





## REPEAT ORDERS

A client's trust and belief on project delivery of a company can be gauged by a company's 'Repeat Orders' - contracts awarded repeatedly by the same client. Punj Lloyd's years of performance and delivery have created a niche for the company's 'Repeats'.

Present in a gamut of business verticals in Oil & Gas and Infrastructure and in over 23 geographies, our repeat clients also underline our expertise in these verticals and our dominant position in the markets in which we operate. The continuous faith reposed in us by our clients gives us the confidence to keep delivering projects globally.

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## CHAIRMAN'S MESSAGE



## Dear Shareholder,

The last three years have been extremely difficult for the country and your Company. However, one can look at the future with optimism with the Narendra Modi-led Bharatiya Janata Party (BJP) winning a comfortable majority in the Lok Sabha with 282 seats and with 336 seats if one were to focus on the National Democratic Alliance.

Fiscal year 2013-14 (FY2014) has been difficult for India - the second consecutive year of significant economic strain. Here are the quarterly real GDP growth rates for the year according to the Central Statistical Organisation: 4.7% (April-June 2013); 5.2% (July-September 2013); 4.6% (October-December 2013); and 4.6% (January-March 2014). Consequently, GDP growth for FY2014 has clocked 4.7%, this coming after 4.5% growth in FY2013.

In such an environment, the engineering and construction sector has been badly affected. For FY2014, the construction sector grew by a mere 1.6%. While this was marginally better than the 1.1% growth in FY2013, it is a long way from the 10.8% growth that the construction sector saw in FY2012. That is not all. Manufacturing had grown by a mere 1.1% in FY2013 and has de-grown by 0.7% in FY2014.

The most worrying aspect of this sharply reduced growth is the lack of sufficient investments. It is a fair estimate that 7.5% GDP growth requires India's gross fixed capital formation (GFCF) to be around 38% of GDP. In comparison, the GFCF was 32.3% of GDP in FY2014 - which was even lower than 33.9% in FY2013.

Infrastructure sector operates in a difficult framework in India. While I remain confident that the new BJP-led government will change things for the better, the fact remains that the sector has been riddled by multiple problems viz. significant delays in decision-making, lack of environmental clearance for a variety of infrastructure projects etc.

In our business in India, there is also the issue of contractors' claims not being settled and paid by the Government and public sector clients. This problem is faced by many companies in the engineering and construction sector. Engineering and construction contracts often involve changes of scope, variations and delays that are not on account of the contractors. In the developed world and in key emerging market economies, these claims are expeditiously settled within six to nine months. But in India, almost every meaningful claim results in a dispute with the Government or the public sector which first goes through a process of arbitration followed by a case in court. It is not an exaggeration that thousands of crores of such disputed claims languish in courts.



Thus, contractors are forced to go in for additional borrowing to meet the cash flow requirements. With the contracts not being settled, the borrowings increase. Soon it reaches a state where the debt becomes large and with high interest costs, engineering and construction companies face a debt and interest overhang. Many construction companies face this challenge in India including your Company. In other countries like Libya, your Company has faced a similar problem, owing to the political turmoil which I remain hopeful will settle in the current financial year.

In such a difficult scenario, it is not surprising that your Company has not fared well in FY2014. Despite a comfortable order backlog of over Rs. 20,000 crore, Punj Lloyd has made losses on a consolidated basis, owing to such difficult scenario. The financial highlights are:

- Order backlog of Rs.20,222 crore.
- Net income from operations has reduced by 3.6% to Rs.10,855 crore.
- EBIDTA has dropped by 46% to Rs.638 crore, and stands at 5.9% of total income.
- Because of higher borrowing for reasons explained earlier, the finance cost has risen by 12.9% to Rs.882 crore.
- There is a loss before tax of Rs.636 crore.
- Net loss after tax of Rs.644 crore. After taking into account the share of associates and minority interests, the loss is Rs.548 crore.

Your Company is focusing hard on optimising projects and cutting down all additional costs. We are seeking to expedite collections. We are making organisational changes to create a lean, result-oriented enterprise. And we are looking at monetising some of our infrastructure assets. With these initiatives in place, I am confident that we shall overcome.

Now for some optimism. I am confident that the BJP-led NDA government under Mr. Narendra Modi with a comfortable majority in Lok Sabha will create an environment of stable governance and foster faster economic growth. I am quite certain that the vexatious constraints on infrastructure shall be removed sooner than we think. I am also confident that key developmental projects across the country will be kick-started. Mr. Modi is known to be an excellent manager and team leader. He has asked all ministries for their 100-day plan. I am sure that these will be moulded to generate higher growth.

Having said so, it will still take a few quarters before the animal spirits really come to bear. There is, after all, the cost of two years of negative action that must first be overcome. But it will happen. And with it, India will grow more rapidly. As will your Company, which shall again be back in the world of energy and prosperity.

Here's to much needed growth!

With my best wishes,

Atul Punj  
Chairman

## CORPORATE INFORMATION

### CHAIRMAN (EMERITUS)

SNP Punj

### BOARD OF DIRECTORS

Atul Punj	Executive Chairman
J P Chalasani	Managing Director & Group CEO
Luv Chhabra	Director - Corporate Affairs
P N Krishnan	Director - Finance & CFO
Dr. Naresh Kumar Trehan	Independent Director
Phiroz Vandrevala	Independent Director
Ms. Ekaterina Sharashidze	Independent Director
M. Madhavan Nambiar	Independent Director

### AUDIT COMMITTEE

Dr. Naresh Kumar Trehan	Independent Director (Chairman of the Committee)
Phiroz Vandrevala	Independent Director
Ms. Ekaterina Sharashidze	Independent Director

### STAKEHOLDERS RELATIONSHIP COMMITTEE CUM SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Dr. Naresh Kumar Trehan	Independent Director
Atul Punj	Executive Director
Luv Chhabra	Executive Director

### NOMINATION & REMUNERATION COMMITTEE

Dr. Naresh Kumar Trehan	Independent Director
Phiroz Vandrevala	Independent Director
Ms Ekaterina Sharashidze	Independent Director

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Atul Punj	Executive Director (Chairman of the Committee)
Luv Chhabra	Executive Director
M. Madhavan Nambiar	Independent Director

### GROUP PRESIDENT - LEGAL & COMPANY SECRETARY

Dinesh Thairani



## AUDITORS

Walker Chandio & Co LLP

Chartered Accountants

## REGISTRAR

Karvy Computershare Pvt. Ltd.

Plot No. 17-24, Vithal Rao Nagar, Madhapur, Hyderabad 500081

T + 91 40-4465-5000 F + 91 40-2342-0814

## BANKERS

Andhra Bank

AXIS Bank

Bank Muscat, Oman

Bank of Baroda

Bank of India

Barwa Bank

Canara Bank

Central Bank of India

DBS Bank Limited

Dhanlaxmi Bank

Doha Bank, Qatar

Export - Import Bank of India

Bank Emirates

First Gulf Bank, Abu Dhabi

HDFC Bank Ltd

ICICI Bank Limited

IDBI Bank Limited

IFCI Limited

Indian Bank

Indian Overseas Bank

IndusInd Bank

International Finance Corporation,  
Washington DC

Life Insurance Corporation of India

Mashreq Bank PSC, Dubai

Oriental Bank of Commerce

RBL Bank

Standard Chartered Bank

State Bank of Bikaner and Jaipur

State Bank of Hyderabad

State Bank of India

State Bank of Patiala

The Jammu & Kashmir Bank Limited

The Karur Vysya Bank Ltd

UCO Bank

Union National Bank, Abu Dhabi

United Bank of India



## **MIDDLE EAST, CASPIAN AND AFRICA**

**QATAR PETROLEUM**

**SAUDI ARAMCO**

**ABU DHABI GAS (GASCO)**

**ABU DHABI CO FOR ONSHORE  
OIL OPERATIONS (ADCO)**

**KARACHAGANAK PETROLEUM  
OPERATING BV**

**TENGIZCHEVROIL**

**SIRTE OIL COMPANY**

**HOUSING & INFRASTRUCTURE  
BOARD (HIB), LIBYA**



## INTERNATIONAL REPEAT CLIENTS

### ASIA PACIFIC

**TOTAL INDONESIE**

**PT PERUSAHAAN GAS NEGARA (PGN)**

**CONOCOPHILLIPS**

**PETRONAS**

**SHELL**

**PB TANKERS**

**EXXONMOBIL ASIA PACIFIC**

**HORIZON TERMINALS**

**LAND TRANSPORT AUTHORITY  
OF SINGAPORE**

**PUBLIC UTILITIES BOARD  
SINGAPORE**









## TOTAL INDONESIA

TOTAL is the fifth largest publicly traded integrated international Oil and Gas company operating in over 130 countries. Punj Lloyd has executed several field development projects in Tunu and laid gas pipelines in the Tambora fields in Mahakam delta of Indonesia for TOTAL.

## PT PERUSAHAAN GAS NEGARA (PGN)

PGN is a world-class energy company in gas utilisation. Punj Lloyd has delivered Phase I and II of the South Sumatra to West Java Gas Pipeline for PGN. Another significant project executed was the Panaran Pemping Gas pipeline in Indonesia also known as the Hopping Island Project.

## CONOCOPHILLIPS

It is the largest integrated energy company in the U.S. and the fifth largest refiner in the world. Punj Lloyd executed the Sumpal Expansion Project for ConocoPhillips in Indonesia. In Singapore it executed the receiving facility and its modification on EPC basis, in a live refinery area in brownfield conditions.

## PETRONAS

Petronas is the national Oil and Gas company of Malaysia. Punj Lloyd is currently laying the 521 km, 36" dia Sabah Sarawak onshore gas pipeline for Petronas. It has also constructed the 16" dia 128 km multi-product pipeline from Melaka Refinery to Kuala Lumpur International Airport and a new distribution terminal at Klang valley for Petronas and Shell Malaysia.

## SHELL

Shell is a global group of energy and petrochemicals companies with a presence in more than 70 countries. Punj Lloyd has executed the new fuel oil terminal at the Pulau Laut, Kalimantan, Indonesia for Shell. It was also involved in the Hazira LNG re-gasification terminal in India and is presently constructing a Lube Oil Blending Plant (LOBP) and Grease Manufacturing Plant (GMP) at the Tuas Lube Park in Singapore.

## PB TANKERS

Punj Lloyd has built the topside facilities and the petroleum storage expansion phase II at Pulau Busing for PB tankers. PB Tankers is a company of the Barbaro Group, operating in the MR Tankers market.

## EXXONMOBIL ASIA PACIFIC PTE LTD

ExxonMobil is the world's largest refiner and marketer of petroleum products. Punj Lloyd has delivered many projects for ExxonMobil including the SAR revamp and the main mechanical PAC and PESEK at Singapore.

## HORIZON TERMINAL PTE LTD

Punj Lloyd has built as many as 57 storage tanks as part of the Bulk Liquid Product Terminal for Horizon Terminals Pte Ltd. For Horizon in Dubai, Punj Lloyd delivered the Falcon Jetfuel Pipeline & Bulk Terminal Facilities.

## LAND TRANSPORT AUTHORITY OF SINGAPORE

The LTA is in charge of Singapore's infrastructural development. Sembawang Engineers and Constructors Pte Ltd, a Punj Lloyd Group company, has built stations for the Downtown Line 1 & 2 and the Circle Line projects in Singapore for LTA. It has also built the Changi Airport MRT station, the Boon Keng and Sennett MRT stations and the Ponggol and Sengkang LRT systems in the past for LTA.

## PUBLIC UTILITIES BOARD (PUB) SINGAPORE

Sembawang has executed the Changi Water Reclamation project for the PUB. In recent years, Sembawang won the Lower Seletar Waterworks from PUB.







## QATAR PETROLEUM

Qatar Petroleum is a state owned petroleum company operating in Qatar. Punj Lloyd has delivered three large pipelines for Qatar Petroleum - Strategic Gas Transmission, Multi Product and Doha Urban Relocation pipeline.



## SAUDI ARAMCO

Saudi Aramco is a Saudi Arabian national oil and natural gas company. Punj Lloyd has laid offsite pipelines for Yanbu Export Refinery project for Saudi Aramco. It has also recently completed Package 9 of the Jubail Export Refinery Contract in Saudi Arabia, one of the largest and most complex refineries in the world.

## ABU DHABI GAS INDUSTRIES LTD (GASCO)

GASCO is one of the largest gas processing companies in the world. Punj Lloyd has constructed pipelines and storage tanks for two major projects of GASCO - Asab Gas Development Phase II and Onshore Gas Development Phase III. It was also involved in the Integrated Gas Development Phase V and also undertook an EPC project of Nitrogen Gas Injection (Mixed Case) for Habshan Fields.

## ABU DHABI CO FOR ONSHORE OIL OPERATIONS (ADCO)

Punj Lloyd has constructed flowlines and well heads for ADCO oilfields in Bab/Bu Hasa and pipeline in Huwailah. It is executing a major EPC project with 158 wellheads and 750 kms of flowlines for Asab Shah and Sahil fields. An EPC project of Spiking Gas Compressor station is also under construction.

## KARACHAGANAK PETROLEUM OPERATING BV

Punj Lloyd has delivered the Karachaganak Uralsk Gas Pipeline and Stabilising & Sweetening Train, Aksai for Karachaganak Petroleum Operating BV.



## TENGIZCHEVROIL

Punj Lloyd has delivered two projects for Tengizchevroil - the large and small bore pipelines for TCO Asset Development and the Second Generation Project Offsites and Utilities at Tengiz, Kazakhstan.

## SIRTE OIL COMPANY, LIBYA

Punj Lloyd has executed the El Khoms-Tripoli Gas Pipeline Project at Sidra and Wachkah and Tripoli-Melita Gas Pipeline project at Melita for the state owned Sirte Oil Company. Sirte Oil Company (SOC) is one of the Libyan national companies operating under the National Oil Corporation (NOC) of Libya for production, manufacturing of oil and gas.

## HOUSING & INFRASTRUCTURE BOARD (HIB), TRIPOLI, LIBYA

Punj Lloyd has bid and won six projects by the Housing & Infrastructure Board (HIB) of Tripoli for the infrastructure network of the country's major townships - Arada, Souk Al Juma, Zawara, Ragdaleen, Al Jamail and Zliten.







## REPEAT CLIENTS NATIONAL

**RELIANCE**

**ONGC**

**CAIRN INDIA**

**CESC**

**HPCL**

**GUJARAT GAS**

**CFCL**

**HYUNDAI**

**BHARTI**

**PETROFAC**

**BPCL**

**DMRC**

**NPCIL**

**OIL INDIA**

**HAL**

**CPCL**

**MRPL**

**NHAI**

**BG**

**IOCL**

**GAIL**







## INDIAN OIL CORPORATION (IOCL)

Indian Oil Corporation is India's flagship national oil company. Punj Lloyd has executed complex hydrogen generation and hydrocracker units, delayed coker, motor spirit up-gradation and sulphur units in prominent refineries of India, other than a multitude of pipeline and crude oil tank contracts. Some of IOC's projects executed by Punj Lloyd are – Refinery Units at Panipat, Vadodara, Mathura, Barauni, Haldia, Paradip, crude oil storage tanks, LPG Import Export terminal at Ennore etc.

## GAIL (INDIA) LTD

GAIL is India's largest gas transmission and marketing company. Some of the projects executed by Punj Lloyd for GAIL are - Thal Usar Thal pipeline, Maharashtra, Jamnagar Loni Pipeline, Gujarat, Dahej Vijapur Gas Pipeline, Gujarat, Dabhol Panvel Pipeline Phase I & II Maharashtra, Dabhol-Bangalore Pipeline, Maharashtra and Karnataka, amongst many others.

## OIL & NATURAL GAS CORPORATION (ONGC)

Punj Lloyd has undertaken construction activities for brownfield and greenfield onshore, near shore and offshore projects of ONGC, one of Asia's largest Oil and Gas exploration and production companies, producing around 72% of India's crude oil and 48% of its natural gas. Punj Lloyd has executed several projects for ONGC like the Uran Trombay Jawahardeep oil and gas pipeline, Heera Redevelopment project, amongst many others.

## BHARAT PETROLEUM CORPORATION LTD (BPCL)

Bharat Petroleum Corporation Ltd (BPCL) is one of the largest public sector oil marketing companies of India ranking 229 in the Fortune Global 500 rankings of the world's biggest corporations for the year 2013. Punj Lloyd has executed a volume of work for BPCL like the Aviation Fuelling Complex at IGI Airport, New Delhi, Oil Storage Depot at Bhilai and Rairu, tankage depot at Bhilai and Brijwasan, multiproduct Mumbai Manmad pipeline, sulphur block and storage tanks for Kochi Refinery, among others.

## NATIONAL HIGHWAYS AUTHORITY OF INDIA (NHAI)

The National Highways have a total length of 71,772 km and carry about 40% of the total road traffic in India. Punj Lloyd has executed some of the most prestigious projects for the NHAI - Belgaum-Maharashtra Border Section Updgradation, NH 4, Dharmawaram-Tuni Section Updgradation, NH 5, Hyderabad -Vijayawada Road Project, NH 9, Khagaria-Purnea Road Project, NH 31 etc.

## MANGALORE REFINERY & PETROCHEMICALS LTD (MRPL)

Punj Lloyd has executed the Phase III of the Mangalore Refinery and Petrochemicals project to expand the processing capabilities to 15 MMTPA from 12 MMTPA. It has also undertaken mechanical work of Petro Fluidised Catalyst Cracking Unit (PFCC) and Offsite piping work as part of this expansion. Punj Lloyd also completed the Coke Drum Structure Package (CDSP) on EPCC basis.

## CHENNAI PETROLEUM CORPORATION LTD (CPCL)

Punj Lloyd is currently executing a repeat order from CPCL to build the Sulphur Block of Resid Upgradation Project at its Manali refinery near Chennai. Punj Lloyd had executed a similar project for CPCL in 2003.

## HINDUSTAN AERONAUTICS LTD (HAL)

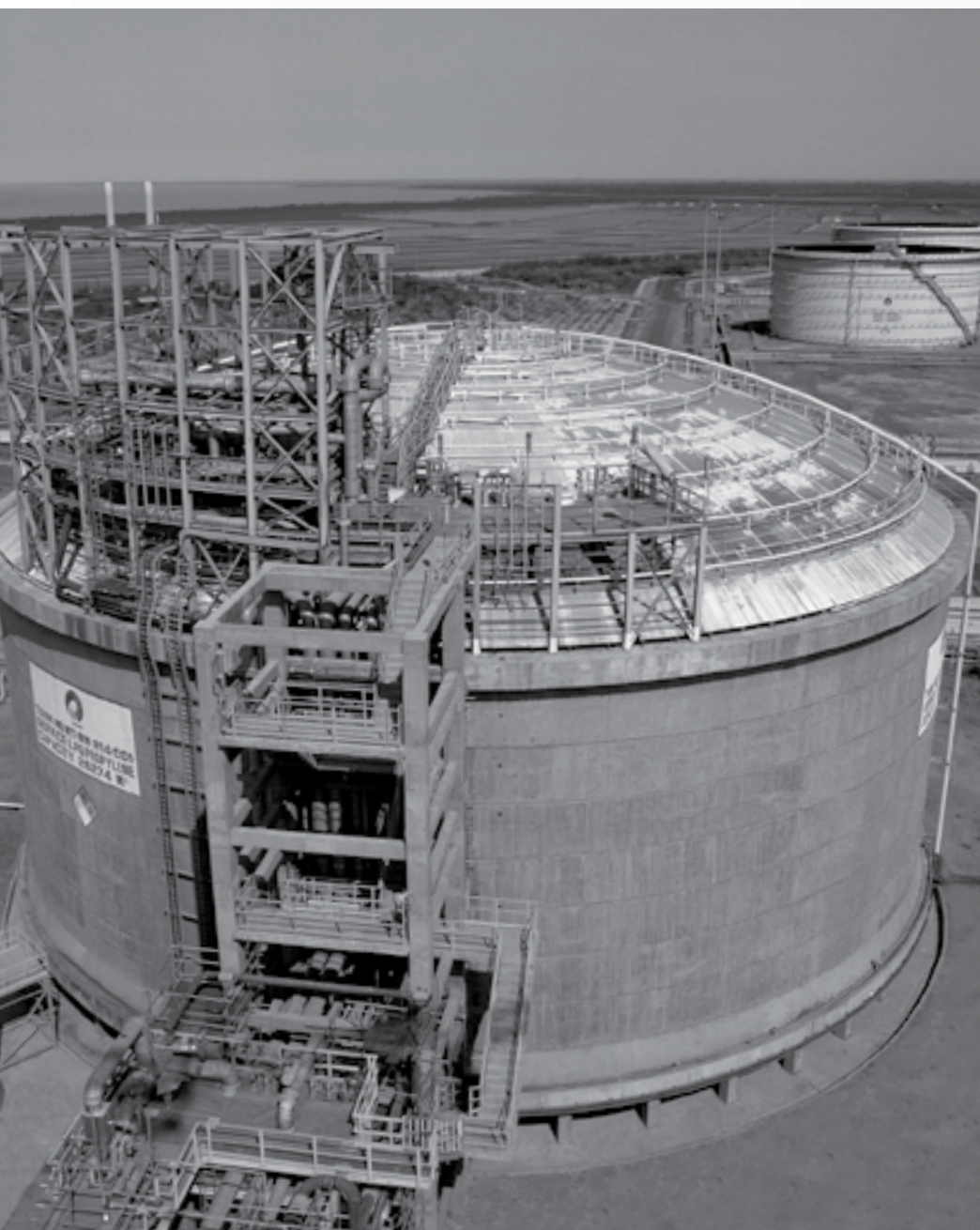
Punj Lloyd has won orders for components like Upper and Lower Tank Panels for Sukhoi 30 MKI, Combustion Chamber Casing, Spars for Dornier aircraft and Housing for MGB- OTS from HAL, Nashik, Kanpur, Koraput and Bangalore.

## OIL INDIA

Punj Lloyd executed Gas Field Development in Western Rajasthan for Oil India. It recently completed drilling oil in Gabon for Oil India's Shakti Block. This was followed by a repeat order in Gabon from Oil India.

## NUCLEAR POWER CORPORATION OF INDIA LTD (NPCIL)

Punj Lloyd has executed several projects for NPCIL like the Process Water Piping Packages for 2 x 220 MWe RAPP-3 & 4 nuclear power plants at Kota, primary piping and AC & Ventilation Packages for 2 x 700 MWe Kakrapar Atomic Power Project (KAPP) Unit 3 & 4 in Gujarat and 2 x 700 MWe Rajasthan Atomic Power Project (RAPP) Unit 7 & 8 in Rajasthan.







### DELHI METRO RAIL CORPORATION (DMRC)

Punj Lloyd has constructed 4.78 km of elevated viaduct and four elevated stations on Inderlok-Mundka corridor, Phase II for Delhi Metro. Punj Lloyd had also constructed the viaduct from Kirti Nagar to Tilak Nagar section for Line 3 of Delhi Metro.

### RELIANCE

Punj Lloyd has constructed the cryogenic LPG storage and reliquification tanks for Reliance at its Jamnagar Refinery, has also laid pipelines and water systems for Reliance.

### BG EXPLORATION AND PRODUCTION INDIA LTD

Punj Lloyd executed the civil, mechanical and structural work for BG Exploration and Production India Ltd at the ONGC plant at Hazira. It also commissioned Panna CALM buoy system.

### CAIRN INDIA

Punj Lloyd has laid both crude oil insulated and gas pipelines of varying diameter for Cairn India. It has completed construction of the insulated crude oil tanks for Cairn India Ltd at Bhogat, near Jamnagar on the Arabian Sea coast.

### CALCUTTA ELECTRIC SUPPLY CORPORATION (CESC)

CESC is a part of the RP Sanjiv Goenka Group. Punj Lloyd has executed the design, engineering, procurement of equipment, erection, testing and commissioning of balance of plant packages (BOP) for two 2 x 300 MW plants in Maharashtra and West Bengal.

### HINDUSTAN PETROLEUM CORPORATION LTD (HPCL)

Punj Lloyd laid the Mumbai Pune Product pipeline and Pune Solapur pipeline through the Western Ghats for HPCL. It was also involved in the process units comprising crude, vacuum distillation units, visbreaking unit for 3 MMTPA capacity expansion at Vizag.

### GUJARAT GAS CO LTD

Gujarat Gas Company Ltd is the largest private sector natural gas distribution company. Punj Lloyd laid pipeline for the Surat Gas Distribution Grid in 1991, followed by sections of the Hazira Ankleshwar pipeline, Amboli Jhagadia gas pipeline and the Mora Sachin Palsana pipeline.

