation. They are recognized initially in other comprehensive income (OCI) and reclassified to statement of profit and loss on disposal of the net investment, as part of gain or loss on disposal.
- Exchange differences arising on long-term foreign currency monetary items (recognized upto 31 March 2016), related to acquisition of a depreciable asset are capitalized and depreciated over the remaining useful life of the asset.

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

iii) Translation of foreign operations / subsidiaries



Rahul Maheshwari

Punj Lloyd Industries Limited

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

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

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

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

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

(n) Financial instruments

Financial Instruments (assets and liabilities) are recognized when the Group 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 Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group 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 Group has investments which are not held for trading. The Group 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 Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

(ii) Impairment of financial assets

The Group 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 Group 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 Consolidated Financial Statements for the year ended March 31, 2020 (continued)

B. Financial liabilities

(i) Subsequent measurement

There are two measurement categories into which the Group 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 Group 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.

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

(p) Employee benefits

Short-term obligations

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

Other long-term employee benefit obligations



Rahul Maheshwari

Punj Lloyd Industries Limited

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

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

The obligations are presented as current liabilities in the balance sheet since the Group 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 Group 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 Group operates a defined benefit gratuity plan for employees employed in India. The Group has obtained group gratuity scheme policies from Life Insurance Corporation of India and ICICI Prudential Life Insurance Group 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 Group makes contribution to statutory provident fund and pension funds as per local regulations. The Group 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

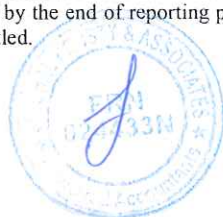
In overseas branches and unincorporated joint venture operation, provision for retirement and other employee benefits are recognized as prescribed in the local labour laws of the respective country, for the accumulated period of service at the end of the financial year.

(q) 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 Group 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 Group operates and generate taxable income.

Deferred tax is provided using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated 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.



Rahul Maheshwari

Punj Lloyd Industries Limited

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

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.

(r) 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.

(s) 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.

(t) Share-based payments

Employees of the Group 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 Group'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.

(u) 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.

(v) Dividends

The Group 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 Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders.



Rahul Maheshwari

Punj Lloyd Industries Limited

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

(w) 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 Group 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 Group;
- 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.

(x) Provisions

Provisions are recognized when the Group 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.

(y) 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.

(z) 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.

(aa) Current and Non-Current Classification:

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

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.

(bb) 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



Rahul Maheshwari

Punj Lloyd Industries Limited

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

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 consolidated 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 Group and that are believed to be reasonable under the circumstances.

Fair valuation of unlisted securities:

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

Revenue recognition:

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

Impairment of financial assets:

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

Impairment of non-financial assets:

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

Defined benefit plan (employee benefits):

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

Taxes:

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

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



Rahul Maheshwari

Punj Lloyd Industries Limited

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

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 Financials 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 Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in INR, unless otherwise stated)

3 Property, plant and equipments

Gross Block

As at March 31, 2019

Addition during the year

Deconsolidation of subsidiary

As at March 31, 2020

Depreciation

As at March 31, 2019

Charge for the period

Deconsolidation of subsidiary

As at March 31, 2020

Net Block

As at March 31, 2020

As at March 31, 2019

Plant & Machinery	Furniture and fixture	Tools	Total
51,351,759	2,034,141	19,501,529	72,887,529
30,845,895		27,798,907	58,644,802
(82,197,654)	(2,034,141)	(47,300,536)	(131,532,331)
-	-	-	-
5,044,780	321,684	5,170,563	10,537,027
4,919,693	92,633	873,777	5,886,103
(9,964,473)	(414,317)	(6,044,340)	(16,423,130)
-	-	-	-
-	-	-	-
46,306,979	1,712,457	14,331,066	62,350,502

4 Financial Assets : Non Current Investments

Particulars

As at March
31, 2020

As at March 31, 2019

Investment at Fair value through OCI

Unquoted equity instruments

Punj Lloyd Aviation Limited

98,00,000 (Previous year 98,00,000) equity shares of Rs.10 each fully paid up

Investment in others

Kaefer Private Limited

13,680 (Previous year 13,680) equity shares Of Rs.100 each fully paid up

(At cost less provision for other than temporary diminution in value Rs.5,000,040 (Previous year Rs.5,000,040)