### CHAMBAL FERTILISERS AND CHEMICALS LTD (CFCL)

Punj Lloyd has delivered the DM water plant and storage tanks and the Raw Water Intake System for the Gadepan plant for Chambal Fertilisers and Chemicals Ltd, one of the largest private sector fertilizer producers in India.

### HYUNDAI HEAVY INDUSTRIES

Punj Lloyd has executed the Rawa Oil and Gas Field Development in Oil & Gas fields of S. Yanam, Andhra Pradesh and South Bassein Hazira Trunkline.

### BHARTI GROUP

Punj Lloyd has delivered over 13 projects for the Bharti Group including project management consultancy and OFC laying.

### PETROFAC

Punj Lloyd has executed several projects for Indian oil corporations through Petrofac, an international provider of integrated services to the oil, gas and energy production and processing industries.







# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

With primary focus on large-scale EPC projects, Punj Lloyd Limited ('Punj Lloyd', 'PLL' or 'the Company'), is a global business conglomerate with geographical diversification in a variety of services.

While positioning itself in emerging economies, the Company has a wide presence across countries in South Asia, Middle-East, Africa and South East Asia. The Company provides a bouquet of services in Engineering, Procurement and Construction (EPC) in the energy and infrastructure sectors. It also provides onshore drilling services and builds, owns and operates infrastructure assets. It has a state-of-the-art manufacturing, fabrication, assembly and integration facility for defence, aerospace systems and precision engineering sector at Malanpur in Central India, that has been designed on the principle of lean manufacturing.

The businesses are carried out through the parent Company - Punj Lloyd Limited - and a host of other subsidiaries, domestic and global. Today, the Group has international offices in 23 countries and workforce enveloping 37 nationalities.

## BUSINESS ENVIRONMENT

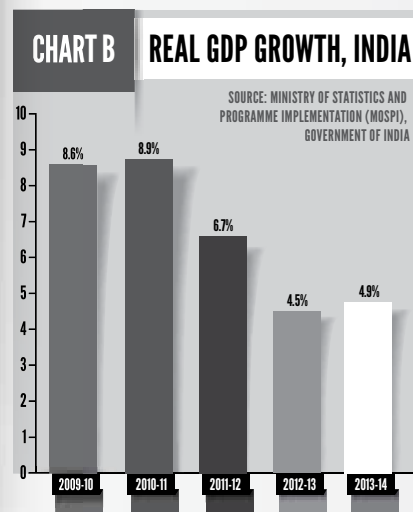
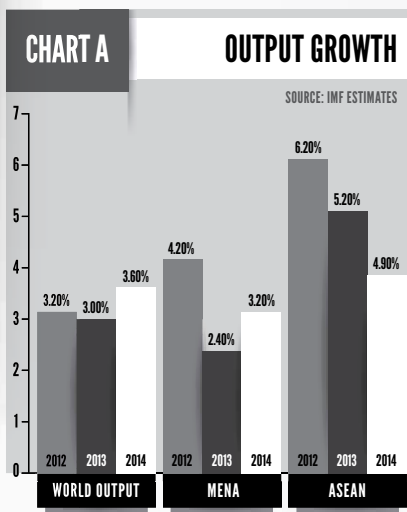
World economic output remained steady during Calendar Year CY2013 growing at 3% and is showing early signs of improvement in CY2014. In fact, IMF estimates suggest world output growth will improve to 3.6% in CY2014 (see Chart A). The positive thrust is primarily driven by a better performance of the US economy and some stabilisation in Europe. There has been some moderation in growth for countries that constitute the emerging economies. In CY2013, growth in emerging economies reduced to 4.7%. Amongst emerging economies, Punj Lloyd's presence is primarily in Middle East and North Africa (MENA), South East Asia and India, where there have been mixed signals. In MEA output growth reduced to 2.4%, while the ASEAN (South East Asia) region clocked 5.2% growth.

As the Indian economy entered FY2014, the sluggishness in growth and structural weaknesses were apparent. The trend continued through FY2014. Real GDP growth is estimated to be 4.9% (see Chart

B) for FY2014 with industrial growth slipping to a paltry 0.7%.

While the long term requirement for rapid infrastructure development in India remains a vital necessity, the sector faces several challenges.

Apart from various structural problems that plague execution including a slow, government decision-making process, and practical issues with land acquisition as well as the challenges of dealing with social and environmental constraints that arise while developing infrastructure projects, the sector is fundamentally affected by a severe liquidity crunch and a financial squeeze. The situation is aggravated with complexities of the claims process, where, in an environment of lack of decision making, legitimate cases are also getting plugged into the long drawn arbitration process, strangulating the working capital resources. Infrastructure financing in India has to work its way out of two fundamental problems before credit lines can start to improve significantly. First, the system has to gradually get rid of numerous excesses of the past including aggressive bidding,

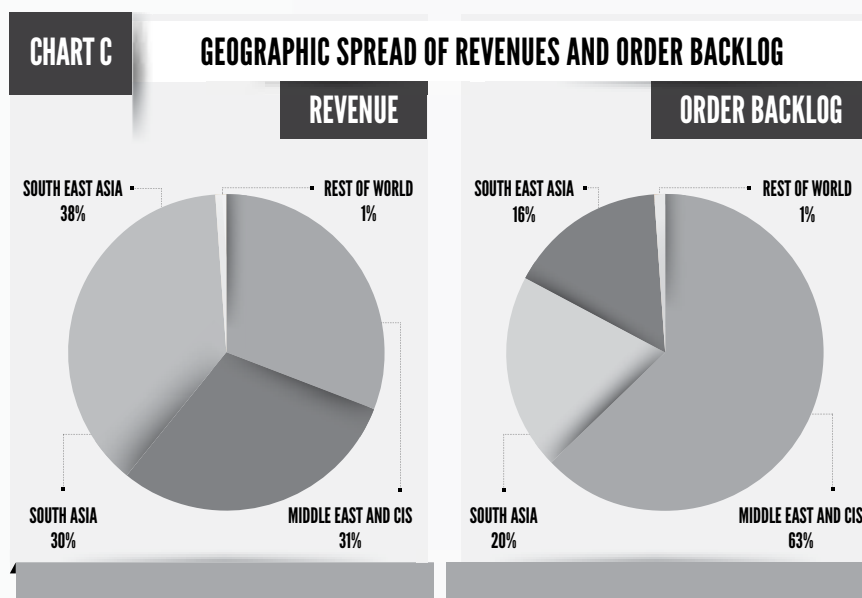


weak and inexperienced sponsors, poor project planning, high financial leverage, weak financial structures and revenue over-estimation. Second, it has to deal with the constraints imposed by a harsh external environment such as a slowing economy, rising interest costs, stretched banking exposures to the sector, difficult equity markets and policy uncertainty.

Although there have been some efforts at resolving infrastructural issues, these have been far from satisfactory. By the end of January 2014, the Cabinet Committee on Investment (CCI) and the Project Monitoring Group (PMG) had together undertaken resolution of impediments for 296 projects with an estimated project cost of Rs.6.6 trillion. But it is a tip of the proverbial iceberg. By end of March 2014, 284 projects worth Rs.15.6 trillion are under the consideration of PMG for which issues are yet to be resolved. Official data indicates that there has been a slight decline in the total number of delayed central sector infra-projects. However, 15% to 20% of these projects, mostly in roads, power and petroleum, have reported additional delays, for which the dates of completion have been extended further. Also, there has been an increase in the number of projects without date of commissioning, mostly in roads reflecting the growing uncertainty about their completion. This suggests that it may take significantly more time before these clearances result in investment cycle turnaround.

More recently, there have been delays in awarding infrastructure projects on account of the run up to the general elections in April-May 2014. One does expect that with a new government with clear majority now assuming office, there will be some clear direction and positive intent for this sector.

In addition, there is a significant supply side constraint in terms of availability of skilled manpower. As the infrastructure sector grows in India and projects become



more and more complex, there is an inherent need for specialised skills related to construction. Unfortunately, there is a very limited support for such skill training in the organised sector and the industry faces a stiff challenge in securing such a workforce. For Punj Lloyd, the obstacles are even more acute because it also undertakes several projects in new emerging economies where major mobilisation from outside is required.

In this environment, while continuing to deal with external vagaries, Punj Lloyd has strategically decided to put even greater focus on internal processes and capabilities. The aim is to develop an organisation that has the operational efficiencies in place to counter any difficult business environment. There have been several concrete steps in FY2014 to take on this challenge.

### BUSINESS PERFORMANCE

While the focus has been on execution, slowdown in progress of projects due to external factors and the financial squeeze faced by construction companies like Punj Lloyd, had an adverse impact on project

work and revenues were affected.

Consequently, the Company was in losses. The abridged profit and loss statement for the Company on a stand-alone and consolidated basis is given in **Table 1**.

In this backdrop, Punj Lloyd did take a more cautious approach in bidding for new projects, and the order backlog as on 20 May 2014 was Rs. 20,222 crore. **Table 2** gives the break-up of the order backlog and revenues in FY2014 between the Company's two primary business segments of energy and civil infrastructure.

Chart C gives the geographical spread of the Company's revenues and order backlog. Table 2 and Chart C best capture the changing face of the Company's operations in terms of geography and industry focus. If one looks at revenues, the large section (87.7%) is from the energy vertical, while in terms of future orders or order backlog, the majority (58.0%) is from civil infrastructure. Thus, given the market opportunities, Punj Lloyd's project profile is shifting from energy to civil infrastructure. In terms of geography, while the revenues are distributed equally between MEA, South East Asia and South Asia, the order backlog has a larger portion of the MEA.



**TABLE 1** PUNJ LLOYD'S FINANCIAL PERFORMANCE IN FY2014 (Rs. Crore)

Description	Standalone for the Period		Consolidated for the Period	
	FY14	FY13	FY14	FY13
Net Sales / Income from Operations	8,229	8,366	10,855	11,256
Other Income	282	227	319	334
Total Income	8511	8593	11174	11590
Total Expenditure (Excluding Finance Cost & Depreciation/Amortisation Expense)	(7,483)	(7,655)	(10,536)	(10,415)
EBITDA	1,028	938	638	1,175
EBITDA as % of Total Income	12.50%	11.20%	5.90%	10.40%
Finance Cost	(771)	(680)	(882)	(781)
Depreciation / Amortisation Expense	(245)	(228)	(392)	(354)
Profit / (Loss) before tax	12	30	(636)	41
Tax	(4)	(11)	(8)	(70)
PAT / (Loss)	8	20	(644)	(29)
Share of Associates & Minority Interest			96	22
Profit / (Loss) for the Period			(548)	(7)

## ENERGY

Punj Lloyd has grown as a Company leveraging its core strength in delivering energy related projects. The Company provides EPC services for Oil and Gas (including pipeline, tanks & terminals and process), offshore and power (including thermal, nuclear and solar).

Energy continues to be the largest vertical with a share of 87.7% in revenues. However, in terms of unexecuted order book, its share has reduced from 61.0% to 42.0%. Within the vertical, the organisation is divided functionally into oil and gas, offshore and power.

**Table 3** gives the details of revenues and unexecuted order book position of these different segments within the energy sector in FY2014.

**TABLE 2** SECTOR-WISE FINANCIAL DETAILS OF THE GROUP (Rs. Crore)

	Energy	Infrastructure	Total
Order Backlog	8,498	11,724	20,222
% of Total	42.0%	58.0%	
Revenues	9,521	1,334	10,855
% of Total	87.7%	12.3%	

## OIL & GAS

This segment covers the onshore projects that includes work on field development, laying pipelines including cross-country pipelines, process plants and tanks & terminals. Within process plants, the Company caters to the need for capacity expansion with upgradation of

various units like Hydrogen and Hydrocracker, MSQ Upgradation, Coke Drum, simultaneously contributing to meeting stringent environmental directives. The Company has expertise in cryogenic tanks besides crude petroleum storage tanks. **Table 4** gives the global value of revenues and the unexecuted order book across the three core divisions of the Oil

and Gas segment namely - pipelines, tanks & terminals and process plants.

Regionally, the business is spread across three primary zones – South Asia, South-East Asia and Middle East and Africa (MEA).

## SOUTH ASIA

In line with the general industrial slowdown in India over the last few years, capital investments have reduced. The oil and gas sector has been no exception. In an environment of decision paralysis there have been few new projects and progress on projects under execution has also been hampered. In this environment, Punj Lloyd focused on execution with an objective of optimising cash flows for the Company.

In Tankage, some of the major projects under execution include:

- Process and Utility facilities at top side and inside cavern on EPCC basis for Indian Strategic Petroleum Reserves Limited located at Mangalore, Karnataka. Despite the location in an extremely tough terrain and heavy rainfall causing some delays, the underground activity is almost complete and the client has appreciated the progress. Mechanical completion is expected by October 2014.
- Of the several units related to the up-gradation of Mangalore Refinery, the Coke Drum Structure Package was commissioned in March 2014 and the project is expected to close in the early part of FY2015.

In pipelines, the Dabhol-Bangalore project was commissioned in February 2013. Some balance work and rectifications were carried out in FY2014 for completion.

The Vijaipur-Kota pipeline project for GAIL was completed in FY2014. Progress has been delayed in the two sections of Kochi-

**TABLE 3** FINANCIAL DETAILS OF THE ENERGY SECTOR VERTICAL – FY2014 (Rs. crore)

	Oil and Gas	Offshore	Power	Total
<b>Order Backlog</b>	6,372	611	1,515	8,498
<b>% of Total</b>	31.5%	3.0%	7.5%	42.0%
<b>Revenues</b>	5,674	1,695	2,152	9,521
<b>% of Total</b>	52.3%	15.6%	19.8%	87.7%

Kootanad-Bangalore-Mangalore pipeline due to non-availability of 'Right of Way' arising out of local issues.

The Company continues to bid in this segment where opportunity for new business in FY2014 was almost non-existent.

On the process front, the Company continued its progress with the two existing projects for Indian Oil Corporation Limited at Paradeep. The mechanical work of the Indmax unit worth Rs.135 crore is expected to close in 2014, while work on the 12 processing units on lump-sum turnkey basis worth Rs.1,135 crore is expected to be completed in June 2015. Punj Lloyd also secured a small third order worth Rs.17 crore for duct procurement and erection at this unit.

There were two successful orders secured during FY2014. These included:

- A contract worth Rs. 358 crore from Chennai Petroleum Corporation Limited to build the Sulphur Block of Residual Upgradation Project at its Manali

refinery near Chennai.

- Pure construction contract worth Rs. 275 crore for Reliance's Jamnagar refinery.

Apart from these execution related developments, Punj Lloyd also focused on contractually closing older projects. Positive developments on this front included successful closure of two projects – the Delayed Coker Unit for Vadodara refinery of IOCL, which had been completed in 2010 and the Motor Spirit Quality up-gradation project at the Barauni Refinery, which was completed in 2012.

## MIDDLE EAST

In the Middle East, on one hand, while several older projects were completed adding to the increased oil and gas pipeline infrastructure, on the other hand, there were few new projects started. Some of the projected pipelines in the gas transportation segment have been delayed due to a global

**TABLE 4** SEGMENTS OF THE OIL AND GAS SECTOR – FY2014 (Rs. crore)

	Pipelines	Tanks & Terminals	Process Plants	Total
<b>Order Backlog</b>	988	514	4,870	6,372
<b>% of Total</b>	4.9%	2.5%	24.1%	31.5%
<b>Revenues</b>	2,259	500	2,915	5,674
<b>% of Total</b>	20.8%	4.6%	26.9%	52.3%

fall in gas prices. While continuing to focus on execution, Punj Lloyd has made a strategic shift in terms of marketing. Given a cautious and selective approach in the last couple of years, the Company has not been contracted for any new project in FY2014 and has now focused on further improving internal efficiencies to be able to successfully compete in this market with more aggressive pricing. Also, there is now a greater focus on developing customer relationships to increase participation in negotiated contracts or projects where greater weightage is placed on credentials than only price.

The Company has successfully completed all the projects in Oman.

The execution updates on various projects are:

#### QATAR

- Polysilicon Project – Train 1 and 2 for There have been some delays in the project, which are not related to Punj Lloyd. On the positive side, engineering of both Train-1 and 2 is 95% complete and procurement 75%. Train - 1 is now planned for mechanical completion in FY15.

#### UAE

- EPC of Shah Gas Gathering Project – Package 1 for Abu Dhabi Gas Development Company Limited: This has moved from the engineering and procurement stage to the construction stage. The project is 90% complete and due for commissioning in FY15.
- Spiking project: The project is 99% complete and due for commissioning in FY15.
- ADCO tie-in Field Development : This has been a call-on / call-off project for 3 years and has been granted further extension till FY15.
- The erstwhile Simon Carves project for

Gulf Fluor: This project is 99% complete and due for commissioning in FY15. It includes construction of a sulphuric acid plant.

- The ENOC Project of Jet Fuel Tank Farm and Pipeline from Jebel Ali to Dubai International Airport: The terminal has achieved commissioning in FY14 and the pipeline is due for commissioning in FY15.

#### SAUDI ARABIA

**SATORP:** The port tank farm for Saudi Aramco and TOTAL, awarded to JV of Dayim Punj Lloyd has achieved commissioning in FY14.

**SP2:** The utility pipelines and export pipelines for Saudi Aramco and Sinopec are witnessing aggressive work on execution and are expected to be completed in FY2015 as client has awarded additional scope.

#### LIBYA

**TMGP & KTGP:** These two projects were under hold since the revolution started in Libya in February 2011. While the revolution is over, the current situation in Libya remains volatile with several security issues. The projects were 85% - 90 % complete. There have been several meetings to restart the projects. Recently, the client Sirte Oil Company has agreed on several pending issues with the Company and the projects are expected to restart soon.

#### SOUTH EAST ASIA

Relatively speaking, there is more activity in the Oil & Gas sector in this region compared to Punj Lloyd's other global markets. Having secured some good projects in FY2012, in the last two years, the Company has continued to lay emphasis on execution and timely delivery. This has helped strengthen relationships





with some of the key large customers who are the primary players in the region. While participating in regular tenders, the objective is to build and leverage the strength of these relationships to develop its business as these customers invest.

In Malaysia, work on the Sabah-Sarawak Gas Pipeline project for Petronas is 99% complete. Gas is already flowing but some work on compressor stations is still on. The project is expected to be closed in the third quarter of FY2015. The electro-mechanical onshore work for Vale Malaysia Minerals Sdn Bhd is over 90% complete and the Company is in an advanced stage of securing a small additional order in this project.

In Indonesia, the Sumpal Expansion Programme for ConocoPhillips has been completed. The pipeline project included onshore facilities and field development. In Singapore, for Shell's lube oil blending project, the foundation level has been completed and the project is expected to be closed in CY2015. Three other projects including the work at Jurong Aromatics Complex, the Infineum Singa Project for Chiyoda and the Lube Oil Tank Expansion project for ExxonMobil are on the verge of project closure.

For Myanmar-China Oil and Gas Pipeline, Punj Lloyd has been working on 200 km of the 450 km gas pipeline and 180 km of the oil pipeline. The gas pipeline was commissioned on 15th July 2013 and is under full commercial use by the owner of the pipeline. The work for oil pipeline is more than 90% complete and is targeted to be commissioned in the last quarter 2014. Punj Lloyd has also expanded to bidding in other countries of the region like Brunei and is continuing to push for new projects through its business development and marketing efforts. One does expect a healthy growth in the order book in the near future.

## OFFSHORE

Punj Lloyd has been providing engineering, procurement, fabrication and installation services of offshore wellhead and process platforms, including topsides and jackets, risers, submarine pipelines, underwater cables and single buoy mooring systems.

Given the overall emphasis of the Company to move into a less capital intensive business model, there has been a strategic shift in this division with greater emphasis on Punj Lloyd's core skills of project management, engineering and procurement. The Company is working on reducing the capital outlay in this division. The Company continued to focus on executing the large number of projects secured in FY2012. The update on the major projects being executed is:

- Gujarat State Petroleum Corporation Limited (GSPC) awarded a contract for submarine pipeline on lump-sum turnkey (LSTK) contract basis. The scope of work includes 20" OD pipeline (Approx. 24.5 km), 10" OD pipeline (Approx. 15 km), optic fibre cable and onshore work. After some initial environment related issues, the Supreme Court gave a go ahead order for Stage 1 of the project. Punj Lloyd is continuing with its work and has finished the mechanical part of the offshore contract and Gas-in has been achieved in May 2014. The Company has been able to successfully execute this landmark project with very proactive support from the Client. GSPC followed a very effective process to assess and settle the claims on account of extended stay while continuing to provide payment support to keep the progress of the project on track.
- WO-16 Cluster & SB-14 Pipeline Project - in Bombay High from ONGC. The scope includes laying of 122 km of submarine pipeline, risers and I/J tubes, modifications of existing facilities, hook-up, and testing. The project was hit by the unfortunate accident of one of the barges in operations. The barge has since been salvaged but due to pipes being lost and reordering of new line pipes, pipe laying will only commence in the next pre-monsoon season.
- British Gas awarded a prestigious offshore contract in the Panna oil and gas fields, offshore Mumbai, India, for the installation of Pipe Line End Manifold (PLEM), PLEM piles and 1.54 km of 12" dia pipeline and CALM buoy, replacing the existing Single Point Mooring system. The project was successfully completed and handed over to the client during FY2014.
- Composite work for laying of pipeline (onshore and offshore) for the project of LPG pipeline from BPCR/HPCR to Uran over 30 km for Bharat Petroleum Limited: While there continues to be some issues with claims settlement, Punj Lloyd has remobilised in March 2014 and is continuing with the project. The project is expected to be complete by the second half of CY2014.
- Installation of three compressor units for the platform compressor station on the PTT Riser Offshore Platform in Thailand: While around 96% of the project is completed there have been some extraneous factors that delayed the project substantially. The Company has demobilised and cost escalation issues are being discussed with the client.
- The Company commenced work on its first offshore contract in the Middle-East. The project is in Al Khafji, Saudi Arabia from AlKhafji Joint Operations. The project, worth Rs. 314 crore (USD 57.75 million), is impacted by



the change in laws and regulations in Kingdom of Saudi Arabia. At present work is progressing but the scheduled commissioning in September 2014 might be delayed.

- In May 2013, Punj Lloyd bagged the B-127 Cluster Pipeline Project in Mumbai from ONGC. The project is worth Rs. 730 crore. Punj Lloyd's scope of work will include detailed engineering design, surveys, procurement, fabrication, load out, tie down/sea fastening, tow-out / sail-out, transportation, installation, hook-up, pre-commissioning and commissioning of 115.50 km rigid submarine pipelines in 9 segments, relocation of existing single buoy mooring, installation of new PLEM along with anchor piles and topside modifications of four existing platforms. The project is delayed owing to issues outside of Punj Lloyd's control. The survey and engineering are complete and the procurement has started.

## POWER

### THERMAL POWER

#### SOUTH ASIA

The thermal power sector has been adversely affected by a range of issues including socio-economic, environmental and problems with coal linkages. Consequently, several new projects are stalled midway and there is a dearth of investments in this market. Punj Lloyd's focus was on execution of the orders in hand.

The major projects under execution include:

- Design, Engineering, Procurement, Construction and testing of balance of plant package (BOP) for 2x270 MW

Goindwal Sahib Power Project, Taran Taran, Punjab promoted by GVK group. Both the Units have been synchronised and some minor finishing work is left for project completion. The Full Load Trial runs of the Units will be achieved once the coal is available at site.

- Design, engineering, procurement of equipment, erection, testing and commissioning (ETC) of balance of plant packages, complete civil work on EPC basis for 2 x 300 MW Thermal Power Plant at Chandrapur, Maharashtra for Dhariwal Infrastructure Private Limited. The scope also includes the Erection of Boiler, Turbine, Generator and its Auxiliaries. All major milestones have been achieved for Unit-1, including the COD. Unit-1 has been running successfully on full load from March 2014 onwards. Unit-2 was synchronised to the grid in April 2014, achieved full load on coal in May 2014 and is ready to achieve COD.
- Engineering, Procurement and Construction project for BOP work and ETC of main plant equipment which includes Boiler, Turbine, Generator and its Auxiliaries for 2 x 300 MW Thermal Power project for CESC (Haldia Energy Limited) located in Haldia, India. Work has progressed well and the boiler light up for Unit-1 was completed in 29 months. Since then, the Boiler Chemical cleaning and steam blows for the Unit have been completed and Unit -1 is getting ready for synchronisation. Unit 2, boiler light-up is expected by the end of June -14 with a difference of 3 months after Unit-1 light-up.

Given the state of the industry in India, the thermal power group is now actively looking outwards for new orders. Consequently, work on developing markets strategically in Africa, South East Asia and the Middle East is on.

#### SOUTH EAST ASIA

The projects include:

- 2x30 MW Adaro Power plant in Indonesia. The project was commissioned in FY2014, and the units have been successfully running since then.
- 3x18 MW coal fired power plant at Sangatta, Indonesia for CEKIT Power Plant. This project is in an advanced stage of execution.

#### NUCLEAR POWER

As a source of power, nuclear is still a small percentage of India's capacity. However, the country remains committed to developing capacities in nuclear power. In fact, the Department of Atomic Energy has set targets of increasing nuclear power generation capacity to 10,080 MWe by the end of 2017 and 14,580 MWe by the end of FY2021.

On the execution front, the Company continued with its progress on both the packages - Primary Piping Package and Main Plant Nuclear Ventilation Package for 2 x 700 MWe KAPP Unit 3 and 4 in Gujarat and 2 x 700 MWe RAPP Unit 7 and 8 in Rajasthan. The projects are together worth Rs. 858 crore and were secured in FY2012 and FY2013 respectively. Engineering and procurement for these projects is at the completion stage. Manufacturing of most of the ordered items is in progress, while pipes and pipe fittings have been received at both sites. Delivery of equipment has also commenced. At the Kakrapar site, fabrication and erection of pipe spools is in progress, while at the Rajasthan site, infrastructure development work has been completed and prefabrication work of pipe spools has been started.

In the near term, one continues to expect some new opportunities. Preparatory works for approved units of Light Water Reactors at Kudankulam in Tamil Nadu and Jaitapur



in Maharashtra have made progress. The Government has given approval in principle for setting up indigenous PHWR reactors of 700 MWe at Karnataka, Haryana and Madhya Pradesh. For setting up of imported Light Water Reactors (LWRs) ranging between 1,000 MWe and 1,650 MWe, the government has in principle, given a nod for greenfield sites at Andhra Pradesh, Gujarat and West Bengal. Pre-project activities including land acquisition and environment impact assessment has already commenced for some sites.

Nuclear Power Corporation of India Limited will be announcing the EPC Packages for Kudankulam (Tamil Nadu), Jaitapur (Maharashtra) and Gorakhpur (Haryana) FY2015 onwards. Punj Lloyd will be actively bidding for major packages of these projects.

## CIVIL AND INFRASTRUCTURE

The civil and infrastructure development business has been steadily growing within Punj Lloyd's overall business portfolio over the last few years. The company is

executing projects in India, as well as in the MEA region.

Additionally, Sembawang, the Singapore based subsidiary, is one of the leaders in the Singapore market with an impressive portfolio of projects already executed. Sembawang is actively developing its business outside of Singapore and is exploring both Asia Pacific and the Middle-East.

Punj Lloyd Limited's infrastructure division, accounted for around 12.3% of the Company's total revenues by generating revenues of Rs.1,334 crore in FY2014. The segment has a much larger share of 58% in the Company's total order backlog, which is worth Rs.11,724 crore.

## INDIA

### HIGHWAYS

In the last few years, there has been a policy shift from cash contracts to arrangements based on public private partnership that involved toll or annuity based Build-Own-Transfer contracts. Given

the risk profile of such projects, Punj Lloyd has been less aggressive in bidding. The industry did witness aggressive bidding and several of these projects bagged by developers turned to be non-economical. Consequently, there have been projects where developers have withdrawn and implementation has not been as planned. In this light, there is a reverse trend to more EPC projects where Punj Lloyd will have more opportunities to bid.

In this environment, Punj Lloyd's stress was on execution.

On the execution front:

- The 140 km two-laning of the Khagaria-Purnea (Bihar) section of NH 31, which was taken on BOT basis by a Special Purpose Vehicle (SPV) of Punj Lloyd Infrastructure Limited (PLIL) and contracted to Punj Lloyd, was completed during FY2014.
- Three of the six packages in Assam for NHAI have been completed while the others are in different stages of completion and are likely to be completed by the end of FY2015. These projects are old due to being severely hampered by a long monsoon period of 8 months in a year and land acquisition issues continued to plague smooth construction as 'Right of Way' in some stretches has still not been handed over.

## BUILDINGS

Given the market opportunities, in the last couple of years, Punj Lloyd had increased its thrust on construction of buildings like hospitals, educational institutions, IT parks, residential buildings and commercial centres. This was also a segment where growth could be achieved with relatively lower fixed capital investments. While the order book is healthy, the Company has faced issues related to execution in several of these projects. Many of these delays





are due to external factors but some of it is also attributable to 'teething factors' for Punj Lloyd in developing core expertise in a new sector. In this backdrop focus was on completing and exiting projects.

During FY2014, the Company completed the Ascendas International Tech Park project in Pune. The main building of the Raipur medical college for AIIMS was completed and handed over to the client. It was officially inaugurated on 28 February 2014. The hostel and other related facilities are expected to be completed in FY2015. The Company is also in the advanced stage of completing the ASF IT Park – a SEZ located in Gwal Pahari, Gurgaon. The foundation stone for the Rs.1,300 crore Delhi Police Residential Complex at Dheerpur, Delhi was laid in July 2013. Pre-project activities have already started and work is expected to commence soon.

#### METRO AND HIGHWAYS

Punj Lloyd has been executing different sections in the Bangalore Metro Project across different lines and phases. In total, the company is constructing eight stations in three Reaches. During FY2014, the Company completed work on three elevated metro stations i.e. Rajajinagar, Kuvempu and Malleshwaram in Reach-3. The stations were inaugurated in February 2014. The three elevated metro stations namely Mysore Road Terminal, Deepanjali Nagar and Magadi Road Stations in

Reach-2 are expected to be completed by the end of the first half of FY2015. The company had already completed two stations i.e. M.G. Road and Trinity Circle Terminals in Reach-1. In addition to these, the Company also secured the project to build the Plaza building in MG Road, Bangalore as an addition to Reach 1. Work on this is in progress.

Given the expertise developed from the Bangalore Metro project, Punj Lloyd has identified rapid transport systems as a segment with good growth potential. The Company continues to develop competencies and bid for more work across India.

#### AIRPORTS

Punj Lloyd is executing work worth Rs. 264 crore for building a new airport at Pakyong, Sikkim. This project is regularly affected by heavy rainfall in the region, which has hampered progress. In addition, the project has been affected by certain local agitations. Consequently, the company has demobilised manpower and is set to return to work post the monsoon season to complete the project by middle of 2015.

#### MIDDLE EAST AND AFRICA (MEA)

Governments across this region have been emphasising on widespread social

and physical infrastructure development. Much of this is a reaction to the Arab Spring uprisings and the realisation of the need to meet the aspirations of the population at large. While this has led to several opportunities for infrastructure development companies, competition has also been intense. It has been imperative for Punj Lloyd to focus on internal efficiencies to bid competitively in the segment and garner projects. In fact, a key development for Punj Lloyd in FY2014 has been the emphasis of developing the entire civil and infrastructure business in international markets with a much more focused approach.

There have been positive developments both in terms of execution and business development. In the volatile Libyan market, Punj Lloyd reactivated the five infrastructure projects worth US\$ 812 million and commenced work on two of them. However, the push into Libya is not very aggressive and project progress is continuously monitored with the work being continued as long as the payments are received from the clients. No additional financial risks are being undertaken by Punj Lloyd.

The civil package of the Falcon project was successfully completed on time at rates lower than the market value with better margins. On the civil work for the Polysilicon project in Qatar, execution has been exemplary. The client has appreciated



the efforts and given the 'best team' award to Punj Lloyd while recommending the project manager to lead the entire project. Additionally, five levels of construction of the main production hall were completed in a record time of 33 days and overall 7 million safe man hours of construction work was achieved.

The Company also successfully secured two new orders:

- US\$ 540 million (LYD 665.7 million) new work order for the construction of integrated infrastructure work of Zliten City in Libya consisting of road work, sewage, storm water, drinking water, electricity, telecommunication and gas network for an area of 2,450 Ha for the Housing and Infrastructure Board, Libya.
- Letter of Award for the construction of 42 km, 2x3 lane dual carriageway project between Doraigh and Noubat Dokaim from Ministry of Public Works & Highways, Republic of Yemen. This project, valued at Rs.1,270 crore (USD 211.41 million), is funded by Saudi Development Fund (SDF). Located 60 km from the port city of Aden, the scope of work for this project comprises construction of 210 lane-km new carriageway greenfield project. The work involves excavation of over 10 million cubic meter, road paving, surface sealing, two major concrete overpass bridges, box and pipe culvert construction and associated infrastructure work.

#### **SEMBAWANG ENGINEERS AND CONSTRUCTORS PTE LIMITED**

Since its establishment in 1982, Sembawang has steadily grown to become one of the leading Engineering, Procurement and Construction companies of Singapore. Today, the Company is registered with the Singapore Building and

Construction authority as a Grade A1 category player for both general building and civil engineering work. This allows it to undertake projects of high value.

Over the last few years, Sembawang has spread its global presence outside of Singapore into Malaysia, Indonesia, Hong Kong SAR, the People's Republic of China, India, United Arab Emirates and Bahrain.

The Company specialises in handling a diverse spectrum of technologically complex projects in the niche areas of mega infrastructures, high-rise buildings and utility work, such as power and water plants. The group has world-class competency across a full range of engineering disciplines and is an established leading turnkey contractor capable of providing technology-based solutions and quality products and services. It is also able to undertake projects under the build-own-operate and the build-own-operate-transfer bases.

While enjoying a leadership position in its home market in Singapore, it has rich experience in other parts of South-East Asia and the Middle-East, which has

helped in achieving a strong reputation for its ability to execute state of the art construction methods and more importantly complete work on time. The Company offers a complete range of services including master planning, concept design, detailed engineering design, development management, construction management and main contracting.

With the successful completion of existing projects, Sembawang continued to deliver strong revenue. Since the second half of FY2013, the Singapore market has started witnessing strong cut-throat competition with aggressive entry of other Asian players. This has put severe pressure on securing new projects and maintaining margins. To combat this development, Sembawang actively continued to pursue growth opportunities in newer segments. The Company is also actively pursuing project management assignments for large projects in the Middle East.

Details of projects executed and under execution during FY2014 in the civil infrastructure and buildings segment are





given in **Table 5**.

Details of projects executed and under execution during FY2014 in the environmental work segment are given in **Table 6**.

## ENGINEERING

As Punj Lloyd evolves its business with a reoriented business strategy that lays considerable stress on internal processes and systems, the engineering business is expected to play a critical role in providing the organisation with a key competitive edge in the market.

In the last 8 years, Punj Lloyd Group has strongly focused in building best in class multi discipline engineering capabilities. The Company has developed its engineering competencies to not only support internal projects but to offer engineering services to external customers as well. The external work is done through its subsidiary, PL Engineering Limited (PLE), a full spectrum design and engineering company with multiple offices across the globe.

Today, the organisation provides services across industries including energy, petrochemicals, infrastructure and engineering products in defence and aerospace. With offices in Abu Dhabi, Manchester and Gurgaon and employee strength of more than 700 engineers, PL Engineering operates through a network of integrated multi-cultural delivery centres in India and abroad. This enables it to showcase its client facing technology offices with a world class cost competitive delivery centre in India.

It is focused on delivering value to all internal and external customers through value engineering, design incorporating

human factor engineering, safety and green technology. PL Engineering has constantly gone up the value chain by moving from detailed engineering to Front End Engineering Design (FEED) and Engineering, Procurement, Construction and Maintenance (EPCM). It has secured some contracts in these areas from customers like GAZPROM, Dow and Cairn Energy. In addition, PL Engineering aspires to become a technology company with significant intellectual property (IP) in areas of competencies such as LDPE and Petrochemicals.

PL Engineering had entered FY2014 with a modest order book and the Company

**TABLE 5** SEMBAWANG'S CIVIL INFRASTRUCTURE AND BUILDINGS PROJECTS EXECUTED/UNDER EXECUTION IN FY2014

Description of Project	Client	Approximate Original Contract Value
<b>Shatin Central Link (SCL), Contract 1106 Diamond Hill Station, Hong Kong</b>	MTR Corporation Ltd	SG\$ 260 million
<b>New Prison Headquarters for Changi Prison Complex, Singapore</b>	Singapore Prison Services	SG\$ 118.5 million
<b>McNair Towers in Kallang Whampoa precinct Contract C20C, Singapore</b>	Housing and Development Board of Singapore	SG\$ 106.6 million
<b>MRT Downtown Line 2 Contract C919, Singapore</b>	Land Transport Authority	SG\$ 378.2 million
<b>MRT Downtown Line 1, Contract C906, Singapore</b>	Land Transport Authority	SG\$ 463 million
<b>Resort World Sentosa Contract MC06, Singapore</b>	Resorts World Sentosa Pte Ltd	SG\$ 419 million

**TABLE 6** SEMBAWANG'S ENVIRONMENT WORKS PROJECTS EXECUTED/UNDER EXECUTION IN FY2014

Description of Project	Client	Approximate Original Contract Value
<b>Lower Seletar Waterworks, Singapore</b>	PUB	SG\$ 180.6 million
<b>Service and Maintenance Contract 2 at Changi Water Reclamation Plant, Singapore</b>	PUB	SG\$ 7 million



has successfully executed these orders resulting in a turnover of Rs. 192 crore in a tough environment. The Indian economic slowdown and limited opportunities globally has impacted scope for new projects and the business pipeline of PLE.

In spite of this, PL Engineering has succeeded in securing some key new orders in FY2014 and will be going into FY2015 with a strong order backlog. These include a large order from DOW and LDPE (USA). Additionally, the Company is aggressively pursuing a number of significant prospects, globally, with a reasonable chance of securing the orders. The Company has also intensified its business development efforts, by expanding the BD team globally. PL Engineering has also been empanelled with a number of significant National and International Oil Companies operating in Middle East, thus increasing opportunities to win business in the region.

PL Engineering also operates in the product engineering space through its JV named AeroEuro Engineering (India) Private Limited, a JV between PLE and GECI of France. Apart from working in Aerospace, Aeroeuro recently started product engineering design in the Defence sector.

PL Engineering continues to work on stabilising the order book with more emphasis on annuity type of businesses. The focus is on targeting mid-sized clients in Middle East, North Africa, Europe and America, who do not have their own captive engineering facility in India and providing them an ODC with a dedicated team of engineers. PL Engineering is also focusing on the 'Go Green' initiatives of the clients that stress on value engineering at the design stage for more energy efficient operations.

## OTHER BUSINESSES

In keeping with the Company's entrepreneurial drive, Punj Lloyd

continues to explore new opportunities and invest in businesses where it has competitive advantage in terms of financial strength, business linkages, internal skills or key relationships. The various activities are in different stages of their initial development phase. Together, these businesses have been classified as 'other businesses'. They include infrastructure, manufacturing & defence and upstream operations.

### PUNJ LLOYD INFRASTRUCTURE LTD

Punj Lloyd Infrastructure Limited (PLIL) was reoriented as the Project Development arm of Punj Lloyd Group in 2010 to leverage Punj Lloyd's core EPC strengths and extend the business to asset ownership. Since this business is highly capital intensive and has risks spread over a longer gestation period, PLIL's business portfolio has been cautiously developed with strong planning and project development skills to achieve higher profitability while minimizing its risk exposure.

Given the slowdown in activities across the infrastructure sector in India during FY2014, PLIL focused on executing existing projects and selectively bidding for new projects.

In terms of execution, PLIL through its wholly owned SPV, Khagaria Purnea Highway Project Limited (KHPL) has completed the NHAI Road project in Bihar, five months ahead of schedule. The work involves two-laning with paved shoulder of the Khagaria-Purnea section of NH-31 from 270 km to 410 km. This is being executed as BOT (Annuity) project on DBFOT basis under NHDP Phase III.

During the year, PLIL has secured a 20 MW solar power project in Punjab. It has executed a 25 year power purchasing agreement (PPA) with the Punjab State Power Corporation Limited. The company

has also secured financing for the project and completion of the project is envisaged during FY2014-15.

Today, the asset portfolio, projects completed and under development, of the company is around Rs 2300 crore. Going forward the company would selectively target projects in infrastructure and energy sectors domestically and in selected international geographies including Africa.

### MANUFACTURING AND DEFENCE

Punj Lloyd has set up a Manufacturing System Integration Division, which is a 65 acre facility at Malanpur, Gwalior (Madhya Pradesh). It is well equipped to carry out:

- Precision machining, welding & fabrication of aerospace and land system components of large bed size
- Assembly & system integration and testing
- Maintenance and repair for Defence system

While the unit caters primarily to the defence and aerospace sector, it also manufactures components for other engineering sectors like power and transportation to balance capacities and get optimal machine utilisation.

As a part of long term strategy the first phase of development included optimally organising the machine layouts and securing necessary accreditations. This stage was completed in FY2014 and today, the plant is accredited with ISO 9001 (Quality Management System), ISO 14001 (Environment Management System), OHSAS 18001 (Safety Management System), ISO 50001 (Energy Management) and AS9100C (Quality for Aerospace Standards).

The manufacturing division is now moving to the next phase of developing diverse manufacturing expertise, building a business development and execution team



and creating a strong vendor base to attain a high level of productivity. Punj Lloyd has focused on defence and aviation related PSU companies to generate a basic order book level. This has resulted in building strong relationships with companies like Hindustan Aeronautics Limited. The manufacturing business has also been extended to service some of the component manufacturing needs of Punj Lloyd's core construction business. To begin with, the focus has been on energy. The Company has worked for components primarily in nuclear power, wind power and hydro-power. It is also in the process of developing customer relations in the oil and gas, aviation, shipping and transportation systems.

In defence component and equipment manufacturing, Punj Lloyd intends to leverage the fact that there is capacity constraint amongst government entities and the armed forces are actively looking at developing indigenous manufacturing capability in the private sector. There are also opportunities expected as the offset clauses given in foreign supplier's contracts start getting implemented. These clauses impose a condition for local purchase of a certain percentage of components for any project. Punj Lloyd has recently signed an MoU with Fincantieri for meeting their offset obligations in India. Fincantieri is an Italian shipbuilding company, which had manufactured 'supply ships' for the Indian Navy.

In FY2014, the Company continued to actively focus on business development. In the Air Defence Gun upgrade programme, Punj Lloyd's product has cleared trial and commercial negotiations will begin shortly. It has submitted proposals for self-propelled air defence gun missile systems, wheeled APC and up-gradation programme for the 130mm barrel gun. The Company continues to engage with the DRDO, the Ordnance factories and other Public Sector Undertakings for defence related work. It has also responded to the programme for upgrading the MIG 29 of the Indian Air Force.

It has signed an MOU with an international OEM for developing warship components. Applications have also been made for licenses to augment defence capabilities and support shipbuilding.

### UPSTREAM OPERATIONS

Punj Lloyd Upstream was established in 2007 to cater to the business of oilfield services. With internationally experienced crew of drillers and technicians credited with completing complicated drilling programs in difficult and diverse terrain, Punj Lloyd Upstream has been operating two new US made onshore rigs. One of the rigs is deployed in Libya, the other is operating in Gabon.

While the revolution in Libya is over, the country continues to face regional, tribal,

and militia issues that have hampered the export of oil, which is the life and blood of the country and the predominant source of income for the nation. Consequently, the political uncertainty and lack of central authority on the ground has resulted in oil production reducing from highs of 1.6 million barrels a day to around 150,000 barrels a day. Against this backdrop of political uncertainty marred with intermittent violence and frequent halting of operations by oil companies, Punj Lloyd Upstream's rig, which was the first international rig to start production after the revolution, has not been operational on a regular basis for most of FY2014.

The other rig is operational at Gabon, Africa, where it is drilling for Oil India in the Shakti block. Punj Lloyd Upstream's efforts in Gabon have yielded to an oil discovery in Gabon for OIL, which is their first ever international discovery. The contract for drilling is extended to 2 more wells, and the contract ends in Q3 2014.

Punj Lloyd Upstream has high quality new assets, which have operated for 10-15% of their life span. While one expects compensation and a return to optimal production in Libya, the political turmoil remains uncertain. Punj Lloyd Upstream's contract in Libya ends in June 2014, and the company has bid this rig in various markets in Africa, Middle East and India.

Once operational on a continuous basis for 2-3 years, the return from operations is more than sufficient to pay back the debt on the books for purchasing the rigs, post which the rigs shall earn consistently high margins with no finance costs.

Punj Lloyd Upstream has recently been awarded a 2 year contract by OIL for operations in Assam, NE India. Going forward, given the sea-change in the dynamics of the drilling business in India, the company is extremely well positioned to deploy additional rigs in the market in

its quest to acquire a dominant leadership position in the oilfield services space.

## OPERATIONS : SUPPORT SERVICES

The Company's business operations are backed up by corporate support services. Some of these are outlined below.

## PROCUREMENT

Optimising the procurement function is seen as a key operational tool to further enhance the Company's efficiencies and compete in a difficult market.

The entire transformation is being done through a well-structured change management process. The objective is to create a strong central procurement team that has full-proof processes and controls to effectively source materials and services for the Company with minimum leakages.

To begin with, the work is underway to create an umbrella organisation under central procurement that will define policies and guidelines and provide supervisory control on all procurement team at the site. The entire basket of purchases has been divided into seven groups and optimal practices are being set up for each group. The systems and controls are being integrated into the IT system and will be implemented through the ERP platform. By the middle of FY2015 the entire vendor management to material delivery will be brought under this platform.

The process aims to build clear cut communication with team members in a stage-wise manner, strong follow up based on MIS, establishment of optimal SLAs with all external service providers and evaluation of outcomes with quantifiable deliverables. Much of this process is about changing the way of working and the transformation is being rolled out with active support of the HR function.

## HUMAN RESOURCE (HR)

Human Resources play a critical role in organisational success. At Punj Lloyd all HR policies and practices are completely aligned with the overall organisational strategy.

In order to gain competitive edge in the industry, all HR initiatives are aimed at developing the human capital to address critical business challenges and identify areas of opportunity and risk. Our key initiatives include:

The major initiatives include:

### CAPABILITY BUILDING

An important part of the HR function is to identify and bridge the gaps in skills and knowledge base of the Company's human resource to meet the business requirements. Punj Lloyd has well rounded capability development programmes that stress on training as well as talent development.

The training initiatives continued to be undertaken at all levels – for management level as well as for the skilled worker. On average, 1.54 man days per employee of training was imparted in FY2014. This covered a whole range of subjects like procurement, finance, project management, planning, contract, presentation skills, business writing skills, project risk evaluation, spiritual leadership and values workshops.

The key managerial programmes included Frontline Leadership Transition and Operational Leadership Transition programmes designed to equip middle and aspiring managers to face new challenges in the changing business environment. They also facilitated on the job learning and provided a unique opportunity to learn something beyond the assigned day to day responsibility.

Some of the flagship programmes

organised in FY2014 were : Advance Project Planning & Control and EPC Business Simulation. These programmes provided a detailed understanding of project planning, analysis and control and enhanced the business acumen of employees.

While most of the capability building programmes were classroom-based, there continued a plethora of HSE trainings at site like Fire fighting and prevention, Heat Stress, Insulation work, Working at Height, OHSAS Awareness, Safety in Scaffolding which were a mix of class-room and hands-on learning.

## ORGANISATION DEVELOPMENT

FY2013-14 saw increased stress on succession planning with workshops on individual development plan creation and coaching for employees across the globe. Employee Engagement: In order to enhance transparency and provide a platform for employees to voice their concerns, town halls were held with employees by the top management.

An online feedback desk called 'CEO Konnect' was established whereby any employee across the globe could directly voice their concern, query or suggestions to the CEO.

## HEALTH, SAFETY AND ENVIRONMENT (HSE)

At Punj Lloyd, HSE is internalized into day to day operations across all sites. The Company is committed to adopting the best in class HSE practices. The Company has certification for three management systems: OHSAS 18001:2007 - Occupational Health & Safety Management System, ISO 14001:2004 - Environment Management System and ISO: 9001-2008 - Quality Management System. Assurance for on ground practice and veracity of these standards is provided by periodic audits at projects conducted by a third party agency





- Det Norske Veritas. These audits are also undertaken at the corporate level.

An integrated management system manual has been approved and is now available for regular reference besides being available to all employees through a web based platform.

On the path of continual improvement, Root Cause Analysis approach was adopted for analyzing high potential incidents. The focus was given on the incident irrespective of its outcome. This helped to identify and correct the root causes of the incidents, as opposed to simply addressing their symptoms resulting in prevention of undesirable incidents from recurring.