-

-

a) Aggregate cost of Unquoted Investments

-

-

5 Others assets

Particulars

As at March 31, 2020

As at March 31, 2019

Long term

Short term

Long term

Short term

Advances to suppliers

-

5,428

-

18,606,062

Employee advances

-

-

-

141,855

VAT Refundable

-

-

-

11,611,014

GST Recoverable

-

200,692

-

810,000

-

206,120

-

31,168,931



Rahul Maheshwari

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

6 Financial Assets : Trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	2,095,941	20,987,226
Doubtful	-	-
Less: Allowance for doubtful debts	-	-
	<u>2,095,941</u>	<u>20,987,226</u>

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	29,106,945
	<u>21,570,030</u>	<u>29,106,945</u>
b. Other bank balances		
Deposits with original maturity of less than three months	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	15,295,510
	<u>-</u>	<u>15,295,510</u>
	<u>21,570,030</u>	<u>44,402,455</u>

8 Financial Assets : Loans

Particulars	Long term		Short term	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2019	As at March 31, 2019
Security Deposits	100,000	100,000	-	5,000
Unsecured, considered good				
	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>5,000</u>
Loans & advances to Related Parties	-	-	11,740,921	11,740,921
Unsecured, considered good				
Less ECL provision	-	-	(11,740,921)	(11,740,921)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other loans and advances				
Staff/Other advances	-	210,000	-	-
	<u>-</u>	<u>210,000</u>	<u>-</u>	<u>-</u>
	<u>100,000</u>	<u>310,000</u>	<u>-</u>	<u>5,000</u>

9 Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Interest receivable	-	1,322,044
Less ECL provision	-	1,183,823
	<u>-</u>	<u>138,221</u>



Rahul Maheshwari

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

10 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
	<u>140,100,000</u>	<u>140,100,000</u>
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
Share application money received	-	-
	<u>115,002,000</u>	<u>115,002,000</u>

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

Particulars	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 parent 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.

(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 (Previous year : 11,500,195) equity shares of Rs. 10 each	115,002,000	115,002,000

(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 99.99%	11,500,195 99.99%

(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.

11 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	(17,325,741)	(10,834,278)
Adjustment for sale of subsidiary	(7,036,829)	-
Profit for the year	(9,307,683)	(6,491,463)
	<u>(33,670,253)</u>	<u>(17,325,741)</u>
Other Comprehensive Income	(59,407,260)	(103,000,040)
Total	<u>(93,067,013)</u>	<u>(120,315,281)</u>



Rahul Maheshwari

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

12 Financial Liability : Other payables

Particulars	As at March 31, 2020	As at March 31, 2019
Short term borrowings from Related Parties	-	60,000,000
Payable to ultimate holding company	-	3,575,136
Salary and PF payables	-	166,205
Interest Payable	-	9,302,056
	-	13,043,397

13 Financial Liability : Current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payables (including acceptances)	-	-
Total Outstanding dues of micro and small enterprise	-	-
Total Outstanding dues other than micro and small enterprise	2,907,658	37,103,635
(Also refer note 23 for details of dues to micro and small enterprises)	2,907,658	37,103,635

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

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.	-	-

14 Other current liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Tax deducted at source payable	61,797	896,620
	61,797	896,620

15 Provisions

Particulars	Non current		Current
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020
Provision for retirement benefits	-	-	175,156
Provision for compensated benefits	-	-	421,455
	-	-	596,611

16 Other income

Particulars	As at March 31, 2020	As at March 31, 2019
Interest income on : - Bank deposits	106,062	537,704
Exchange Difference (Fluctuation)	2,855,350	2,004,579
Scrap sale	596,759	518,071
	3,558,171	3,060,354

17 Employee benefit expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	16,490,683	10,284,682
Contribution to provident and other funds	1,201,572	362,839
Retirement benefits	-	101,090
Staff welfare expense	151,401	459,008
	17,843,656	11,207,619



Rahul Maheshwari

18 Other expenses

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent Expenses	6,256,488	7,150,272.00
Factory & Site Expense	14,030,516	9,389,855.33
Freight and Forwarding expenses	2,639,798	1,298,177.72
Hire Charges	1,332,456	981,778.23
Repair and maintenance Others	366,851	18,500.00
Business promotion	4,446,054	1,741,676.00
Payment to auditors	167,000	174,718
Consultancy and professional charges	5,269,797	640,467
Fees and Taxes	1,881,786	947,631
Office expenses	737,731	453,311
Provision for expected credit loss	-	6,913,956
Travelling and Conveyance expenses	2,214,540	1,235,625
	<u>39,343,018</u>	<u>30,945,966</u>

19 Finance cost

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest	5,491,803	5,438,356
Bank Charges	489,695	976,503
	<u>5,981,498</u>	<u>6,414,859</u>

20 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
Opening Balance	36,608,152	
Net (Loss)/gain on FVTOCI Equity Investments	6,984,631	(47,432,000)
Total	<u>43,592,783</u>	<u>(47,432,000)</u>

21 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.)	(3,370,390)	(3,370,390)
c) Basic and diluted earnings per share	-0.29	-0.29
d) Nominal value of share (Rs.)	10	10

22 Segment Reporting

Business Segment:

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.