In order to inculcate safety awareness amongst all, health safety tips and legal awareness tips were circulated to all project sites as well as corporate offices. Communication material i.e. banners, pledges and badges, are distributed at sites and corporate offices to create awareness on the occasion of World Environment Day, World AIDS Day and Safety Week.

Some client recognitions listed below compliment the initiatives and efforts made to achieve a safe working environment.

- The spiking gas compressor project achieved 5.0 million safe man-hours (Without LTI) on 17-04-2014
- The Qatar Polysilicon project achieved 11.5 million safe man-hours by

December 2013

- Myanmar - China Oil & Gas Pipeline and Stations project achieved 7 million safe man-hours without LTI
- Bhogat Tankage project achieved 5 million LTI free man-hours in April 2013.
- KSK Power Project in Chhattisgarh achieved more than 9 million LTI free man-hours in December 2013
- Paradip Indmax project achieved 5 million LTI free man-hours including best contractor award in HSE implementation and 1st prize in housekeeping competition.
- ISPRL project in Mangalore achieved 3 million LTI free man-hours in October 2013.
- MRPL-CDSP project in Mangalore achieved 6 million LTI free man-hours in March 2014.

### INFORMATION TECHNOLOGY (IT)

In order to enhance the role of IT as a business partner, the focus from FY2014 has been to reestablish strong controls in the system, which is in line with the management process change that is currently under way.

As a first step, all projects have been brought into the Oracle system with a budgetary control put in place. This system now automatically blocks out of

budget transactions. A dash board has been created across all projects to give a daily update on project status across select parameters for senior management to monitor, evaluate and take objectively informed actions.

From an approval hierarchy perspective, major changes have been institutionalised in the system and strong controls have been put from the leadership level. From a data leakage perspective, while copying files and sending out attachments are allowed, the system is made full proof through a continuous monitoring mechanism of all email info and data copying and external drives. Any suspect activity is immediately reported and explanations are sought from the person concerned.

These initiatives are also being supplemented with an awareness campaign to sensitise the employees on the role of IT as a business partner.

To support business prerogatives, inventory management has been initiated through the ERP system only for better tracking and controls. Small applications like a data repository for corporate communication or travel request and booking support systems have been developed that enhance the efficiency of day to day activities.

With a well-structured roadmap for IT at Punj Lloyd, the Company has placed an order with RAMCO systems for the HR management systems application. This will help manage and monitor people related transactions and activities right up to the site levels across geographies. As a next step, a re-implementation of the ERP system, to upgrade it to today's business needs is also being evaluated.

### CONSOLIDATED FINANCIAL PERFORMANCE

Punj Lloyd Group recorded a decrease in Gross Income by 3.6% at Rs. 11,174



crore as against Rs. 11,590 crore in the previous financial year. EBITDA reduced to Rs. 638 crore as compared to previous year EBITDA of Rs. 1,175 crore.

Increase in Financing Charges by 12.9% at Rs. 882 Crore over the previous year's figure of Rs. 781 further contributed to the loss of Rs. 548 Crore as against Rs. 7 Crore loss in the previous financial year

## RISK

Punj Lloyd executes infrastructure projects that often have long life cycles and there is exposure to a wide variety of different kinds of risks across this time frame. In addition to this, there are risks associated to operating in different geographies in terms of terrain, socio-political and engineering factors. In a competitive market environment like the one that prevails today, in order to secure projects and generate profits one needs to strike a very fine balance between returns and risks. In fact, proper identification and management of risks go a long way in determining the ability of the organisation to sustainably deliver projects on time and in line with customer expectations.

Consequently, management of risks is a very important part of Punj Lloyd's business. This is done at two levels. First, there is a macro perspective of risks charted out to define business strategy and influence decisions being undertaken at a strategic level. Second, risk management is an inherent and integral part of operations at Punj Lloyd, which governs the execution of each individual project. At both levels, the company has a robust risk management system that encompasses people, process and technology. However, these systems get periodically upgraded to meet business needs.

At the organisation level, there are clearly defined roles for the senior management in terms of timely identification, mitigation

and management of risks. Across the organisation, there are risk management teams which are responsible for managing and reporting of risks to senior management. Each project goes through a detailed risk evaluation and risks are tracked through the three stages of project lifecycle: sales decision process, bidding and estimation processes, and the project execution process. The risks are managed through an established process of risk management.

In today's environment, at a macro level, some of the major external risks affecting the Company are:

### MARKET RISKS

As the global economy recovers from the prolonged downturn, large ticket infrastructure spends will take time to kick in. Consequently, demand for construction service globally is down and in pockets where there is demand, one finds stiff competition from players trying to get most of a shrinking pie. Consequently, companies are exposed to significant market risks in terms of not securing orders or securing orders at very competitive prices that put pressure on margins.

### INTEREST PAYMENTS

Punj Lloyd's balance sheet does reflect a high debt component and the interest burden on account of the same consumes a high portion of the operating earnings of the Company. The Management is working on various fronts to lower the debt levels and bring down the interest burden. Interest rates continue to be at fairly high levels in the backdrop of a tough monetary policy adopted by Reserve Bank of India (RBI) to tackle inflation. Although indications suggest inflation is easing, the effect on interest rates will take time.

### LIQUIDITY

Today, the most difficult risk is that of a liquidity crunch. Faced with tough financial

conditions, most customers, including Government players are finding it difficult to make timely payments. Several contractual issues are getting dragged into arbitration or judicial intervention leading to a significant increase in claims. There are inordinate delays in claims' settlements; and these delays are locking-in a large chunk of the Company's capital.

With pressure on collections in an atmosphere where order book growth is affected and interest rates remain high, most construction companies like Punj Lloyd are majorly affected by issues related to liquidity. This is a vicious cycle where one of these external factors needs to ease out to sustain business. Internally, Punj Lloyd has been extending all its efforts to adopt a project delivery model that is as light as possible in terms of capital intensity with an effort to self-finance projects with efficient cash management. Special emphasis is being laid on improving contract management and dealing with claims.

### POLITICAL

In order to secure business in today's environment, the Company is entering into new markets in Africa, Middle East and Latin America. Many of these geographies have an inherent risk of socio-political uncertainty. While Punj Lloyd continuously evaluates such risks, it has to take certain calculated strategic decisions as many of these markets are where major infrastructure development is taking place and is lucrative business wise.

## INTERNAL CONTROLS SYSTEMS

In Punj Lloyd Limited, the Group Internal Audit Division along with outsourced audit partner KPMG, continuously monitors the effectiveness of the internal controls with an objective to provide to the Audit Committee, an independent, objective and reasonable assurance on the adequacy and

effectiveness of the organisation's risk management, control and governance process. Group Internal Audit Division develops an audit plan / schedule based on the risk profile of business activities are prioritised for audit accordingly.

The Audit Division also assesses opportunities for improvements in business processes, systems and controls; provides recommendation designed to add value to the organisation and follows up on the implementation of corrective actions.

The scope and authority of the Group Audit Division is derived from the Audit Committee. The audits are scheduled in a manner that audit plan is focussed on following objectives:

- All operational and related activities are performed efficiently and effectively
- Checking and verifying the key financial and operational controls
- Significant financial, managerial and operating information that is relevant, accurate and reliable is provided on time.
- Employees actions are in accordance with the company's policies and procedures, applicable laws and regulation
- Significant legislative and regulatory provisions impacting the organisation are recognised and addressed appropriately

The internal audit function works closely with the outsourced partner to develop internal financial & operational control framework and provide independent and objective assurance to the Audit committee and the Executive Management on the system of internal controls deployed in the group and provides a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance procedures.

## FUTURE OUTLOOK

While there will be some improvement in growth, economic conditions are expected to remain uncertain globally in the next 2 to 3 years. The global EPC market will remain highly competitive. While the order book has reduced, it is still at a fairly healthy level. FY2015 will witness revenue growth as the Company focuses on executing this order book. Successful completions and cash collections will be important in creating the cash flows necessary to sustain the diversified growth objective.

Punj Lloyd has already identified that there will be severe competition and pressures in securing new orders. It has launched a major internal efficiency improvement programme to create a lean organisation that can take on this competition. One expects tough decisions on the execution front as the Company gears to meet these challenges. Today, the Company has much greater internal improvement focus and the early signs are positive. These improvements will enable the Company to emerge from the economic downturn as a much better organisation ready to deal with opportunities of tomorrow.

Each vertical has specific opportunities and the Company is working on optimal methods of prospecting for these and turning them into long term revenues for the Company. One expects early signs of improvements in the infrastructure sector in India as the new Government takes office. However, the turnaround will take a little time. The Company remains cautiously optimistic about its prospects in FY2015.

## CAUTIONARY STATEMENT

The management of Punj Lloyd has prepared and is responsible for the financial statements that appear in this report. These are in conformity with accounting principles generally accepted in India and, therefore, include amounts based on informed judgments and estimates. Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. These have been based on current expectations and projections about future events. Wherever possible, the management has tried to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance. Such statements, however, involve known and unknown risks, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs and may cause actual results to differ materially. The management cannot guarantee that these forward-looking statements will be realised, although it believes that it has been prudent in making these assumptions. The management undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.







## CORPORATE SOCIAL RESPONSIBILITY

Punj Lloyd's business ethos has always focused on adopting sustainable practices and creating value for a wide spectrum of stakeholders. Many of these have been achieved through the Corporate Social Responsibility (CSR) initiatives. The slew of activities include interventions related to the environment, labour welfare, community development, social welfare and industry thought leadership. Many of the efforts have already been institutionalised and they continue to develop and reach out to a larger community. Some of these on-going CSR programmes include:

- Skill development through training
- Provision of high quality education
- Medical services including free health check-ups
- Building infrastructural support
- Preserving the local flora and fauna

In many ways, the Company's CSR programmes have been unique and pioneering efforts in their domain. In India, there have been several notable and impactful social activities undertaken at the Company's major sites. Most recently, at the Company's first solar power plant development in Bap (Western Rajasthan), Punj Lloyd had undertaken harvesting rain water through the construction of 'taankas' at select locations across the region. The Company has also developed 'Life Enrichment' a programme, which incorporates holistic approaches to healthcare, family planning, living conditions, nutrition and personal empowerment of the migrant workers at its project sites.

Punj Lloyd was the first company to fund the Indo-US Corporate Initiative for HIV/AIDS in Medicity, a multi-specialty medical institute in Gurgaon, India. The goal was

to launch an awareness campaign which aimed to arrest the spread of this deadly epidemic. Since then numerous HIV/AIDS prevention workshops have been held at the Company's sites across the globe. In FY2014, in addition to the ongoing interventions, the Company focused on two activities to generate meaningful impact.

### PROVISION OF HIGH QUALITY EDUCATION

Amongst the several social welfare initiatives, the largest and most socially encompassing is that of the holistic development of Sitamarhi in Bhadohi district of Uttar Pradesh, India. Punj Lloyd, through its CSR Partner, Pt. Kanahya Lal Dayawanti Punj Foundation, has almost exclusively adopted three villages Baripur, Narepar and Bankat around Sitamarhi. Apart from regular programmes for social and community development, there is specific focus on education and healthcare in the village. With a focus on rural education, Dayawanti Punj Model School (DPMS) in Sitamarhi stands out in terms of concept and

execution as a CSR project. Rather than providing basic education to children from local villages, this institution has aimed to create a centre of excellence with top level facilities that could develop a future leader in every child that gets educated here. In a small way, through this initiative, Punj Lloyd is attempting to create a model for rural education that can be extended to other parts of India.

In FY2014, the school continued to excel in scholastic and co-curricular activities.

On the academic front, all students of class X passed with first division, while for class XII, 92% passed with a first division. On extra-curricular activities, the students secured a host of awards. Some of the highlights include:

- National Science Talent Search Examination – 20 students had participated in the NSTSE. A student of DPMS bagged Gold Medal and ranked second at the State level
- All India "Dr. Radha Krishnan" General Knowledge competition – 10 students participated in the competition



DPMS SCHOOL TEACHERS





DPMS PRINCIPAL ACKNOWLEDGING AN ATHLETE FROM THE SCHOOL

organised by Shivaji Foundation Society, Jaipur. A student of Class X got Shivaji Meritorious Bronze Medal

- Two students of Class X won the 1st prize in National Young Environmentalists Conference-2013



DPMS STUDENTS AWARDED AT CBSE CLUSTER IV ATHLETICS CHAMPIONSHIP 2013

organised by the National Bal Bhavan, New Delhi

- Twenty five students had participated in General Knowledge Unified Cyber Olympiad organised by Unified Council Hyderabad. Nishu Soni of Class VII qualified for the second round with an All India Ranking of 265
- In the Smart Kid Olympiads organised by Silver Zone, New Delhi, the students of the school secured several top positions in varied subjects like General Knowledge, Hindi, Informatics, English, Mathematics and Science and won a total of 49 gold medals, 35 silver medals and 31 bronze medals

## SPORTS

- The students displayed their sporting spirit by winning a Bronze medal for the Under 19 category in CBSE 4th

Cluster Kho Kho Tournament 2013 organised by the Awadh International School Faizabad, UP. 32 schools had participated in the competition

- In various state level Taekwondo championships, the students of the school excelled and secured several gold, silver and bronze medals

Other accomplishments include:

- The students of Dayawanti Punj Model School successfully published the 1st ever tabloid by the name of 'Teen Spirit'
- 95 students received counselling focusing on issues such as career exploration, career change, personal career development and other career related issues
- Many students aspiring to become pilots in their careers were introduced to an Aero-modelling course
- 'Nitya Karma' was introduced to inculcate spiritual values in the children

## SKILL DEVELOPMENT

In FY2014 Punj Lloyd expanded its CSR Training focus to promote the concept of 'Productivity' across the construction industry workforce.

The construction industry, especially in developing countries like India, has always had to overcome the challenge of securing skilled manpower. In order to overcome this, Punj Lloyd had set-up the Craftsmen Training Institute (CTI) in Banmore, Madhya Pradesh in 2009. This not-for-profit venture has since been providing training to 100-150 people per year in the civil and mechanical functions.

While providing employment generating training is very important, in the light of stiff global competition and the need to implement projects under strict cost controls, there is a growing need for construction companies in India to adopt





AN ONGOING TRAINING AT CTI

and promote a culture of continuous productivity improvement. Unfortunately today, there is no concept of training on productivity improvement in the industry. Even tools for measuring productivity through well-defined parameters are absent. Add to this the non-availability of trainers who have a deep understanding of the subject.

In this backdrop, in FY2014 Punj Lloyd took another pioneering step to fill this void by adopting a CSR mandate of skill enhancement - providing productivity training to supervisors mobilised for various projects domestic and international. While this initiative will improve performance on Punj Lloyd's sites to begin with, it will have a much wider impact on the construction industry in India by setting standards and methods of promoting productivity improvement across infrastructure development projects in the country.

In FY2014, Punj Lloyd succeeded in taking the initial steps to fulfill this broad and wide objective.

First, it established a partnership with the Australian Vocational Training and Education Group to leverage Australian Government supported Technical and Further Education (TAFE) curriculum. This has helped leverage subject-specific teaching material that is well-known in the industry. Second, it has



18 MECHANICAL TRAINEES GRADUATED FROM CTI IN FEBRUARY, 2014

carefully recruited 8 trainers with over 15 years of experience each, to go through an intense 'train the trainer' curriculum in Civil and Mechanical trades. Third, it developed productivity training focused around planning, task management, team work and safety, with an emphasis on practical hands on experience. In FY2014, training was provided to 140 supervisors in mechanical and civil trades and who were then deployed at the Jamnagar Refinery project.

This intervention is expected to gather steam in FY2015 with focus on two critical areas. On one hand, the efforts will be aimed at increasing the reach of training

provided. On the other hand, work is on to set-up a productivity measurement the framework at each site to measure impact of training related to productivity. The plan is to extend training to a minimum of 1,000 supervisors and workers who will be deployed at various Punj Lloyd sites. Such a framework will be a 'first of its kind' and the development process is very challenging.

With this initiative, Punj Lloyd has a taken a leadership role in promoting productivity improvement in project execution across the construction industry in India.



CTI: FULFILLING THE REQUIREMENT OF SKILLED CRAFTSMEN IN THE INDUSTRY

## DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Sixth Annual Report and the audited accounts for the financial year ended March 31, 2014:

### FINANCIAL HIGHLIGHTS

The financial performance of the Company, for the year ended March 31, 2014 is summarized below:

(Rs. Crores)

Particulars	2013-14	2012-13
Total Revenue	8,511.09	8,592.99
Earnings Before Interest, Tax, Depreciation & Amortisation (EBIDTA)	1,027.92	937.54
Less: Finance Cost	771.15	679.53
Profit Before Tax, Depreciation & Amortisation	256.77	258.01
Less: Depreciation and Amortisation Expenses	244.76	227.88
Profit Before Tax (PBT)	12.01	30.13
Less: Tax expenses (net of deferred tax effect and Minimum Alternate Tax credit)	4.20	10.51
Profit After Taxation (PAT)	7.81	19.62
Add: Profit Brought Forward	954.52	934.90
Surplus Available for appropriation	962.33	954.52
Profit carried to Balance Sheet	962.33	954.52

### DIVIDEND

To conserve the cash resources, your Directors have not recommended any dividend on the equity shares for the financial year ended March 31, 2014.

### OPERATIONS REVIEW

While the focus has been on execution, slowdown in progress of projects due to external factors and the financial squeeze faced by construction companies, had an adverse impact on project work and revenues were affected. In this backdrop, the Company did take a more cautious approach in bidding for new projects, and the order backlog as on May 20, 2014 was Rs. 20,222 crore.

The Company achieved total revenues of Rs. 8,511 Crores in FY 2013-14 in comparison to Rs. 8,593 Crores in FY 2012-13. Earnings Before Interest, Tax, Depreciation and Amortisation (EBIDTA) increased by 9.6% to Rs. 1,028 Crores in FY 2013-14 in comparison to previous year. Finance costs rose to Rs. 771 Crores in comparison to Rs. 680 Crores in previous year. Profit Before Tax (PBT) stood at Rs. 12 Crores as against Rs. 30 Crores in previous year. Profit After Tax (PAT) reduced to Rs. 8 Crores in FY 2013-14 from Rs. 20 Crores in previous year.

### BUSINESS REVIEW

The Management Discussion and Analysis Section of the Annual Report presents a detailed business review of the Company.

### SUBSIDIARY COMPANIES

During the year, 3 new subsidiaries / step down subsidiaries were added; these are PL Surya Urja Limited, India, Punj Lloyd Aviation Pte. Limited and Reliance Contractors Private Limited, Singapore.

PT Contech Bulan, Sembawang Australia Pty Limited, Sembawang Tianjin Pte Limited, Sembawang Tianjin Heping Pte Limited, Sembawang Group Pte Limited and Christos Trading Limited ceased to be subsidiaries of the Company.

In accordance with the General Circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who is interested in obtaining the same.

The Annual Accounts of the subsidiary companies are available for inspection at the Registered Office of the Company and that of respective subsidiary companies between 11.00 a.m. to 1.00 p.m. on all working days. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

A statement in respect of each of the subsidiaries, giving the details of capital, reserves, total assets and liabilities, details of investment, turnover, profit before taxation, provision for taxation, profit after taxation and proposed dividend, if any, is attached to this report.

### HEALTH, SAFETY AND ENVIRONMENT (HSE)

The Company has internalized HSE into day to day operations across all sites. The Company is committed to adopting the best in class HSE practices. The Company has certification for three management systems: OHSAS 18001:2007 - Occupational Health & Safety Management System, ISO 14001:2004 - Environment Management System and ISO: 9001-2008 - Quality Management System. Assurance for on ground practice and veracity of these standards is provided by periodic audits at projects conducted by a third party agency - Det Norske Veritas. These audits are also undertaken at the corporate level. A detailed note on the HSE practices and initiatives by the Company is included in Management Discussion and Analysis Section of the Annual Report.

### DIRECTORS

Mr Luv Chhabra retires by rotation, and being eligible, offers himself for reappointment at the ensuing Annual General Meeting ("the AGM"). The Board of Directors recommends his appointment.

In terms of the provisions of the Companies Act 2013, Dr. Naresh Kumar Trehan, Mr. Phiroz Adi Vandrevalla, Ms. Ekaterina Alexandra Sharashidze and Mr. Maniedath Madhavan Nambiar, are retiring by rotation at the AGM and are proposed to be appointed as Independent Directors of the Company at the AGM for a period of five years with effect from the date of the AGM. Appropriate resolutions seeking your approval for the appointment of above persons as Independent Directors of the Company, forms part of the notice calling the AGM.

Mr. Puthucode Narayanswami Krishnan, was appointed as an Additional Director of the Company w.e.f. November 01, 2013. Mr. Krishnan will hold the office upto the date of the ensuing AGM. Appropriate resolution seeking your approval for the appointment of Mr. Krishnan as a Director of the Company, liable to retire by rotation, forms part of the notice calling the AGM.

Mr. Krishnan was also appointed as "Director – Finance" by the Board of Directors of the Company for a period of five years with effect from November 1, 2013 and he was redesignated as "Director Finance & Chief Financial Officer" by the Board of Directors in its meeting held on May 20, 2014. Appropriate resolution seeking your approval for the above appointment and payment of remuneration to him forms part of the notice calling the AGM.

Mr. Jayarama Prasad Chalasani, was appointed as an Additional Director of the Company w.e.f. January 31, 2014. Mr. Chalasani will hold the office upto the date of the ensuing AGM. Appropriate resolution seeking your approval for the appointment of Mr. Chalasani as a Director of the Company, liable to retire by rotation, forms part of the notice calling the AGM.

Mr. Chalasani was also appointed as "Director & Group CEO" by the Board of Directors of the Company for a period of five years with effect from January 31, 2014 and he was redesignated as "Managing Director and Group CEO" by the Board of Directors in its meeting held on May 20, 2014. Appropriate resolution seeking your approval for the above appointment and payment of remuneration to him forms part of the notice calling the AGM.

During the year, Mr Sanjay Gopal Bhatnagar and Mr. P K Gupta, ceased to be directors of the Company w.e.f. August 02, 2013 and December 31, 2013 respectively.

Brief resume of the Directors seeking appointment / re-appointment at the AGM, as required under Clause 49 of the Listing Agreement and Companies Act 2013, forms part of the Notice convening the AGM.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period under review;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

### EMPLOYEE STOCK OPTION SCHEME

The details as required to be provided in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time with regards to the Employee Stock Option Plan 2005 and Employee Stock Option Plan 2006 of the Company as on March 31, 2014 are given below.



Sl. No.	Particulars	ESOP 2005		ESOP 2006					
		Nov. 17, 2005	May 10, 2006	Oct. 30, 2006	Sept. 27, 2007	May 30, 2008	March 30, 2009	January 22, 2010	August 03, 2010
1	Total No. of options granted	3,217,445	771,040	1,491,050	30,000	40,000	30,000	30,000	30,000
2	Pricing Formula	Exercise price being at 10% discount to IPO price i.e. Rs. 630/- per share of Rs. 10 each. After split in face value of share from Rs. 10 to Rs. 2 per share, the exercise price adjusted to Rs. 126/- per share	Rs. 235.99 (being the market price as defined in SEBI guidelines)	Rs. 154.46 (being the market price as defined in SEBI guidelines)	Rs. 299.90 (being the market price as defined in SEBI guidelines)	Rs. 310.35 (being the market price as defined in SEBI guidelines)	Rs. 90.40 (being the market price as defined in SEBI guidelines)	Rs. 198.90 (being the market price as defined in SEBI guidelines)	Rs. 132.45 (being the market price as defined in SEBI guidelines)
3	Number of options vested	3,217,445	771,040	1,491,050	9,000	6,000	9,000	Nil	9,000
4	Number of options exercised	1,017,108	10,132	214,135	Nil	Nil	3,000	Nil	Nil
5	Total no. of shares arising as a result of exercise of options	1,017,108	10,132	214,135	Nil	Nil	3,000	Nil	Nil
6	Number of options lapsed	2,200,337	760,908	1,276,915	30,000	40,000	27,000	30,000	30,000
7	Number of options forfeited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
8	Variation in terms of options	None	None	The remuneration committee had in its meeting held on March 30, 2009 revised the period of exercise of stock options from 18 months to three years.	The remuneration committee had in its meeting held on March 30, 2009 revised the period of exercise of stock options from 18 months to three years.	The remuneration committee had in its meeting held on March 30, 2009 revised the period of exercise of stock options from 18 months to three years.	None	None	None
9	Money realized by exercise of options (Rs.'000)	128,156	2,391	33,075	Nil	Nil	271	Nil	Nil
10	Total No. of options in force as on 31st March, 2014	NIL	NIL	NIL	Nil	Nil	NIL	Nil	Nil
11	Grant to Senior Management								
	-Number of options	1,850,545	352,935	1,002,800	30,000	40,000	30,000	30,000	30,000
	-Vesting period	4 Yrs	4 Yrs	4 Yrs	4 Yrs	4 Yrs	4 Yrs	4 Yrs	4 Yrs
12	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year	Mr. V. K. Kaushik*, Options granted - 200,000	Mr. Pradeep** Kulshrestha, Options granted - 40,000	Mr. V. K. Kaushik*, Options granted - 75,000	Mr. Paul Birch***, Options Granted - 30,000	Ms. Pratima Ram****, Options Granted - 20,000	Mr. Aditya Vij*****, Options Granted - 30,000	Mr. Atul Pasricha*****, Options Granted - 30,000	Mr. S.S.Raju, ***** Options Granted - 30,000
13	Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

\* Ceased to be in employment w.e.f. 16.12.2009.

\*\* Ceased to be in employment w.e.f. 15.04.2010

\*\*\*Ceased to be in employment w.e.f 31.08.2010

\*\*\*\* Ceased to be in employment w.e.f 31.08.2010

\*\*\*\*\* Ceased to be in employment w.e.f 31.05.2011

\*\*\*\*\*Ceased to be in employment w.e.f 30.04.2010

\*\*\*\*\*Ceased to be in employment w.e.f 12.09.2012

## CORPORATE GOVERNANCE

As stipulated under Clause 49 of the Listing Agreements executed with the Stock Exchanges, the Report on Corporate Governance is annexed to this report and forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this report.

## CORPORATE SOCIAL RESPONSIBILITY

During the year, your directors have constituted the Corporate Social Responsibility Committee (CSR Committee) comprising Mr. Atul Punj - Chairman and Mr. Luv Chhabra and Mr. M Madhavan Nambiar as other members.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) and deciding the activities to be undertaken by the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

As stipulated under Clause 49 of the Listing Agreements executed with the Stock Exchanges, Management Discussion and Analysis Report, for the year under review, is presented in a separate section forming part of the Annual Report.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard (AS-21), Consolidated Financial Statements are attached and form part of the Annual Report.

## AUDITORS AND AUDITORS' REPORT

M/s Walker Chandok & Co LLP, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. In terms of Section 139 of the Companies Act, 2013, they can be appointed for a remaining term of three years starting from the conclusion of the ensuing Annual General Meeting until the conclusion of the Fourth consecutive Annual General Meeting of the Company (subject to ratification of their appointment at each Annual General Meeting).

The Company has received letter from the statutory auditors to the effect that their reappointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013 and that they are not disqualified for reappointment.

The observations of the Auditors have been fully explained in Notes 10, 13 and 14 in Annexure 1 to the Abridged Financial Statements and also Notes 36, 41 and 42 to the complete set of Financial Statements.

## INTERNAL CONTROL SYSTEM

The Group Internal Audit Division along with outsourced audit partner KPMG, continuously monitors the effectiveness of the internal controls with an objective to provide to the Audit Committee, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organisation's risk management, control and governance process. Group Internal Audit Division develops an audit plan / schedule based on the risk profile of business activities are prioritised for audit accordingly.

The Audit Division also assesses opportunities for improvements in business processes, systems and controls; provides recommendation designed to add value to the organisation and follows up on the implementation of corrective actions.

The scope and authority of the Group Audit Division is derived from the Audit Committee. The audits are scheduled in a manner that audit plan is focussed on following objectives:

- All operational and related activities are performed efficiently and effectively
- Checking and verifying the key financial and operational controls
- Significant financial, managerial and operating information that is relevant, accurate and reliable is provided on time
- Employees actions are in accordance with the company's policies and procedures, applicable laws and regulation
- Significant legislative and regulatory provisions impacting the organisation are recognised and addressed appropriately

The internal audit function works closely with the outsourced partner to develop internal financial & operational control framework and provide independent and objective assurance to the Audit committee and the Executive Management on the system of internal controls deployed in the group and provides a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance procedures.

## FIXED DEPOSITS

The Company has not accepted any fixed deposits from public, shareholders or employees during the year.

## PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees), Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to the Directors' Report.

## CONSUMPTION OF ENERGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The details as required under the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 are given as an annexure to the Directors' Report.

## ACKNOWLEDGEMENT

Your directors recognise and appreciate the efforts of all employees of the Company. Your directors would like to express their sincere appreciation for the continued co-operation and support received from shareholders, debenture holders, debenture trustee, bankers, financial institutions, regulatory bodies and other business constituents.

For and on Behalf of the Board of Directors

Atul Punj  
Chairman

Place: Gurgaon  
Date: May 20, 2014

**PARTICULARS OF EMPLOYEES REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2014**

Sl. No.	Employee Name	Designation and Nature of Duties	Remuneration (Rs.)	Qualification	Exp. (Yrs.)	Date of Commencement of Employment	Age (Yrs.)	Last Employment Held Before Joining The Company
<b>Employed through out the Year</b>								
1	Amit Jain	Senior General Manager	12,188,767	Master of Engineering - Environmental Engineering, Bachelor of Engineering - Civil	20	19-Jun-2000	46	RPG Transmissions
2	Amit Jashbhai Patel	Additional General Manager	7,233,600	MBA - Strategy & Finance	11	2-Sep-2012	34	SAIPEM
3	Ankarao Mylapalli	General Manager	7,064,879	AMIE - Mechanical Engineering	24	23-Mar-2011	47	Black Cat Construction Co. WILL
4	Arvind Kumar Singh	Additional General Manager	8,465,294	Master of Engineering - Civil	24	15-Sep-2010	48	TRF Ltd.
5	Ashis Bhattacharjee	General Manager	6,587,694	Diploma - Mechanical Engineering	23	25-Jan-2011	46	Kazstroy
6	Ashok Kumar Mohanty	Senior General Manager	10,082,180	PGD - Labour Laws & Personnel Management, LL.B	33	5-Sep-1989	56	L&T
7	Atul Jain	President & CEO	32,697,135	Bachelor of Engineering - Chemical	32	9-Jun-1982	53	Punj Lloyd Group
8	Bharat Kaul	Senior General Manager	11,090,306	Bachelor of Technology - Mechanical	19	20-May-2002	43	Kirlosker AAF
9	Dhulipala Purushotham	Additional General Manager	7,274,016	Bachelor of Engineering - Civil, Master of Technology - Civil, Diploma - Construction Management	23	2-Jun-2010	50	Consilium Qatar LLC.
10	Dinesh Thairani	Group President - Legal & CS	7,320,456	CS, LL.B	25	1-Mar-1994	49	Rama Paper Mills Ltd.
11	Jagpal Singh	Advisor	9,912,210	Bachelor of Engineering - Civil, LL.B	43	4-Jun-2010	69	EIL
12	Jeya Kumar Raghavan Kunka	Manager - QA/QC	6,605,663	Diploma in Mechanical Engineering	26	3-Feb-2011	45	MPN, Nigeria
13	Joseph Lennis Noronha	Additional General Manager	7,804,579	Bachelor of Engineering - Mechanical	31	18-Mar-2006	50	Galfar Engineering & Contracting Wll, Oman
14	Krishna Kumar Saha	Vice President	16,121,377	Bachelor of Engineering - Civil	30	1-May-1994	55	Neo Parisutan Pvt. Ltd.
15	Kuldeep Kumar Kohli	Group President - Corporate Affairs	14,587,430	LL.B	43	1-Apr-2012	60	Essar Group
16	Lalit Kumar Sati	Manager	8,824,992	Diploma - Industrial Electronics	32	20-Jan-2009	52	IPEDEX
17	Luv Chhabra	Director - Corporate Affairs	12,435,075	Bachelor of Technology, MBA	37	1-Jul-2001	58	KEC International Ltd.
18	Madhavan Thampi Sivasankar	General Manager	6,221,835	Bachelor of Technology - Mechanical, PMP	21	23-Jul-2011	46	DOPET
19	Meenu Bindru	Senior General Manager	12,297,120	Master of Science - Leadership & Strategy, MBA - Marketing & Finance, ICWAI	19	21-May-2012	44	Farah Leisure Parks
20	Narayanamoorthy Pethaperumal	Project Control Manager	6,119,068	Diploma - Mechanical Engineering	36	16-Sep-2009	59	DODSAL
21	Nishchal Kumar	Senior General Manager	10,595,370	Bachelor of Engineering - Mechanical	23	2-Apr-1996	44	Chambal Fertilizers
22	P N Krishnan	Director - Finance	21,235,069	M.F.M., LL.B, CS.	34	28-Feb-2013	56	Abhijeet Group
23	Pardeep Singh Tandon	President & CEO	29,930,496	B.Tech in Civil Engineering	38	2-May-2010	60	D.S.Construction
24	Perumal Raj	Vice President	14,828,880	Bachelor of Engineering - Mechanical, PGD - Business Management	25	30-Jan-2012	47	General Electric International INC





**PARTICULARS OF EMPLOYEES REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2014**

Sl. No.	Employee Name	Designation and Nature of Duties	Remuneration (Rs.)	Qualification	Exp. (Yrs.)	Date of Commencement of Employment	Age (Yrs.)	Last Employment Held Before Joining The Company
25	Prabalan Chandrasekara Pandian	General Manager - BD & Contracts	9,757,440	B.E. in Civil Engineering, MBA and M.S. in Project Management	23	9-Aug-2010	44	Nakheel-UAE
26	Raj Kumar Sharma	President - Defence	9,145,812	Bachelor of Engineering (Electronics), Msc. (Defence Studies)	37	30-Jan-2012	58	Northrop Grumman Electronics System
27	Rajeev Gupta	General Manager	6,034,495	Bachelor of Engineering - Mechanical	20	16-May-1995	43	Punj Lloyd Group
28	Ravindra Kansal	President & CEO	32,564,863	Bachelor of Engineering - Chemical	33	22-Nov-2005	54	IOB Ltd
29	Sandeep Maurya	General Manager	7,836,400	Bachelor of Engineering - Marine, MBA	14	5-May-2008	37	Sembawang E&C Pvt. Ltd.
30	Sarab Pal Singh	Sr. General Manager - Projects	13,282,944	B.E. in Civil Engineering, M.S. in Construction Project Management	26	1-Nov-2011	49	Target & Jima Const. Co.LLC
31	Satish Kumar Gupta	Vice President	13,939,910	Bachelor of Technology - Mechanical	44	3-Jan-2010	65	Bunduq Oil Producing Company
32	Shiva Santosh Kumar Boppana	Senior General Manager	10,863,834	Bachelor of Engineering - Mechanical, Diploma Piping Design & Engineering	17	11-Nov-2009	41	DODSAL
33	Simon Callaway	General Manager	15,458,104	Bachelor of Engineering - Chemical	22	17-Oct-2011	46	Genesis Projects Initiation Services
34	Subhashish Rakshit	Senior General Manager	10,561,056	Bachelor of Engineering - Mechanical	26	15-Jul-1998	48	Incorporated Engineers
35	Subir Singh Jain	Vice President	14,544,703	Master of Technology - Thermal Engineering, Bachelor of Engineering - Mech, PGD- Operations	24	1-Apr-2012	48	MS Alsuwaidi Industrial Services
36	Suryanarayana Nalli	Manager - Procurement & Contracts	8,680,320	Master of Business Administration	29	8-Jul-2012	52	Petrogas ENP India
37	Swaminathan Ravi	Construction Manager	6,209,280	BE Civil	23	19-Oct-2011	45	Redco Construction
38	Syed Mohammad Sarwar	General Manager	6,273,385	Bachelor of Engineering - Mechanical	26	26-Feb-2011	48	Toyo Engineering Company
39	V P Sharma	President	15,118,395	Diploma (MECH)	29	1-Apr-2008	52	Punj Lloyd Group
40	Vallabhbhai Gokalbhai Patel	Additional General Manager	6,819,956	Bachelor of Engineering - Civil	36	3-Sep-2006	61	Dynamic General Contracting
<b>Employed for Part of the Year</b>								
1	Amer Ahmed Saleh	Business Development Advisor	4,571,230	B.S Industrial Engineering	40	7-Aug-2013	65	The Sandi Group
2	Anil Kumar	Additional General Manager - Estimation	3,154,672	B.E. Civil Engineering	27	12-Nov-2013	52	AL Darwish Engineering W.L.L
3	Antonio Roquim Neto	Executive Vice President - Strategic Initiatives	3,953,926	Bachelor of Business Administration	7	20-Feb-2014	37	Construtora OAS S.A
4	Arun Kumar Choudhary	Advisor	10,034,496	Bachelor of Engineering - Production	39	6-Mar-2011	65	EIL
5	Ashok Wadhawan	President	4,131,608	PGDBM, B.E. Mechanical	18	6-Jan-2014	44	GE India Industrial Pvt.Ltd.
6	Atul Sharma	Senior General Manager	7,621,672	Bachelor of Engineering - Production	22	16-Dec-2008	48	Utility Powertech

**PARTICULARS OF EMPLOYEES REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2014**

Sl. No.	Employee Name	Designation and Nature of Duties	Remuneration (Rs.)	Qualification	Exp. (Yrs.)	Date of Commencement of Employment	Age (Yrs.)	Last Employment Held Before Joining The Company
7	David Fraser	Additional General Manager	6,114,426	Bachelor of Engineering, MAPM, Accredited IPMA	16	15-Jun-2012	40	United Utilities
8	Deepa Kapoor	CSR Leader	5,494,486	MBA	21	20-May-2013	46	Genpact
9	Deepak Saxena	Senior Manager	1,240,649	Master of Technology - Civil	12	10-Mar-2011	34	KSS Group
10	Dr. Aneesuddin Ahmed Khaja	Manager	1,861,726	Bachelor of Engineering - Electrical	24	24-Sep-2013	57	AICCO (ARAMCO)
11	George Stanley Stanislaus	Senior General Manager	1,697,452	Bachelor of Engineering - Mechanical	24	10-Apr-2011	48	A A Turkey Group
12	Grish Sardana	General Manager	3,441,012	Diploma - Mechanical Engineering	25	11-Dec-2011	47	Topaz Energy
13	Gora Chand Basu	Advisor	4,046,486	BSC. Civil Engineering	41	8-Jan-1996	65	Bridge And Roof Co. (I) Pvt. Ltd.
14	Harish Kumar	President New Market Development	4,497,603	Master in Development Management	33	1-Oct-2013	57	SKIL Group of Companies
15	Jayarama Prasad Chalasani	MD & Group CEO	4,974,080	B.E. Mechanical	35	31-Jan-2014	57	Reliance Power Ltd.
16	John Mc Cafferty	Chief Construction Manager	7,170,405	Diploma - Mechanical Engineering	10	4-Aug-2013	53	SNC Livanin
17	Jon Paul Mathis	Manager - Commissioning & Training	4,616,122	Liberal Art	26	30-Sep-2013	57	SEMI China
18	Kaipathy Ramanathan Venkatramani	Manager - Sub Contracts	5,814,006	Bachelor of Engineering - Electrical	33	1-May-2013	57	Chennai Petroleum Corporation Ltd
19	Madhu Varma K	Senior Manager - HR/Admin	4,608,367	Master of Arts - PPM, Bachelor of Science - Electronics	17	7-Dec-2008	43	DODSAL
20	Namit Kapoor	President - Group HR	5,984,017	Bachelor of Science (Hons), MBA	21	1-Nov-2011	44	Consultant, Duke Corporation Education
21	Navin Subbaya	General Manager	2,929,706	Bachelor of Engineering - Civil	26	26-Apr-2011	50	Kaztroy
22	Nitin Kumar Mishra	Sr. General Manager	1,547,146	Bachelor of Engineering - Mechanical	19	15-Sep-1995	49	Punj Lloyd Group
23	P K Gupta	Whole Time Director	16,778,663	Bachelor of Engineering - Mechanical	40	1-Apr-2010	62	Simon Carves
24	Pankaj Kumar Agarwal	Senior General Manager - Project	9,950,022	Master of Technology - Structural, Bachelor of Science - Civil	31	3-Oct-2012	54	Kazstroy Services
25	Prakashkumar Dattubhai Jagtap	Senior Engineer	2,561,152	Bachelor of Engineering - Chemical	23	15-Jun-2013	45	Petrofac
26	Rajendra A Khandalkar	President & CPO	939,696	B.E. Mechanical, Diploma in Materials Management	30	10-Mar-2014	52	Reliance Power Ltd.
27	Raju Kaul	President	10,291,512	C.A., MBA-Finance	31	3-Oct-2011	54	IL&FS
28	Ravinder Batra	Vice President	1,613,756	Bachelor of Engineering - Mechanical	37	12-Mar-2012	62	EIL
29	Sailem Al Madani	Area Construction Manager	1,406,770	Bachelor of Science - Mechanical	37	21-Apr-2013	64	Qatar Petroleum
30	Sanjay Kumar Goyal	Vice President	3,302,007	Bachelor of Engineering - Civil	28	18-Nov-2013	39	CEC



**PARTICULARS OF EMPLOYEES REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2014**

Sl. No.	Employee Name	Designation and Nature of Duties	Remuneration (Rs.)	Qualification	Exp. (Yrs.)	Date of Commencement of Employment	Age (Yrs.)	Last Employment Held Before Joining The Company
31	Shabu Earnest Veloor Joy	Civil Infrastructure Operations Leader	5,292,000	B.E (Civil)	27	1-Jul-2013	49	Tecton Engineering & Construction
32	Shivendra Kumar	President	17,688,803	B.Tech, M.Tech(Cheical Engg.)	36	1-Jun-2010	62	Tyco International, USA
33	Sreeram Srinivas	Manager	6,154,039	Bachelor of Engineering - Mechanical, Oshas, ASNT LI (RT, UT, MT, PT), ISO 9001 Lead Auditor	27	28-Jul-2009	49	Nippon Steel
34	Srinivas Moka	Business Development Leader	6,301,269	Master in International Business	18	15-Sep-2013	42	Intershore Africa Durban, SA
35	Sudhir Keshav Deodhar	Additional General Manager	1,545,264	Diploma - Mechanical Engineering	32	6-Jul-2010	56	Tebodin & Partner
36	Sundar Ramachandran	Vice President - IT	1,388,682	Msc. Statistics	21	6-Jan-2014	43	Jsoft Solutions Ltd.
37	Tara Prasad M	Advisor	11,137,103	Licenceate - Mechanical	42	28-May-2009	65	Gammon India Limited
38	Venkateswara Rao Yalamanchili	Manager - Procurement Assurance	2,335,850	Diploma - Metallurgical Engineering	44	16-Nov-2013	64	NOCL - Chennai
39	Vinod Sehdev	Senior General Manager - Projects	4,519,603	Diploma in Civil Engineering	30	1-Jul-2013	51	D.S.Construction

**Notes :**

1. Remuneration includes salary, allowances, commission, taxable value of perquisites, Company's contribution to Provident Fund and Superannuation Fund.
2. The above employees are/were whole time employees of the Company.
3. The conditions of employment of the Director & Group CEO, Director (Corporate Affairs) and Director Finance are contractual.
4. None of the employees is a relative of any Director.

For and on behalf of the Board

Place : Gurgaon  
Date : May 20, 2014

Atul Punj  
Chairman



**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****A. CONSERVATION OF ENERGY**

Being in the construction industry, the provisions of Section 217(1)(e) of the Companies Act, 1956 in respect of total energy consumption and energy consumption per unit of production do not apply to the Company. Accordingly, these particulars have not been provided.

**B. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(a) Activities relating to export initiatives taken to increase exports, development of new export market for product and services and export plans:

The Company continues its focus on project exports in the Middle-East and Asia Pacific region. With large natural resources and need for improvement in socio economic conditions in the African continent, the Company is pursuing projects in Energy and Infrastructure sectors in some countries in the African continent that have a stable political environment. Expanding its footprint, the Company is forging strategic alliances for undertaking oil & gas and infrastructure projects in some Latin American countries.

(b) Total Foreign Exchange Used and Earned

(Rs. Crores)

<b>Used</b>	
Project material consumed and cost of goods sold	1,034.70
Employee benefits expense	17.77
Foreign branches/unincorporated joint venture expenses	3,378.95
Finance cost	49.47
Contractor charges	346.92
Site expenses	0.24
Freight and cartage	2.59
Hire charges	58.00
Rates and taxes	1.54
Insurance	0.73
Consultancy and professional	36.39
Travelling and conveyance	53.85
Miscellaneous	7.36
<b>Earned</b>	
Contract revenues	4,442.50
sales of trade goods	872.59
Hiring charges	13.22
Interest received	5.60
Management services	78.00
Others	14.72

For and on behalf of the Board

Place : Gurgaon  
Date : May 20, 2014

Atul Punj  
Chairman

# CORPORATE GOVERNANCE REPORT

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's corporate governance philosophy is founded on the principles of fair and transparent business practices. The governance structures are created to protect the interests of and generate long term sustainable value for all stakeholders – customers, employees, partners, investors and the community at large. The business is governed and supervised by a strong Board of Directors and together with the management they are committed to uphold the principles of excellence across all activities. The Company is compliant with the latest provisions of Clause 49 of the Listing Agreement, as amended from time to time.

## DATE OF REPORT

The information provided in the Report on Corporate Governance for the purpose of uniformity is as on March 31, 2014. The Report is updated as on the date of the report wherever applicable.

## BOARD OF DIRECTORS

### COMPOSITION OF THE BOARD

As at March 31, 2014, the Board consists of 8 Directors, half of which are Independent Directors. The Executive Chairman of the Board of Directors is a Promoter Director. The composition of the Board satisfies the conditions of the Listing Agreement executed with the Stock Exchanges.

**Table 1: Composition of the Board of Directors as on March 31, 2014**

Name of the Director	Category
Mr. Atul Punj	Promoter, Executive
Mr. J P Chalasani	Executive
Mr. Luv Chhabra	Executive
Mr. P N Krishnan	Executive
Dr. Naresh Kumar Trehan	Independent
Mr. Phiroz Vandrevalla	Independent
Ms. Ekaterina Sharashidze	Independent
Mr. M Madhavan Nambiar	Independent

There are no inter-se relationships amongst the board members.

## BOARD MEETINGS

During the year, the Board of the Company met 4 times on May 10, 2013, August 02, 2013, November 01, 2013 and February 14, 2014. The maximum gap between any two Board meetings was less than four months. Meetings are usually held at Corporate office I, at 78 Institutional Area, Sector 32 Gurgaon 122001, India.

The agenda papers and detailed notes are circulated to the Board well in advance of every meeting, where it is not practicable to attach any document to the agenda, then same is placed before the Board at the meeting and in special circumstances, additional items on the agenda are taken up at the meeting. In case of business exigencies or urgency of matters, resolutions

are passed by circulation and same is placed before the Board in the next meeting.

Video conferencing facilities are used, as and when required, to facilitate directors to participate in the meetings.

The Board is given presentation on the operations of the Company covering all business areas of the Company, inter alia marketing, sales, health safety environment, finance, internal audit, litigations, risk management, major business segments, business environment, business opportunities and overview of all divisions and departments, including performance of the business operations of major subsidiary companies, before taking on record the quarterly / annual financial results of the Company.