The Company has identified the business segment as one reportable segment, i.e. manufacturing of small arms and its components.

The Company's is generating all of its revenues from one country i.e. Israel. hence further breakup of revenues from different countries is not required.



Rahul Maheshwari

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

23 Interest in other entities

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

Name of entity	Country of incorporation	Ownership interest as at	
		Year ended March 31, 2020	Year ended March 31, 2019
PLR System Private Limited (formerly known as Punj Lloyd Raksha System Private Limited) (Sold during the year. see note no 28(b))	India	-	51%

24 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 Corporate Insolvency Resolution Process)
Subsidiary Company	Interest in subsidiary are set out in note 22
Fellow Subsidiary Companies	Punj Lloyd Aviation Limited Punj Lloyd Upstream Limited Punj Lloyd Infrastructure Limited
Key managerial personnel	Rahul Maheshwari - Director Rahul Kapahi - Director (upto 26th August 2020) Swatanter Goyal - Director (w.e.f 17th February 2020)

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

	Year ended March 31, 2020	Year ended March 31, 2019
With Fellow Subsidiary Interest Paid(Gross)	5,491,803	4,576,503
With Holding Company Contract Charges	5,224,224	-

C) Outstanding balances

	Year ended March 31, 2020	Year ended March 31, 2019
Holding company Amount payable	-	3,575,136
Subsidiary company Investment at cost	98,000,000	98,000,000
Less: Provision against Investment through OCI	-98,000,000	-98,000,000
Enterprise where KMIPs or their relative have influence Security deposit	-	5,000



Rahul Maheshwari

25 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-18	Mar-19	Mar-18	Mar-19
Financial Assets				
Fair value through OCI Financial Investments	-	-	-	-
Total	-	-	-	-

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 have been estimated using book value model.

26 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.

The management reviews and agrees policies for managing each of these risks, which are summarized below.

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.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents and other receivables (including related party balances), the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

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 March 31, 2018 the Company does not have any bank borrowing at floating interest rate.

27 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-18	Mar-19
Borrowings	-	60,000,000
Trade payables	-	-
Other Payables	61,797	896,620
Less:		
Cash and cash equivalents	(21,570,030)	(44,402,455)
Net Debts	(21,508,233)	16,494,165
Equity	21,934,988	(5,313,281)
Capital & net debts	426,755	11,180,884
Gearing Ratio	-5040%	0%

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.

28 There are no contingent liabilities and capital commitments as at March 31, 2020 (previous year March 31, 2019: Nil).

29(a) Prior year figures have been regrouped / reclassified wherever necessary to confirm to this year classification.

29(b) During the year the Company has sold its entire investment of 51% in its subsidiary PLR Systems Private Limited (Formerly known as Punj Lloyd Raksha Private Limited). Accordingly, the current year figures are not strictly comparable with previous year figures.



Rahul Maheshwari

Punj Lloyd Industries Limited

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

(All amounts in INR, unless otherwise stated)

30 Additional information pursuant to Schedule III of the 2013 Act:

Name of Entities	Net assets i.e. total assets		Share in profit / (loss) for the		Share in comprehensive		Share in total comprehensive	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss	Amount	As a % of other comprehensive income	Amount	As a % of total comprehensive income
Parent Company								
Punj Lloyd Industries Limited	21,934,988	100.00%	-15,487,315	166.39%	6,984,631	100.00%	6,984,631	100.00%
Subsidiary: Indian								
PLR System Private Limited (formerly known as Punj Lloyd Raksha Private Limited*)	-	0.00%	6,179,632	-66.39%	-	0.00%	-	0.00%
Sub-total	21,934,988		-9,307,683		6,984,631		6,984,631	
Non-controlling interest in all subsidiary	-		5,937,294					
Adjustments arising out of consolidation					36,608,152		36,608,152	
Total	21,934,988		-3,370,390		43,592,783		43,592,783	

*Sold during the year.

As per 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



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

Rahul Maheshwari

Rahul Maheshwari
Director
DIN : 07345645

Swatanter Kumar Goyal
Director
DIN : 00495187