## INFORMATION SUPPLIED TO THE BOARD

Among others, information supplied to the Board includes:

- Annual operating plans and budgets and any update thereof
- Capital budgets and any updates thereof
- Quarterly results for the Company and operating divisions and business segments
- Minutes of the meetings of the Audit Committee and other Committees of the Board
- Information on recruitment and remuneration of senior officers just below the level of the Board, including the appointment or removal of Chief Financial Officer and Company Secretary
- Materially important show cause, demand, prosecution and penalty notices
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company
- Certificate by the respective Heads of Departments/Projects regarding compliance with the statutory laws
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.
- General notices of interest of Directors
- Minutes of the Board meetings of unlisted subsidiary companies

**DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS****Table 2: Attendance of Directors at Board Meetings during the year, last Annual General Meeting and details of other Directorship and Chairmanship /Membership of Committees of each Director :**

Name of the Director	No. of other Directorships <sup>1</sup>	No. of Board level Committee memberships / Chairmanships in other Indian public companies		Attendance Particulars <sup>3</sup>		
		Member <sup>2</sup>	Chairman <sup>2</sup>	No. of Board Meetings		Attendance at last AGM
				Held	Attended	Attended
Mr. Atul Punj	9	2	5	4	4	Yes
Mr. J P Chalasani (Since January 31, 2014)	2	1	0	1	1	N.A.
Mr. Luv Chhabra	7	3	1	4	4	Yes
Mr. P N Krishnan (Since November 1, 2013)	0	0	0	1	1	N.A.
Dr. Naresh Kumar Trehan	1	0	0	4	4	Yes
Mr. Phiroz Vandrevalla	2	0	0	4	4	No
Ms. Ekaterina Sharashidze	0	0	0	4	1	No
Mr. M Madhavan Nambiar (Since June 10, 2013)	5	3	0	3	3	No
Mr. Sanjay Gopal Bhatnagar (Upto August 2, 2013)	N.A.	N.A.	N.A.	1	1	No
Mr. Pawan Kumar Gupta (Upto December 31, 2013)	N.A.	N.A.	N.A.	3	3	Yes

**Notes:**

1. The Directorships held by Directors as mentioned above do not include Punj Lloyd Limited, alternate directorships and directorships in foreign companies, companies registered under Section 25 of the Companies Act, 1956 and private limited companies.
2. In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees and Stakeholders Relationship Committee / Shareholders' / Investors' Grievance Committees of all public limited companies (excluding Punj Lloyd Limited) have been considered.
3. Includes Attendance, if any, through Video Conferencing facilities, provided to the directors to facilitate participation in the meetings.

**BOARD INDEPENDENCE**

In compliance with Clause 49 of the Listing Agreement with the stock exchanges, half of the Board of Directors of the Company, i.e. 4 out of 8, comprises of Independent Directors. An Independent Director means a person who is not an officer or employee of the Company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with the Company which, in the opinion of our Board of Directors, would interfere with the exercise of independent judgement in carrying out the responsibilities of a Director. The Company does not have any pecuniary relationship with any non-executive or independent director except for payment of commission, sitting fee and reimbursement of travelling expenses for attending the Board meetings. No sitting fee is paid for attending the meetings of any Committee.

The details of all remuneration paid or payable to the Directors are given in Table 3A.

**Table 3A: Remuneration paid or payable to Directors for the year ended March 31, 2014**

Name of the Director	Salary	Sitting Fees	Perquisites	Performance Incentive	Deferred Benefits (PF & Superannuation)	Commission	Total
Mr. Atul Punj	-	-	68,75,123	-	-	-	68,75,123
Mr. J P Chalasani (Since January 31, 2014)	46,84,711	-	5,700	-	6,24,072	-	53,14,483
Mr. Luv Chhabra	1,13,29,707	-	-	-	25,64,933	-	1,38,94,640
Mr. P N Krishnan (Since November 1, 2013)	89,98,475	-	-	-	4,17,255	-	94,15,730
Dr. Naresh Kumar Trehan	-	40,000	-	-	-	-	40,000



Name of the Director	Salary	Sitting Fees	Perquisites	Performance Incentive	Deferred Benefits (PF & Superannuation)	Commission	Total
Mr. Phiroz Vandrevalla	-	40,000	-	-	-	-	40,000
Ms. Ekaterina Sharashidze	-	10,000	-	-	-	-	10,000
Mr. M Madhavan Nambiar	-	30,000	-	-	-	-	30,000
Mr. Pawan Kumar Gupta (Upto December 31, 2013)	1,67,70,263	-	-	-	10,80,000	-	1,78,50,263
Mr. Sanjay Gopal Bhatnagar (Upto August 2, 2013)	-	10,000	-	-	-	-	10,000

The details of Current Service Tenure, Notice period and Severance Fees of Executive Directors are given in Table 3B.

**Table 3B: Details of Current Service Tenure, Notice period and Severance Fees of Executive Directors:**

Name of the Director	Current Tenure and last re-appointment date	Notice Period / Severance Fees
Mr. Atul Punj	5 years; July 1, 2013	3 Months Notice or Basic Salary in lieu thereof.
Mr. J P Chalasani	5 years; January 31, 2014	-do-
Mr. Luv Chhabra	5 years; July 1, 2011	-do-
Mr. P N Krishnan	5 years; November 01, 2013	-do-

The details of Stock option to Directors are given in Table 4.

**Table 4: Details of Stock Option to Directors as on March 31, 2014**

Name of the Director	Total No. of Options	Options vested till 31 March 2014	Options Exercised till 31 March 2014	Exercise Price per share (Rs.)	Options still unvested
<b>ESOP 2005</b>					
Mr. Luv Chhabra	135,000	135,000	81,000	126.00	Nil
<b>ESOP 2006</b>					
Mr. Luv Chhabra	60,000	60,000	18,000	154.46	Nil

Note: Each option gives the holder a right to one equity share of the Company. All the vested options under ESOP 2005 and ESOP 2006 other than options exercised stand lapsed as on March 31, 2014.

#### SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

Details of the shares of the Company held by Non-Executive Directors are given in Table 5.

**Table 5: Details of Shares held by Non-Executive Directors as on March 31, 2014**

Name of the Director	No. of Shares Held (face value of Rs. 2/- each)
Dr. Naresh Kumar Trehan*	4,000
Mr. Phiroz Vandrevalla	5,000
Ms. Ekaterina Sharashidze	-
Mr. M Madhavan Nambiar	-

\*Held jointly with others

As on March 31, 2014, none of the Non-Executive Directors held any convertible instruments of the Company.

## COMMITTEES OF THE BOARD

### AUDIT COMMITTEE

The particulars of Composition, Meetings and Attendance records of the Audit Committee are given in Table 6.

**Table 6: Particulars of Composition, Meetings and Attendance records of Audit Committee**

Name of the Members	Status	Category	No. of meetings attended	Dates on which Meetings held
Dr. Naresh Kumar Trehan	Chairman	Independent	4 out of 4	10 <sup>th</sup> May, 2013
Mr. Phiroz Vandrevale	Member	Independent	4 out of 4	2 <sup>nd</sup> August, 2013
Ms. Ekaterina Sharashidze	Member	Independent	1 out of 4	1 <sup>st</sup> November, 2013
Mr. Sanjay Gopal Bhatnagar (Upto August 2, 2013)	N.A.	N.A.	1 out of 1	14 <sup>th</sup> February, 2014

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. All members of the Audit Committee have accounting and financial expertise.

The Director Finance & Chief Financial Officer and representatives of the statutory auditors and internal auditors are regularly invited by the Audit Committee to its meetings. Mr. Dinesh Thairani, Company Secretary, is the secretary to the Committee.

The constitution of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956, read with relevant provisions of the Companies Act 2013 as well as that of the Listing Agreements.

The functions of the Audit Committee of the Company include the following:

Pursuant to the provisions of the Companies Act, 2013 and the rules made thereunder, and Clause 49 of the Listing Agreement, the terms of reference, roles and responsibilities of the Committee were restated :-

Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

Recommendation for appointment, remuneration and terms of appointment of auditors of the company;

Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

Reviewing / Examining, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
- Changes, if any, in accounting policies and practices and reasons for the same
- Major accounting entries involving estimates based on the exercise of judgment by management
- Significant adjustments made in the financial statements arising out of audit findings
- Compliance with listing and other legal requirements relating to financial statements
- Disclosure of any related party transactions
- Qualifications in the draft audit report

Reviewing, with the management, Annual / Quarterly financial statements before submission to the board for approval;

Monitoring /Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue,

etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

Review and monitor the auditor's independence and performance, and effectiveness of audit process;

Approval or any subsequent modification of transactions of the company with related parties;

Scrutiny of inter-corporate loans and investments;

Valuation of undertakings or assets of the company, wherever it is necessary;

Evaluation of internal financial controls and risk management systems;

Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

Discussion with internal auditors of any significant findings and follow up there on ;

Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

To review the functioning of the Whistle Blower mechanism;

Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Committee shall have such powers and rights as are prescribed under the provisions of the Listing Agreement and the Companies Act, 2013 and the rules made thereunder, as notified or may be notified from time to time.

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews :

Management discussion and analysis of financial condition and results of operations.

Statement of significant related party transactions (as defined by the Audit Committee) submitted by management.

Management letters/letters of internal control weaknesses issued by the statutory auditors.

Internal audit reports relating to internal control weaknesses.

The appointment, removal and terms of remuneration of the chief internal auditor.

In addition, the Audit Committee of the Company is also empowered to review the financial statements, in particular, the investments made by the unlisted subsidiary companies.

The Audit Committee is also apprised on information with regard to related party transactions by being presented:

A statement in summary form of transactions with related parties in ordinary course of business.

Details of material individual transactions with related parties which are not in the normal course of business.

Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

### NOMINATION AND REMUNERATION COMMITTEE

In accordance with the provisions of the Companies Act, 2013 and the rules made thereunder ('the Act') and the Listing Agreement, the Remuneration Committee is renamed as Nomination and Remuneration Committee.

The matters referred to the Committee are:

To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, in accordance with the requirements of the Act, relating to the remuneration for the directors, key managerial personnel and other employees.

To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.

To carry out evaluation of every director's performance.

To consider and recommend to the Board, the remuneration to be paid by the Company to Executive Directors / Whole time Directors of the Company, keeping in view the provisions of Listing Agreement with Stock Exchanges;

To perform such other functions as have been referred / may be referred by the Board or required in accordance with the Act, Listing Agreements or SEBI Regulations as amended from time to time.

The particulars of Composition and Attendance records of the Nomination and Remuneration Committee are given in Table 7.

**Table 7: PARTICULARS OF COMPOSITION AND ATTENDANCE RECORDS OF NOMINATION AND REMUNERATION COMMITTEE**

Name of the Members	Status	Category	No. of Meetings	
			Held	Attended
Dr. Naresh Kumar Trehan	Chairman	Independent	4	4
Mr. Phiroz Vandrevala	Member	Independent	4	4
Ms. Ekaterina Sharashidze	Member	Independent	4	1
Mr. Sanjay Gopal Bhatnagar (Upto August 2, 2013)	N.A.	N.A.	1	1

The Committee met 4 times during the year: on May 10, 2013, August 2, 2013, November 1, 2013, and February 14, 2014. Minutes of the proceedings of the Committee meetings are placed before the Board meeting for perusal and noting.

### STAKEHOLDERS' RELATIONSHIP COMMITTEE CUM SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Pursuant to provisions of the Companies Act, 2013 and the rules made thereunder ('the Act'), the Shareholders / Investors Grievance Committee is re-named as Stakeholders' Relationship Committee cum Shareholders' / Investors' Grievance Committee.

The Committee is empowered pursuant to its terms of reference to :

-Consider and resolve the grievances of security holders of the Company.

-Specifically look into the redressal of shareholder(s) and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

-Perform such other functions as have been referred / may be referred by the Board or required in accordance with the Act, Listing Agreements or SEBI Regulations as amended from time to time.

The Committee met 2 times during the year: on August 02, 2013 and February 14, 2014. The particulars of Composition and Attendance Records of the Committee are detailed in Table 8.

**Table 8: Particulars of Composition and Attendance records of Stakeholders' Relationship Committee cum Shareholders' / Investors' Grievance Committee**

Name of the Members	Status	Category	No. of Meetings	
			Held	Attended
Dr. Naresh Kumar Trehan	Independent	Chairman	2	2
Mr. Atul Punj	Promoter, Executive	Member	2	2
Mr. Luv Chhabra	Executive	Member	2	2

During the year 2013-14, the Company received a total of 35 queries/complaints from various shareholders relating to non-receipt of dividend, annual report, and share certificates etc. The same were attended to the satisfaction of the shareholders. At the end of the year on March 31, 2014, no complaint was pending. Mr. Dinesh Thairani is the Compliance Officer of the Company.



## CEO / CFO CERTIFICATION

The CEO and the Director-Finance have certified, in terms of clause 49 of the Listing Agreement, to the Board that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards.

## CODE OF CONDUCT

The Board of Directors of the Company has adopted the Code of Conduct for Directors and Senior Management Personnel. The Code is applicable to Executive and Non-Executive Directors as well as Senior Management Personnel. A copy of the code is available on Company's website [www.punjilloyd.com](http://www.punjilloyd.com)

A declaration signed by the Managing Director & Group CEO is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, an affirmation that they have complied with the Code of Conduct for Directors and Senior Management Personnel in respect of the financial year 2013-14.

For Punj Lloyd Limited

**J P Chalasani**  
Managing Director & Group CEO

## SUBSIDIARY COMPANIES

Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have an Independent Director of the Company on the Board of any subsidiary company.

## MANAGEMENT

### MANAGEMENT DISCUSSION AND ANALYSIS

This annual report has a detailed section on Management Discussion and Analysis.

### DISCLOSURES BY MANAGEMENT TO THE BOARD

All disclosures relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors do not participate in the discussion nor do they vote on such matters.

### DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The Company has followed the guidelines on accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

## CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

The Company has instituted a comprehensive Code of Conduct for its Directors, management and staff, laying down the guidelines and procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations. The code clearly specifies, among other matters, that Directors and specified employees of the company can trade in the shares of the company only during 'Trading Window Open Period'. The trading window is closed during the time of declaration of results, dividend and material events, as per the code.

Mr. Dinesh Thairani, Company Secretary, is the Compliance Officer of the Company.

## SHAREHOLDERS

### RE-APPOINTMENT OF DIRECTORS

The brief resumes and other requisite details, as required to be disclosed under Clause 49 of the Listing Agreement, of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting ("AGM") are given as part of the Notice calling the ensuing AGM.

### COMMUNICATION TO SHAREHOLDERS

The Company puts forth key information about the Company and its performance, including quarterly results, official news releases and presentations to analysts, on its website regularly for the benefit of the public at large.

The quarterly/half yearly and annual financial results of the Company are normally published in Business Standard/Hindu Business Line/Financial Express in English and Rashtriya Sahara, Jansatta and Business Standard in Hindi. In addition to the above, quarterly and annual results are displayed at our website at 'www.punjilloyd.com/investors' for the information of all Shareholders.

Detailed presentation are made to Institutional investors and Financial Analysts on the unaudited quarterly financial results as well as the annual audited financial results of the Company. These presentations are also uploaded on our website. Annual Report containing, inter alia, Audited annual accounts, consolidated financial statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto.

## SCORES

The Company has enrolled itself for SEBI Complaints Redress System (SCORES), a centralized web based complaints redress system with 24 x 7 access. It allows online lodging of complaints at anytime from anywhere. An automated email acknowledging the receipt of the complaint and allotting a unique complaint registration number is generated for future reference and tracking. The Company uploads an Action Taken Report (ATR) so that the investor can view the status of the complaint online. All complaints are saved in a central database which generates relevant MIS reports to SEBI.

## INVESTOR GRIEVANCES & SHAREHOLDER REDRESSAL

The Company has appointed a Registrar and Share Transfer Agent, M/s. Karvy Computershare Pvt. Ltd., which is fully equipped to carry out share transfer activities and redress investor complaints. Mr. Dinesh Thairani, Company Secretary is the Compliance Officer for redressal of all shareholders' grievances.

## DETAILS OF NON-COMPLIANCE BY THE COMPANY

The Company has complied with all the requirements of regulatory authorities. No penalties / strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

## COMPLIANCE

### MANDATORY REQUIREMENTS

The Company is fully compliant with the applicable mandatory requirements of Clause 49.

A Certificate from M/s Walker Chandok & Co LLP, Statutory Auditors, confirming compliance with the conditions of the Corporate Governance as stipulated under Clause 49, is attached to the Directors' report forming part of the Annual report.

### NON- MANDATORY REQUIREMENTS

The details of compliance of the non-mandatory requirements are listed below.

## NON EXECUTIVE CHAIRMAN'S OFFICE

The Company has an Executive Chairman and hence, this is not applicable.

## REMUNERATION COMMITTEE

Details of the composition and function of the Remuneration Committee are given in the section 'Committees of the Board'.

## SHAREHOLDER RIGHTS - FURNISHING OF HALF-YEARLY RESULTS

Details of the shareholders' rights in this regard are given in the section 'Communication to Shareholders'.

## AUDIT QUALIFICATIONS

The observations of the Auditors have been fully explained in Notes 10, 13 and 14 in Annexure 1 to the Abridged Financial Statements and also Notes 36, 41 and 42 to the complete set of Financial Statements.

The Company continues to adopt appropriate best practices in order to ensure unqualified Financial Statements.

## WHISTLE-BLOWER POLICY

The Company has in place a vigil mechanism in the form of Whistle Blower Policy. It aims at providing avenues for employees to raise complaints and to receive feedback on any action taken and seeks to reassure the employees that they will be protected against victimization and for any whistle blowing conducted by them in good faith. The policy is intended to encourage and enable the employees of the Company to raise serious concerns within the organization rather than overlooking a problem or handling it externally. The Company is committed to the highest possible standard of openness, probity and accountability. It contains safeguards to protect any person who uses the Vigil Mechanism (whistle blower) by raising any concern in good faith. The Company does not tolerate any form of victimization and take appropriate steps to protect a whistleblower that raises a concern in good faith and treats any retaliation as a serious disciplinary offence that merits disciplinary action. The Company protects the identity of the whistle blower if the whistle blower so desires, however the whistle blower needs to attend any disciplinary hearing or proceedings as may be required for investigation of the complaint. The mechanism provides for a detailed complaint and investigation process. If circumstances so require, the employee can make a complaint directly to the Chairman of the Audit Committee. The Company also provides a platform to its employees for having direct access to the MD and CEO of the Company for raising any concerns. It is through CEO Konnect (ceokonnect@punjilloyd.com).

Mr. Dinesh Thairani, Company Secretary is the Compliance Officer. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

## SHAREHOLDER INFORMATION

### GENERAL BODY MEETINGS

The date, time and venue of the last three Annual General Meetings are given below.

**Table 9: Details of last three Annual General Meetings**

Financial year	Date	Time	Venue	No. of Special Resolutions Passed
2010-11	August 12, 2011	10.30 A.M.	Air Force Auditorium, Subroto Park New Delhi 110010	2
2011-12	July 31, 2012	10.30 A.M.	Air Force Auditorium, Subroto Park New Delhi 110010	1
2012-13	August 02, 2013	10.30 A.M.	Air Force Auditorium, Subroto Park New Delhi 110010	1

**ANNUAL GENERAL MEETING 2014**

Date	Monday, August 04, 2014
Venue	Air Force Auditorium Subroto Park New Delhi 110 010
Time	10.30 A.M.
Book Closure	Monday, July 28, 2014 to Monday, August 04, 2014 (both days inclusive)

**CALENDAR OF FINANCIAL YEAR ENDED MARCH 31, 2014**

The meetings of Board of Directors for approval of Quarterly Financial Results during the financial year ended March 31, 2014 were held on the following dates:

First quarter	August 02, 2013
Second quarter	November 01, 2013
Third quarter	February 14, 2014
Fourth quarter and Annual	May 20, 2014

**TENTATIVE CALENDAR FOR FINANCIAL YEAR ENDING MARCH 31, 2015**

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending March 31, 2015 are as follows:

First quarter	Second week of August 2014
Second quarter	Second week of November 2014
Third quarter	Second week of February 2015
Fourth quarter and annual	Second week of May 2015

**LISTING DETAILS**

Name of Stock Exchange	Stock code / Trading Symbol
BSE Limited (BSE)	532693
National Stock Exchange of India Limited (NSE)	PUNJLLOYD
ISIN	INE701B01021



## LISTING FEES

Annual listing fees for the year 2014-15 has been paid by the Company to the Stock Exchanges.

## DEPOSITORY FEES

Annual Custody /Issuer fees for the year 2014-15 is being paid by the Company to National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

## DEBT SECURITIES

1. Listing on Wholesale Debt Market (WDM) on BSE
2. Debenture Trustee (a) IDBI Trusteeship Services Limited (b) AXIS Trustee Services Limited

## STOCK DATA

Table 10 below gives the monthly high and low prices and volumes of Company's (Punj Lloyd) equity shares at BSE Limited (BSE) and the National Stock Exchange Limited (NSE) for the year 2013-14.

**Table 10: High and Low Prices and Trading Volumes at the BSE and NSE**

Month	BSE (In Rs. Per share)			NSE (In Rs. Per share)		
	High	Low	Volume (Nos.)	High	Low	Volume (Nos.)
APR 2013	56.20	49.15	2,26,27,780	56.30	49.10	8,89,51,120
May 2013	57.80	42.70	2,26,63,455	57.85	42.70	8,75,69,627
JUN 2013	45.55	31.30	1,80,70,844	45.60	31.25	7,27,44,996
JUL 2013	37.15	23.35	2,00,20,656	37.15	23.25	8,90,64,212
AUG 2013	26.50	20.30	1,80,09,196	26.75	20.30	7,71,50,388
SEP 2013	26.20	20.25	1,07,15,056	26.20	20.10	5,79,98,442
OCT 2013	30.70	22.15	2,18,33,678	30.70	22.30	11,43,90,679
NOV 2013	30.25	25.00	1,19,19,922	30.25	24.90	4,72,08,043
DEC 2013	30.30	26.45	1,28,30,670	30.10	26.30	4,66,42,240
JAN 2014	33.15	24.90	1,88,14,723	33.20	24.80	6,47,48,337
FEB 2014	33.00	25.60	1,27,91,078	32.95	25.60	3,83,23,322
MAR 2014	29.90	25.40	1,26,44,827	29.90	25.40	4,57,79,574

Source: BSE and NSE website

## STOCK PERFORMANCE

Chart A: Share prices of Punj Lloyd Limited verses Sensex

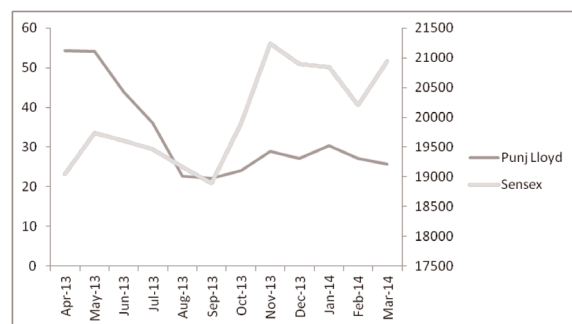
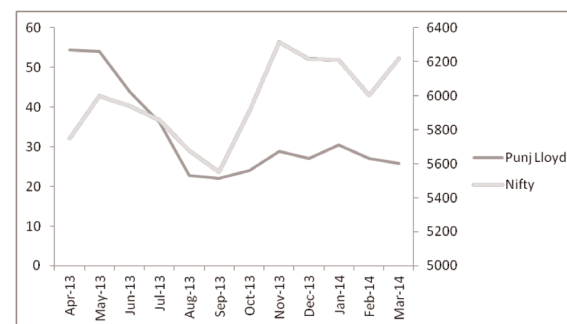


Chart B: Share prices of Punj Lloyd Limited verses Nifty



## SHARE TRANSFER AGENTS AND SHARE TRANSFER AND DEMAT SYSTEM

The Company registers share transfers through its share transfer agents, whose details are given below.

### Karvy Computershare Pvt. Ltd.

Karvy House

Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad 500081

Tel.: +91-40-44655000

Fax: +91-40-23420814 / 57

E-mail: einward.ris@karvy.com

In compliance with the SEBI circular dated December 27, 2002, requiring share registry in terms of both physical and electronic mode to be maintained at a single point, Punj Lloyd has established connections with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the two depositories, through its Share Transfer Agent.

Shares received in physical form are processed and the share certificates are returned within 10 to 15 days from the date of receipt, subject to the documents being complete and valid in all respects.

The Company's equity shares are under compulsory dematerialised trading. Shares held in the dematerialised form are electronically held with the Depositories. The Registrar and Share Transfer Agent of the Company periodically receives data regarding the beneficiary holdings, so as to enable them to update their records and send all corporate communications, etc.

As on March 31, 2014, there were 387196 shareholders holding 332072798 shares of Rs. 2/- each in electronic form. This constitutes 99.99% of the total paid up capital of the Company.

The Company obtains half-yearly certificate of compliance from a Company Secretary in Practice, with regard to the share transfer formalities as required under Clause 47(c) of the Listing Agreement and files same with the Stock Exchanges.

There are no legal proceedings against the Company on any share transfer matter. Table 11 gives details about the nature of complaints and their status as on March 31, 2014.

### Green Initiative

The Ministry of Corporate Affairs (MCA) had undertaken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies, whereby companies have been permitted to send various notices / documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

Securities and Exchange Board of India (SEBI) have also, in line with the aforesaid MCA initiatives, permitted listed entities to supply soft copies of annual reports to all those shareholders who have registered their email addresses for the purpose.

In view of the Green Initiatives announced as above, the Company shall send all documents to Shareholders like General Meeting Notices (including AGM), Annual Reports comprising Audited Financial Statements, Directors' Report, Auditors' Report and any other future communication (hereinafter referred as "documents") in electronic form, in lieu of physical form, to all those shareholders, whose email address is registered with Depository Participant (DP) / Registrars & Share Transfer Agents (RTA) (hereinafter "registered email address") and made available to us, which has been deemed to be the shareholder's registered email address for serving document.

To enable the servicing of documents electronically to the registered email address, we request the shareholders to keep their email addresses validated/ updated from time to time. We wish to reiterate that Shareholders holding shares in electronic form are requested to please inform any changes in their registered e-mail address to their DP from time to time and Shareholders holding shares in physical form have to write to our Registrar and Transfer Agent, at their specified address, so as to update their registered email address from time to time.

Please note that the Annual Report of the Company will also be available on the Company's website [www.punjilloyd.com](http://www.punjilloyd.com) for ready reference. Shareholders are also requested to take note that they will be entitled to be furnished, free of cost, the aforesaid documents, upon receipt of requisition from the shareholder, any time, as a member of the Company.

### Transfer of unpaid / unclaimed amounts to Investor Education and Protection Fund

During the year, the Company has credited Rs. 52865 lying in the unpaid / unclaimed dividend account, to the Investor Education and Protection Fund pursuant to Section 205C of the Companies Act 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules 2001.

**Table 11: Number and nature of complaints for the year 2013-14**

Particulars	Non-Receipt of Certificates	Non-receipt of dividend	Others (Non-Receipt of Annual Reports/ Non Receipt of Demat credit, etc.)	Total
Received during the year	2	26	7	35
Attended during the year	2	26	7	35
Pending as on March 31, 2014	-	-	-	-

### EQUITY SHARES IN THE SUSPENSE ACCOUNT

As per Clause 5A(1) of the Listing Agreement, an aggregate of 2310 equity shares are lying in the suspense account in respect of 41 shareholders. None of the shareholders approached the Company for transfer of shares from suspense account during the year. The voting rights on the shares outstanding in the suspense account as on March 31, 2014 shall remain frozen till the rightful owner of such shares claims the shares.

### SHAREHOLDING PATTERN AND DISTRIBUTION

Tables 12 and 13 gives the shareholding pattern and distribution.

**Table 12: Shareholding Pattern as on March 31, 2014**

Category		As on March 31, 2014	
		Total No. of shares	Percentage
A.	Shareholding of Promoter and Promoter Group		
a.	Indian Promoters	46501013	14.00
b.	Foreign Promoters	77121970	23.22
	Total shareholding of Promoter & Promoter Group	123622983	37.23
B.	Public Shareholding		
1.	Institutions		
a.	Mutual Funds / UTI	704056	0.21
b.	Banks / Financial Institutions	22587423	6.80
c.	Foreign Institutional Investors	34118961	10.27
2.	Non-Institutions		
a.	Bodies Corporate	25974012	7.82
b.	Resident Individuals	115601794	34.81
3.	Others		
a.	Non Resident Indians	6919023	2.08
b.	Trusts	50330	0.02
c.	Clearing Members	2517163	0.76
	Total Public Shareholding	208472762	62.77
C.	Shares held by Custodians and against which Depository Receipts have been issued		
a.	Promoter & Promoter Group	Nil	N.A.
b.	Public	Nil	N.A.
	Grand Total	332095745	100.00

**Table 13: Distribution of shareholding by share class as on March 31, 2014**

S.No	Shareholding Class	No of shareholders	% of Shareholders	No of shares held	Shareholding %
1	1 - 5000	391428	99.32	93386276	28.12
2	5001 - 10000	1524	0.39	11204103	3.37
3	10001 - 20000	584	0.15	8350896	2.51
4	20001 - 30000	186	0.05	4610804	1.39
5	30001 - 40000	85	0.02	3072498	0.93
6	40001 - 50000	59	0.01	2723289	0.82
7	50001 - 100000	85	0.02	6147785	1.85
8	100001 and above	139	0.04	202600094	61.01
	<b>Total:</b>	<b>394090</b>	<b>100.00</b>	<b>332095745</b>	<b>100.00</b>

## PLANT LOCATIONS

The Company is engaged in providing integrated design, engineering procurement, construction and project management services for energy and infrastructure sector. The projects are executed at the sites provided by the clients. The Company has a Central workshop situated at Banmore, Madhya Pradesh for carrying out repair and maintenance of construction equipment. For its defence business and for precision machining and systems integration, the Company has a machining and integration facilities at Plot No. Part of L1, Industrial Area, Ghirongi, Malanpur, Dist. Bhind, Madhya Pradesh.

## INVESTOR CORRESPONDENCE ADDRESS

Company	Mr. Dinesh Thairani Compliance Officer <b>Punj Lloyd Limited</b> Corporate Office I, 78, Institutional Area, Sector 32, Gurgaon 122001 Tel. No. +91-124 2620493; Fax No. +91-124-2620111 E-mail: investors@punjlloyd.com
Registrars	Mr. K. S. Reddy Assistant General Manager <b>Karvy Computershare Private Limited</b> Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad- 500 081 Tel.: +91-40-44655000; Fax: +91-40-23420814 E-mail: einward.ris@karvy.com
Depositories	<b>National Securities Depository Limited</b> Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai 400013 Tel.: +91-22-2499 4200; Fax: +91-22-2497 6351 E-mail: info@nsdl.co.in
	<b>Central Depository Services (India) Limited</b> Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street Mumbai 400 001 Tel.: +91-22-2272 3333; Fax: +91-22-2272 3199 E-mail: investors@cdslindia.com

For Punj Lloyd Limited

**Atul Punj**  
Chairman

**Place:** Gurgaon  
**Date:** May 20, 2014



## AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,  
The Members of Punj Lloyd Limited

We have examined the compliance of conditions of Corporate Governance by **Punj Lloyd Limited** ("the Company") for the year ended on March 31, 2014, as stipulated in clause 49 of the listing agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance as stipulated in said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Walker Chandiok & Co LLP**  
(Formerly *Walker, Chandiok & Co*)  
Chartered Accountants  
Firm Registration No: 001076N

per **David Jones**  
Partner  
Membership No. 098113

Place : Gurgaon  
Date : May 20, 2014

## CEO/CFO CERTIFICATION

To,  
The Board of Directors,  
Punj Lloyd Limited  
Corporate Office 1, 78,  
Institutional Area, Sector 32,  
Gurgaon 122 001

Dear Sirs,

We, the undersigned hereby certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2014 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by Punj Lloyd Limited during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting in Punj Lloyd Limited and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting. We have disclosed to the auditors and the audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and Audit Committee
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours Faithfully

**J.P. Chalasani**  
**Director & Group CEO**

**P.N. Krishnan**  
**Director -Finance**

Place : Gurgaon  
Date : May 20, 2014

## SUBSIDIARY COMPANIES' PARTICULARS

Statement pursuant to section 212 of the Companies Act, 1956 relating to the subsidiaries

(All amounts in INR Crores, unless otherwise stated)

Name of the Subsidiary	% holding of Group as on March 31, 2014	Number of shares held/amount of capital subscribed	The net aggregate amount of profit/(loss) of subsidiary to the extent it concerns the members of holding company were :			
			a) Not dealt with in holding company's account :		b) Dealt within holding company's account :	
			(i) For the financial year ended on March 31, 2014	(ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiary	(i) For the financial year ended on March 31, 2014	(ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiary
Spectra Punj Lloyd Limited	100.00%	5,000,000 Equity Shares of Rs. 10 each aggregating to Rs. 5.05 crores	(0.20)	(0.27)	-	0.90
Punj Lloyd Industries Limited	100.00%	11,500,200 Equity Shares of Rs. 10 each aggregating to Rs. 11.50 crores	0.09	0.32	-	-
Atra Investments Limited	100.00%	515,221 Equity Shares of Rs. 100 each aggregating to Rs. 5.15 crores	0.03	(4.63)	-	-
PLN Construction Limited	100.00%	2,000,000 Equity Shares of Rs. 10 each aggregating to Rs. 3.09 crores	0.91	13.82	-	-
Punj Lloyd International Limited	100.00%	100,000 Equity Shares of USD 1 each aggregating to USD 100,000 equivalent to Rs. 0.45 crore	(0.36)	0.98	-	1.43
Punj Lloyd Kazakhstan, LLP	100.00%	Charter Capital amounting to KZT 1,107,977,200 equivalent to Rs. 36.28 crores	(20.52)	(34.75)	-	-
Punj Lloyd Pte Limited	100.00%	573,346 Equity Shares of S\$ 100 each, 1 Equity Share of SGD 1, 450,000 redeemable convertible preference shares of SGD 100 each and 1,900,000 redeemable convertible preference shares A of SGD 100 each aggregating to S\$ 292,334,601 equivalent to Rs. 1,182.81 crores	(185.39)	(1,306.01)	-	-
PL Engineering Limited	80.32%	5,000,000 Equity Shares of Rs. 10 each aggregating to Rs. 5.00 crores	0.51	20.29	-	-
Punj Lloyd Infrastructure Limited	100.00%	22,650,000 Equity Shares of Rs. 10 each fully paid up aggregating to Rs. 30.15 crores. Out of the above 7,500,000 equity shares issued at premium of Rs 10 each	(0.51)	(3.19)	-	-
Punj Lloyd Upstream Limited	58.06%	36,397,350 Equity Shares of Rs. 10 each aggregating to Rs. 36.40 crores	(11.25)	1.43	-	-
Punj Lloyd Aviation Limited	100.00%	53,998,710 Equity Shares of Rs. 10 each aggregating to Rs. 54.00 crores	(11.52)	(29.49)	-	-
Sembawang Infrastructure (India) Private Limited	100.00%	9,575,000 Equity Shares of Rs. 10 each aggregating to Rs. 0.10 crore	(10.15)	(8.50)	-	-
Indtech Global Systems Limited	99.99%	82,418 Equity Shares of Rs. 100 each aggregating to Rs. 1.70 crores	0.04	(3.59)	-	-
Punj Lloyd Systems Limited	100.00%	102,000 Equity Shares of Rs. 10 each aggregating to Rs. 0.10 crore. Balance capital is held by Atra Investments Limited	(0.00)	(0.01)	-	-
PLI Ventures Advisory Services Private Limited	100.00%	10,100 Equity Shares of Rs. 10 each aggregating to Rs. 0.01 crore	(0.01)	(2.11)	-	-
Dayim Punj Lloyd Construction Contracting Company Limited	51.00%	51,000 Equity Shares of SAR 20 each aggregating to SAR 1,020,000 equivalent to Rs. 1.23 crores	(167.91)	(38.93)	-	-
PT Punj Lloyd Indonesia	100.00%	Subsidiary of Punj Lloyd Pte Limited. Company also holds 7,805 Equity Shares of USD 500 each aggregating to USD 3,902,500 equivalent to Rs. 17.09 crores.	(178.77)	(232.56)	-	-

## SUBSIDIARY COMPANIES' PARTICULARS

Statement pursuant to section 212 of the Companies Act, 1956 relating to the subsidiaries

(All amounts in INR Crores, unless otherwise stated)

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			a) Not dealt with in holding company's account :		b) Dealt within holding company's account :	
			(i) For the financial year ended on March 31, 2014	(ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiary	(i) For the financial year ended on March 31, 2014	(ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiary
PT Sempec Indonesia	100.00%	Subsidiary of Punj Lloyd Pte Limited	15.11	(4.48)	-	-
Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.	100.00%	Subsidiary of Punj Lloyd Pte Limited	6.64	199.57	-	-
Punj Lloyd Sdn. Bhd.	100.00%	Subsidiary of Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.	0.15	0.15	-	-
Punj Lloyd Engineers and Constructors Pte Limited	100.00%	Subsidiary of Punj Lloyd Pte Limited	0.50	(32.47)	-	-
Punj Lloyd Engineers and Constructors Zambia Limited (w.e.f. January 14, 2013)	100.00%	Subsidiary of Punj Lloyd Engineers and Constructors Pte Limited	(0.09)	(0.00)	-	-
Buffalo Hills Limited	100.00%	Subsidiary of Punj Lloyd Pte Limited	(0.13)	9.81	-	-
Indtech Trading FZE LLC	100.00%	Subsidiary of Buffalo Hills Limited	(0.00)	(0.64)	-	-
PLI Ventures Limited	100.00%	Subsidiary of Punj Lloyd Pte Limited	(0.07)	(5.71)	-	-
Punj Lloyd Infrastructure Pte Limited	100.00%	Subsidiary of Punj Lloyd Pte Limited	3.11	(0.48)	-	-
Punj Lloyd Kenva Limited	100.00%	Subsidiary of Punj Lloyd Pte Limited	(0.46)	(0.73)	-	-
PL Global Developers Pte Limited (formerly known as Punj Lloyd Singapore Pte Limited)	100.00%	Subsidiary of Punj Lloyd Pte Limited	(0.06)	(0.01)	-	-
Christos Aviation Limited (w.e.f. October 24, 2012)	100.00%	Subsidiary of Punj Lloyd Pte Limited	(0.05)	(0.05)	-	-
Graystone Bay Limited (w.e.f. February 05, 2013)	100.00%	Subsidiary of Punj Lloyd Pte Limited	15.63	(0.01)	-	-
Punj Lloyd Thailand (Co) Limited	100.00%	Subsidiary of Punj Lloyd Pte Limited	(0.11)	0.30	-	-
Punj Lloyd Aviation Pte Limited (w.e.f. January 02, 2014)	100.00%	Subsidiary of Punj Lloyd Pte Limited	(4.50)	-	-	-
Punj Lloyd Delta Renewables Pte Limited	51.00%	Subsidiary of Punj Lloyd Pte Limited	(1.82)	0.17	-	-
Punj Lloyd Delta Renewables Private Limited	51.00%	Subsidiary of Punj Lloyd Delta Renewables Pte Limited	(12.04)	0.98	-	-
Punj Lloyd Delta Renewables Bangladesh Limited	51.00%	Subsidiary of Punj Lloyd Delta Renewables Pte Limited	(0.00)	(0.01)	-	-
Punj Lloyd Engineering Pte Limited	80.32%	Subsidiary of PL Engineering Limited	(0.35)	(0.06)	-	-
Simon Carves Engineering Limited	80.32%	Subsidiary of PL Engineering Limited	0.45	2.89	-	-

# SUBSIDIARY COMPANIES' PARTICULARS

Statement pursuant to section 212 of the Companies Act, 1956 relating to the subsidiaries

(All amounts in INR Crores, unless otherwise stated)

Name of the Subsidiary	% holding of Group as on March 31, 2014	Number of shares held/amount of capital subscribed	The net aggregate amount of profit/(loss) of subsidiary to the extent it concerns the members of holding company were :			
			a) Not dealt with in holding company's account :		b) Dealt within holding company's account :	
			(i) For the financial year ended on March 31, 2014	(ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiary	(i) For the financial year ended on March 31, 2014	(ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiary
Punj Lloyd Solar Power Limited	100.00%	Subsidiary of Punj Lloyd Infrastructure Limited	(0.02)	0.74	-	-
Khagaria Purnea Highway Project Limited	100.00%	Subsidiary of Punj Lloyd Infrastructure Limited	(17.38)	(0.11)	-	-
Indraprastha Metropolitan Development Limited	100.00%	Subsidiary of Punj Lloyd Infrastructure Limited	(0.37)	(0.00)	-	-
PL Surya Uija Limited (w.e.f. September 03, 2013)	100.00%	Subsidiary of Punj Lloyd Infrastructure Limited	(0.25)	-	-	-
Sembawang Engineers and Constructors Pte Limited	97.38%	Subsidiary of Punj Lloyd Pte Limited	28.09	532.78	-	173.64
Sembawang Development Pte Limited	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	(0.19)	(25.82)	-	-
Sembawang Libya General Contracting & Investment Company	63.29%	Subsidiary of Sembawang Development Pte Limited	-	(4.41)	-	-
Cortech Trading Pte Limited	97.38%	Subsidiary of Sembawang Development Pte Limited	(0.02)	0.95	-	-
Construction Technology (B) Sdn Bhd	97.38%	Subsidiary of Sembawang Development Pte Limited	(0.03)	(3.36)	-	-
Sembawang Mining (Kekal) Pte Limited	97.38%	Subsidiary of Sembawang Development Pte Limited	(0.07)	91.45	-	-
PT Indo Precast Utama	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	-	(1.78)	-	-
PT Indo Unggul Westuraya	65.25%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	-	1.06	-	-
Sembawang (Tianjin) Construction Engineering Co. Limited	68.16%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	(2.38)	(1.57)	-	-
Sembawang Infrastructure (Mauritius) Limited	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	(0.05)	(0.74)	-	-
Sembawang UAE Pte Limited	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	0.61	(53.23)	-	-
SC Architects and Engineers Pte Limited	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	(0.02)	(0.13)	-	-
Sembawang (Malaysia) Sdn Bhd	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	(0.28)	(4.38)	-	-
Jurubina Sembawang (M) Sdn Bhd	97.38%	Subsidiary of Sembawang (Malaysia) Sdn Bhd	-	(0.54)	-	-
Tueri Aquila FZE	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	1.40	(123.57)	-	-
Sembawang Bahrain SPC	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	(0.09)	(3.55)	-	-



## SUBSIDIARY COMPANIES' PARTICULARS

Statement pursuant to section 212 of the Companies Act, 1956 relating to the subsidiaries

(All amounts in INR Crores, unless otherwise stated)

Name of the Subsidiary	% holding of Group as on March 31, 2014	Number of shares held/amount of capital subscribed	The net aggregate amount of profit/(loss) of subsidiary to the extent it concerns the members of holding company were :			
			a) Not dealt with in holding company's account :		b) Dealt within holding company's account :	
			(i) For the financial year ended on March 31, 2014	(ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiary	(i) For the financial year ended on March 31, 2014	(ii) For the previous financial years of the subsidiary companies since they became the holding company's subsidiary
Sembawang Equity Capital Pte Limited	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	(0.03)	(1.54)	-	-
Sembawang of Singapore - Global Project Underwriters Pte Limited	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	0.00	(0.05)	-	-
Sembawang of Singapore - Global Project Underwriters Limited	97.38%	Subsidiary of Sembawang of Singapore - Global Project Underwriters Pte Limited	0.11	-	-	-
Sembawang Hong Kong Limited	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	(0.74)	(0.28)	-	-
Sembawang (Tianjin) Investment Management Co Limited	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	0.73	0.33	-	-
PT Sembawang Indonesia	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	(0.02)	(22.13)	-	-
Sembawang International Limited	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	-	-	-	-
Sembawang Commodities Pte Limited	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	-	-	-	-
Reliance Contractors Private Limited	97.38%	Subsidiary of Sembawang Engineers and Constructors Pte Limited	0.81	-	-	-

Amounts that are below INR 50,000 are expressed as 0.00.

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

Place: Gurgaon  
Date: May 20, 2014

Atul Punj  
Chairman

# SUBSIDIARY COMPANIES' PARTICULARS

Statement pursuant to section 212 of the Companies Act, 1956 relating to the subsidiaries

(All amounts in INR Crores, unless otherwise stated)

Name of the Subsidiary	Country of Incorporation	% holding of Group as on March 31, 2014	Reporting Currency	Exchange rates as on March 31, 2014	Capital	Reserves	Total Assets	Total Liabilities	Investments (Other than investments in subsidiaries)	Turnover/ Total Income	Profit Before Taxation	Provision For Taxation	Profit After Taxation	Proposed Dividend
Spectra Punj Lloyd Limited	India	100.00%	INR	1.00	5.00	(0.17)	57.47	52.64	-	7.86	(0.09)	(0.11)	(0.20)	-
Punj Lloyd Industries Limited	India	100.00%	INR	1.00	11.50	0.41	11.94	0.03	0.50	0.15	0.13	(0.04)	0.09	-
Atna Investments Limited	India	100.00%	INR	1.00	5.15	(4.58)	0.97	0.40	0.04	0.04	0.04	(0.01)	0.03	-
PLN Construction Limited	India	100.00%	INR	1.00	2.00	14.73	121.24	104.51	-	33.33	1.35	(0.44)	0.91	-
Punj Lloyd International Limited	British Virgin Islands	100.00%	USD	61.44	0.61	1.17	10.39	8.60	-	-	(0.36)	-	(0.36)	-
Punj Lloyd Kazakhstan, LLP	Kazakhstan	100.00%	KZT	0.33	36.42	(64.94)	52.01	80.53	-	4.57	(20.52)	-	(20.52)	-
Punj Lloyd Pte Limited	Singapore	100.00%	SGD	49.95	1,460.21	(1,649.99)	2,026.20	2,215.98	34.08	1,198.08	(187.79)	2.40	(185.39)	-
PL Engineering Limited	India	80.32%	INR	1.00	26.23	39.54	127.00	61.24	1.28	105.65	0.75	(0.24)	0.51	-
Punj Lloyd Infrastructure Limited	India	100.00%	INR	1.00	22.65	3.86	261.02	234.52	-	4.22	(0.68)	0.17	(0.51)	-
Punj Lloyd Upstream Limited	India	58.06%	INR	1.00	62.69	(2.01)	259.03	198.34	-	99.38	(8.87)	(2.38)	(11.25)	-
Punj Lloyd Aviation Limited	India	100.00%	INR	1.00	63.80	(41.10)	111.88	89.19	53.00	9.92	(11.52)	-	(11.52)	-
Sembawang Infrastructure (India) Private Limited	India	100.00%	INR	1.00	9.58	(24.97)	19.42	34.81	-	3.44	(10.15)	-	(10.15)	-
Indtech Global Systems Limited	India	99.99%	INR	1.00	0.82	0.05	0.90	0.02	-	0.07	0.06	(0.02)	0.04	-
Punj Lloyd Systems Limited	India	100.00%	INR	1.00	0.20	(0.02)	0.18	-	-	-	(0.00)	-	(0.00)	-
PLI Ventures Advisory Services Private Limited	India	100.00%	INR	1.00	0.01	(1.84)	0.04	1.86	-	0.00	(0.01)	-	(0.01)	-
Dayim Punj Lloyd Construction Contracting Company Limited	Saudi Arabia	51.00%	SAR	15.97	3.19	(215.32)	250.63	462.75	-	450.71	(167.91)	-	(167.91)	-
PT Punj Lloyd Indonesia	Indonesia	100.00%	USD	61.44	147.59	(440.40)	172.74	465.55	-	194.20	(171.51)	(7.26)	(178.77)	-
PT Sempec Indonesia	Indonesia	100.00%	USD	61.44	41.07	(11.37)	67.52	37.82	-	20.10	16.03	(0.92)	15.11	-
Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.	Malaysia	100.00%	MYR	18.31	1.37	247.47	570.92	322.07	-	693.37	14.08	(7.44)	6.64	-
Punj Lloyd Sdn. Bhd.	Malaysia	100.00%	MYR	18.31	1.83	0.31	2.76	0.62	-	6.09	0.20	(0.05)	0.15	-
Punj Lloyd Engineers and Constructors Pte Limited	Singapore	100.00%	SGD	49.95	0.00	(40.91)	0.50	41.41	-	3.27	0.50	-	0.50	-
Punj Lloyd Engineers and Constructors Zambia Limited (w.e.f. January 14, 2013)	Zambia	100.00%	ZMW	9.50	0.00	(0.24)	0.07	0.31	-	-	(0.09)	-	(0.09)	-
Buffalo Hills Limited	British Virgin Islands	100.00%	USD	61.44	0.01	11.17	11.31	0.14	-	-	(0.13)	-	(0.13)	-
Indtech Trading FZE LLC	United Arab Emirates	100.00%	AED	16.31	1.63	(0.77)	0.96	0.10	-	0.41	(0.00)	-	(0.00)	-
PLI Ventures Limited	Mauritius	100.00%	USD	61.44	0.06	(6.68)	0.48	7.10	-	-	(0.07)	-	(0.07)	-
Punj Lloyd Infrastructure Pte Limited	Singapore	100.00%	SGD	49.95	0.00	2.49	2.68	0.19	-	4.71	3.11	-	3.11	-
Punj Lloyd Kenya Limited	Kenya	100.00%	KES	0.69	0.00	(1.29)	0.27	1.56	-	2.65	(0.46)	-	(0.46)	-



## SUBSIDIARY COMPANIES' PARTICULARS

Statement pursuant to section 212 of the Companies Act, 1956 relating to the subsidiaries

(All amounts in INR Crores, unless otherwise stated)

Name of the Subsidiary	Country of Incorporation	% holding of Group as on March 31, 2014	Reporting Currency	Exchange rate as on March 31, 2014	Capital	Reserves	Total Assets	Total Liabilities	Investments (Other than investments in subsidiaries)	Turnover/ Total Income	Profit Before Taxation	Provision For Taxation	Profit After Taxation	Proposed Dividend
PL Global Developers Pte Limited (formerly known as Punj Lloyd Singapore Pte Limited)	Singapore	100.00%	SGD	49.95	0.00	(0.07)	0.00	0.07	-	-	(0.06)	-	(0.06)	-
Christos Aviation Limited (w.e.f. October 24, 2012)	Bermuda	100.00%	USD	61.44	0.00	(0.11)	0.00	0.11	-	0.00	(0.05)	-	(0.05)	-
Graystone Bay Limited (w.e.f. February 05, 2013)	British Virgin Islands	100.00%	USD	61.44	0.31	15.62	15.93	0.01	-	21.97	15.63	-	15.63	-
Punj Lloyd Thailand (Co) Limited	Thailand	100.00%	THB	1.84	1.84	0.17	18.72	16.71	-	2.60	(0.11)	-	(0.11)	-
Punj Lloyd Aviation Pte Limited (w.e.f. January 02, 2014)	Singapore	100.00%	SGD	49.95	253.52	(4.50)	249.09	0.07	-	0.00	(4.50)	-	(4.50)	-
Punj Lloyd Delta Renewables Pte Limited	Singapore	51.00%	USD	61.44	2.51	(3.66)	0.06	1.21	-	0.01	(1.82)	-	(1.82)	-
Punj Lloyd Delta Renewables Private Limited	India	51.00%	INR	1.00	0.19	(10.13)	42.38	52.32	-	16.24	(9.53)	(2.51)	(12.04)	-
Punj Lloyd Delta Renewables Bangladesh Limited	Bangladesh	51.00%	BDT	0.76	0.02	(0.06)	0.00	0.04	-	-	(0.00)	-	(0.00)	-
Punj Lloyd Engineering Pte Limited	Singapore	80.32%	SGD	49.95	0.00	(0.57)	3.72	4.29	-	2.89	(0.35)	-	(0.35)	-
Simon Carves Engineering Limited	United Kingdom	80.32%	GBP	99.58	0.00	3.91	30.42	26.51	-	102.78	0.63	(0.18)	0.45	-
Punj Lloyd Solar Power Limited	India	100.00%	INR	1.00	15.10	0.73	77.62	61.78	-	11.39	(0.15)	0.13	(0.02)	-
Khaagaria Punea Highway Project Limited	India	100.00%	INR	1.00	46.60	(1.58)	694.22	649.20	-	46.04	(17.38)	-	(17.38)	-
Indraprastha Metropolitan Development Limited	India	100.00%	INR	1.00	0.05	(0.38)	77.13	77.45	-	-	(0.37)	-	(0.37)	-
PL Surya Urja Limited (w.e.f. September 03, 2013)	India	100.00%	INR	1.00	20.00	(0.25)	21.12	1.37	-	-	(0.25)	-	(0.25)	-
Sembawang Engineers and Constructors Pte Limited	Singapore	97.38%	SGD	49.95	931.19	(116.28)	1,890.57	1,075.66	-	1,161.61	21.93	6.16	28.09	-
Sembawang Development Pte Limited	Singapore	97.38%	SGD	49.95	5.00	(33.44)	143.22	171.66	0.05	-	(0.20)	0.01	(0.19)	-
Sembawang Libya General Contracting & Investment Company	Libya	63.29%	LYD	48.46	2.91	(5.88)	0.29	3.26	-	-	-	-	-	-
Contech Trading Pte Limited	Singapore	97.38%	SGD	49.95	24.98	2.28	27.28	0.03	-	-	(0.02)	-	(0.02)	-
Construction Technology (B) Sdn Bhd	Brunei	97.38%	SGD	49.95	2.50	(46.15)	0.09	43.74	-	-	(0.03)	-	(0.03)	-
Sembawang Mining (Kekai) Pte Limited	Singapore	97.38%	SGD	49.95	3.00	(2.58)	132.13	131.71	-	-	(0.07)	-	(0.07)	-
PT Indo Precast Utama	Indonesia	97.38%	SGD	49.95	4.63	(15.83)	2.09	13.30	-	-	-	-	-	-
PT Indo Unggul Wasturaya	Indonesia	65.25%	IDR	0.01	0.00	(0.00)	0.00	0.00	-	-	-	-	-	-
Sembawang (Tianjin) Construction Engineering Co. Limited	China	68.16%	RMB	9.69	24.11	(3.80)	26.24	5.93	-	-	(2.38)	-	(2.38)	-
Sembawang Infrastructure (Mauritius) Limited	Mauritius	97.38%	USD	61.44	1.66	(0.13)	1.57	0.04	-	-	(0.05)	-	(0.05)	-
Sembawang UAE Pte Limited	Singapore	97.38%	SGD	49.95	77.42	(80.78)	12.19	15.55	-	-	(1.70)	2.31	0.61	-
SC Architects and Engineers Pte Limited	Singapore	97.38%	SGD	49.95	2.50	(0.21)	2.31	0.02	-	-	(0.02)	-	(0.02)	-
Sembawang (Malaysia) Sdn Bhd	Malaysia	97.38%	MYR	18.31	1.37	(5.92)	0.35	4.89	-	-	(0.28)	-	(0.28)	-
Jurubina Sembawang (M) Sdn Bhd	Malaysia	97.38%	MYR	18.31	0.00	-	0.00	-	-	-	-	-	-	-

# SUBSIDIARY COMPANIES' PARTICULARS

Statement pursuant to section 212 of the Companies Act, 1956 relating to the subsidiaries

(All amounts in INR Crores, unless otherwise stated)

Name of the Subsidiary	Country of Incorporation	% holding of Group as on March 31, 2014	Reporting Currency	Exchange rate as on March 31, 2014	Capital	Reserves	Total Assets	Total Liabilities	Investments (Other than investments in subsidiaries)	Turnover/ Total Income	Profit Before Taxation	Provision For Taxation	Profit After Taxation	Proposed Dividend
Tuiri Aquila FZE	United Arab Emirates	97.38%	AED	16.31	1.63	(245.09)	27.45	270.91	-	2.79	1.40	-	1.40	-
Sembawang Bahrain SPC	Bahrain	97.38%	BHD	158.87	9.53	(4.82)	4.80	0.09	-	-	(0.09)	-	(0.09)	-
Sembawang Equity Capital Pte Limited	Singapore	97.38%	SGD	49.95	2.50	(2.08)	0.44	0.02	-	-	(0.03)	-	(0.03)	-
Sembawang of Singapore - Global Project Underwriters Pte Limited	Singapore	97.38%	SGD	49.95	0.25	(0.04)	0.22	0.00	-	0.00	0.00	-	0.00	-
Sembawang of Singapore - Global Project Underwriters Limited (w.e.f. August 09, 2012)	Hong Kong	97.38%	HKD	7.72	0.00	0.11	0.43	0.32	-	0.15	0.11	-	0.11	-
Sembawang Hong Kong Limited	Hong Kong	97.38%	HKD	7.72	0.46	(1.03)	4.18	4.75	-	-	(0.74)	-	(0.74)	-
Sembawang (Tianjin) Investment Management Co Limited	China	97.38%	RMB	9.69	3.08	1.01	43.94	39.85	-	0.95	0.86	(0.13)	0.73	-
PT Sembawang Indonesia	Indonesia	97.38%	IDR	0.01	0.00	(0.04)	0.01	0.05	-	-	(0.02)	(0.00)	(0.02)	-
Sembawang International Limited	Hong Kong	97.38%	HKD	7.72	0.00	-	0.00	-	-	-	-	-	-	-
Sembawang Commodities Pte Limited (w.e.f. December 04, 2012)	Singapore	97.38%	SGD	49.95	0.00	-	0.00	-	-	-	-	-	-	-
Reliance Contractors Private Limited (w.e.f. August 05, 2013)	Singapore	97.38%	SGD	49.95	0.15	2.70	3.37	0.52	-	0.84	0.82	(0.01)	0.81	-

Amounts that are below INR 50,000 are expressed as 0.00

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

Place: Gurgaon

Date: May 20, 2014

Atul Punj  
Chairman



# FINANCIAL STATEMENTS 2013-14

## REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS

### To the Members of Punj Lloyd Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Punj Lloyd Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and based on the considerations of the reports of the other auditors on the financial statements of the branches and an unincorporated joint venture as noted below, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014 ;
  - ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### Emphasis of Matter

7. Without qualifying our opinion, we draw attention to:
  - a. note 41 to the financial statements, regarding recoverability of claims aggregating to Rs. 733.98 crores which are subject matter of conciliation. Pending ultimate outcome of the matter which is presently unascertainable, no adjustments have been made in the accompanying financial statements.
  - b. As reported by the Independent Auditors of the financial statements of the Company's branch in Thailand, we draw attention to note 42 to the financial statement, regarding recoverability of claims aggregating to Rs. 389.86 crores. Pending ultimate outcome of the matter which is presently unascertainable, no adjustments have been made in the accompanying financial statements.
  - c. note 36 to the financial statements in respect of deductions made / amount withheld by some customers aggregating to Rs. 53.91 crores which are being carried as trade receivables. These amounts are outstanding due to disputes with the customers and presently the ultimate outcome of these disputes is unascertainable, however since the Company is of the view that these amounts are recoverable, no provision is required against the same.

#### Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

**REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS**

9. As required by Section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches and an unincorporated joint venture not visited by us.;
- c. we have received the reports on the financial statements of the branches and an unincorporated joint venture audited under section 228 by other auditors and have appropriately dealt with these while forming our audit opinion.
- d. the financial statements dealt with by this report are in agreement with the books of account and with the returns received from the branches and an unincorporated joint venture not visited by us;
- e. in our opinion, the financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 ; and
- f. on the basis of written representations received from the directors, as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

**Other Matter**

10. We did not audit the financial statements of certain branches, and an unincorporated joint venture, included in the financial statement, whose financial statements reflect total assets (net of elimination) of Rs. 4,417.00 crores as at March 31, 2014, total revenues (net of eliminations) of Rs. 3,455.27 crores and net cash flows aggregating to Rs. 22.31 crores for the year then ended. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our audit opinion on the financial statements of the Company for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **Walker Chandiok & Co LLP**  
(Formerly *Walker, Chandiok & Co*)  
Chartered Accountants  
Firm Registration No. 001076N

per **David Jones**  
Partner  
Membership No. 098113

**Place:** Gurgaon  
**Date:** May 20, 2014

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF PUNJ LLOYD LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4 (iii) (b) to 4 (iii) (d) of the Order are not applicable.
- (e) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or agreements exceeding the value of Rupee five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved, no comparison of prices paid can be made with prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's products and services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, *have not been regularly deposited with the appropriate authorities and there have been delays in a large number of cases*. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess on account of any dispute, are as follows:

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF PUNJ LLOYD LIMITED,  
ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

Name of the statute	Nature of dues	Amount outstanding in crores (Rs.)	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act 1956	Sales tax on the material components of the works contract	0.26	1998-99 and 2000-01	Sales Tax Appellate Tribunal Hyderabad, Andhra Pradesh
Andhra Pradesh General Sales Tax Act 1956	Sales tax on the material components of the works contract.	2.23	2001-02 and 2002-03	Assessing Officer, Hyderabad, Andhra Pradesh
Andhra Pradesh General Sales Tax Act 1956	Mis-use of concessional Form G against purchase of Cement	2.19	2001-02 to 2004-05	Sales Tax Appellate Tribunal, Vizag, Andhra Pradesh
Andhra Pradesh General Sales Tax Act 1956	Mis-use of concessional Form G against purchase of Cement and LDO	5.89	2002-03 to 2004-05	Deputy Commissioner Sales Tax Appeal, Vizag, Andhra Pradesh.
Andhra Pradesh General Sales Tax Act 1956	Purchase of Cement escape turnover	0.44	2004-05	Sales Tax Appellate Tribunal, Vizag, Andhra Pradesh
Bihar Value Added Tax Act 2005	Disallowance of labour and other charges	25.49	2009-10	Commercial Tax Tribunal
Bihar Value Added Tax Act 2005	Disallowance of labour and other charges	0.31	2011-12	Joint Commissioner Appeal
Chhatisgarh Entry Tax Act 1976	Entry tax on materials and equipment brought in to the state	0.23	2005-06	Bilaspur High Court, Chhatisgarh
Gujarat Central Sales Tax Act 1956	Refund assessment not appreciated by the department and raised additional demand	2.55	2008-09	Deputy Commissioner (Appeals)-Vadodara
Gujarat Sales Tax Act 1969	CST against Sales in Transit	0.07	2002-03	Deputy Commissioner (Appeals)-Vadodara
Haryana Value Added Tax Act 2003	Disallowance of deduction	5.81	2003-04 to 2005-06	Sales tax Appellate Tribunal Chandigarh, Haryana
Karnataka Sales Tax Act, 1957	Interest on Entry Tax imposed by DCCT, Bangalore	0.23	2003-04	Joint Commissioner (Appeal), Bangalore
Kerala Value Added Tax Act 2003	Disallowance of deduction	3.91	2005-06 and 2006-07	Deputy Commissioner (Appeals)-Ernakulam, Kerala
MP Commercial Tax Act, 1994	Sales tax on the material components of the works contract	0.05	2003-04	High Court, Bhopal, MP
MP Entry Tax Act 1976	Entry tax on materials and equipment brought into the state	0.01	2003-04	High Court, Bhopal, MP
MP Value Added Tax Act 2002	VAT on sales in course of import and interest and penalty	3.18	2009-10 and 2010-11	Additional Commissioner Commercial Tax, Gwalior
MP Entry Tax Act 1976	Entry tax on materials and equipment brought into the state	0.43	2009-10 and 2010-11	Additional Commissioner Commercial Tax, Gwalior
Maharashtra Value Added Tax Act 2002	VAT on transportation, travelling charges and penalty	1.09	2006-07 and 2008-09	Joint Commissioner (Appeal) Nasik, Maharashtra
Punjab Value Added Tax 2005	Disallowance of sales in transit	18.62	2011-12	Commercial Tax Tribunal
Rajasthan Tax on the entry of Goods in to the Local Area Act 1999	Entry Tax demand on materials equipment	0.91	2005-06	High Court of Jodhpur, Rajasthan
Uttar Pradesh, Central Sales Tax Act 1956	Misuse of Form C against purchase of equipment	0.74	1998-99	Assessing Officer, Mathura
Uttar Pradesh Trade Tax Act 1948	Entry Tax demand and penalty	0.03	2000-01 and 2004-05	Commercial Tax Tribunal, Agra
Uttar Pradesh Trade Tax Act 1948	Entry Tax demand	0.02	1999-00	Joint Commissioner Appeal, Mathura
Uttar Pradesh Trade Tax Act 1948	Penalty imposed for non-submission of Behti	0.11	2010-11	Tribunal, Uttar Pradesh Trade Tax
West Bengal Value Added Tax, 2003	Non-submission of E-I forms and addition in turnover	26.87	2009-2010	Joint Commissioner (Appeal), Midnapur (WB)
The Income Tax Act, 1961	Demand by Income tax department	-	2004-05 to 2006-07	CIT Appeals



**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF PUNJ LLOYD LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014**

Name of the statute	Nature of dues	Amount outstanding in crores (Rs.)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Non-payment of excise duty	0.73	2006-07	Commissioner of Custom and Central Excise, Mumbai
The Finance Act 2004 and the Service Tax Rules	Penalty for late payment of service tax	18.87	2003-04, 2005-06 and 2006-07	CESTAT, Delhi

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to debenture-holders during the year; *the Company has defaulted in repayment of principal and interest amounting to Rs. 56.81 crores to banks and financial institutions for maximum period upto 74 days. As at year end, the Company has defaulted in repayment of below mentioned dues to the Banks which have been paid subsequent to the balance sheet date:*

Particulars	Amount in crores (Rs.)	Period of delays
Repayment of Loan to Banks	9.58	Upto 80 days
Payment of Interest to Banks	0.53	Upto 74 days

- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has created security in respect of the outstanding debentures issued during previous years. No debentures have been issued during the year.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker Chandiok & Co LLP**  
(Formerly *Walker, Chandiok & Co*)  
Chartered Accountants  
Firm Registration No. 001076N

per **David Jones**  
Partner  
Membership No. 098113

**Place:** Gurgaon  
**Date:** May 20, 2014

**BALANCE SHEET** as at March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

	Notes	As at March 31, 2014	As at March 31, 2013
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	66.42	66.42
Reserves and surplus	4	3,683.99	3,781.80
		<b>3,750.41</b>	<b>3,848.22</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	1,248.93	1,297.30
Deferred tax liabilities (net)	6	128.61	128.48
Other liabilities	9	28.27	-
Provisions	7	1.16	0.11
		<b>1,406.97</b>	<b>1,425.89</b>
<b>Current liabilities</b>			
Short-term borrowings	8	3,521.89	3,287.46
Trade payables	9	2,300.14	2,082.66
Other liabilities	9	3,023.54	3,237.55
Provisions	7	78.31	67.27
		<b>8,923.88</b>	<b>8,674.94</b>
<b>Total</b>		<b>14,081.26</b>	<b>13,949.05</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	1,507.06	1,630.74
Intangible assets	11	3.05	4.01
Non-current investments	12	1,578.55	690.46
Deferred tax assets (net)	6	2.41	3.28
Loans and advances	13	564.65	481.54
Other assets	15	107.79	102.66
		<b>3,763.51</b>	<b>2,912.69</b>
<b>Current assets</b>			
Inventories	16	122.60	171.96
Unbilled revenue (work-in-progress)		6,073.53	5,196.10
Trade receivables	14	2,377.72	2,903.58
Cash and bank balances	17	176.31	191.21
Loans and advances	13	1,457.46	2,512.10
Other assets	15	110.13	61.41
		<b>10,317.75</b>	<b>11,036.36</b>
<b>Total</b>		<b>14,081.26</b>	<b>13,949.05</b>
Summary of significant accounting policies	2.1		

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

For **Walker Chandiok & Co LLP**  
(Formerly *Walker, Chandiok & Co*)  
Chartered Accountants

per **David Jones**  
Partner

**Place** Gurgaon  
**Date** May 20, 2014

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

**Atul Punj**  
Chairman  
DIN: 00005612

**J.P. Chalasani**  
Managing Director & Group CEO  
DIN: 00308931

**P.N. Krishnan**  
Director - Finance  
DIN: 00003925

**Dinesh Thairani**  
Group President - Legal & Company Secretary

**STATEMENT OF PROFIT AND LOSS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*

	Notes	Year ended March 31, 2014	Year ended March 31, 2013
<b>Income</b>			
Revenue from operations	18	8,229.17	8,366.06
Other income	19	281.92	226.93
<b>Total income (I)</b>		<b>8,511.09</b>	<b>8,592.99</b>
<b>Expenses</b>			
Projects materials consumed and cost of goods sold		3,364.27	2,829.49
Employee benefits expense	20	829.68	954.38
Other expenses	21	3,289.22	3,871.58
<b>Total expenses (II)</b>		<b>7,483.17</b>	<b>7,655.45</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)</b>		<b>1,027.92</b>	<b>937.54</b>
Depreciation and amortization expense	10 & 11	244.99	228.13
Less: recoupment from asset revaluation reserve		(0.23)	(0.25)
Depreciation and amortization expense (net)		244.76	227.88
Finance costs	22	771.15	679.53
<b>Profit before tax</b>		<b>12.01</b>	<b>30.13</b>
Tax expenses			
- Current tax		2.90	6.20
- Minimum alternate tax credit entitlement		-	(0.94)
- Deferred tax		1.30	5.25
<b>Total tax expense</b>		<b>4.20</b>	<b>10.51</b>
<b>Profit for the year</b>		<b>7.81</b>	<b>19.62</b>
Earnings per equity share [nominal value per share Rs. 2 each (Previous year Rs. 2)] Basic Diluted (in Rs.)	23	0.24	0.59
Summary of significant accounting policies	2.1		

The accompanying notes form an integral part of the financial statements.  
This is the statement of profit and loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
(Formerly *Walker, Chandiok & Co*)  
Chartered Accountants

per **David Jones**  
Partner

**Place** Gurgaon  
**Date** May 20, 2014

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

**Atul Punj**

Chairman  
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**P.N. Krishnan**

Director - Finance  
DIN: 00003925

**Dinesh Thairani**

Group President - Legal & Company Secretary

**CASH FLOW STATEMENT** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

	Year ended March 31, 2014	Year ended March 31, 2013
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>12.01</b>	<b>30.13</b>
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization (net)	244.76	227.88
(Profit)/ loss on sale of fixed assets (net)	(18.07)	1.26
Provision for diminution in value of non-trade long term investment	-	0.75
Unrealised foreign exchange gain (net)	(51.94)	(144.95)
Unspent liabilities and provisions written back/ irrecoverable balances written off (net)	3.63	4.73
Interest expense	646.35	565.38
Interest income	(17.29)	(19.76)
Dividend income	(0.04)	(0.04)
<b>Operating profit before working capital changes</b>	<b>819.41</b>	<b>665.38</b>
Changes in working capital:		
Increase in trade payables	203.53	535.17
Increase/ (decrease) in provisions	5.29	(1.50)
(Decrease)/ increase in other liabilities	(323.61)	410.76
Decrease / (increase) in trade receivables	565.93	(1,465.12)
Increase in unbilled revenue (work-in-progress)	(877.42)	(204.27)
Decrease in inventories	49.36	21.87
Decrease / (increase) in loans and advances	190.22	(59.65)
Cash generated from/(used in) operations	634.71	(97.36)
Direct taxes paid (net of refunds)	(50.77)	(63.81)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>583.94</b>	<b>(161.17)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including CWIP and capital advances	(115.06)	(53.81)
Proceeds from sale of fixed assets	96.10	19.90
Purchase of investments	(396.05)	(21.07)
Proceeds from sale of investments	-	0.39
(Investments in)/ redemption/maturity of bank deposits (having original maturity of more than three months)	(0.09)	0.63
Interest received	2.63	2.35
Dividends received	0.04	0.074
Increase in margin money deposits	(10.79)	(16.87)
<b>Net cash flow used in investing activities (B)</b>	<b>(66.22)</b>	<b>(68.44)</b>
<b>Cash flow from financing activities</b>		
Proceeds from long-term borrowings	514.02	357.99
Repayment of long-term borrowings	(492.07)	(520.64)
Proceeds from short-term borrowings (net)	203.21	892.49
Interest paid	(647.31)	(576.76)
Dividend paid on equity shares	-	(4.98)
Tax on equity dividend paid	-	(0.81)
<b>Net cash flow (used in)/ from financing activities (C)</b>	<b>(422.15)</b>	<b>147.29</b>



**CASH FLOW STATEMENT** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*

	Year ended March 31, 2014	Year ended March 31, 2013
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	95.57	(82.32)
Effect of exchange differences on cash and cash equivalents held in foreign currency	(0.19)	(2.93)
Exchange difference	(117.96)	11.31
Cash and cash equivalents at the beginning of the year	173.06	247.00
<b>Cash and cash equivalents at the end of the year (also refer note 17)</b>	<b>150.48</b>	<b>173.06</b>

The accompanying notes form an integral part of the financial statements.

This is the cash flow statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
(Formerly *Walker, Chandiok & Co*)  
Chartered Accountants

per **David Jones**  
Partner

**Place** Gurgaon  
**Date** May 20, 2014

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

**Atul Punj**

Chairman  
DIN: 00005612

**J.P. Chalasani**

Managing Director & Group CEO  
DIN: 00308931

**P.N. Krishnan**

Director - Finance  
DIN: 00003925

**Dinesh Thairani**

Group President - Legal & Company Secretary

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

**1. Corporate information**

Punj Lloyd Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on two stock exchanges in India. The Company is engaged in the business of engineering, procurement and construction in the oil, gas and infrastructure sectors. The Company caters to both domestic and international markets.

**2. Basis of preparation**

These financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 (the "Act"). The financial statements have been prepared on an accrual basis and under the historical cost convention, except in case of certain tangible assets which are being carried at their revalued amounts and derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements have been consistently applied by the Company and are consistent with those of previous year.

**2.1. Summary of significant accounting policies****(a) Use of estimates**

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

**(b) Tangible fixed assets**

Tangible assets, except a piece of land and few plant and equipment items acquired before March 31, 1998, are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price, borrowing costs, if capitalisation criteria are met, and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

During the year ended March 31, 1998, the Company revalued certain plant and equipment items. These plant and equipment items are measured at fair value less accumulated depreciation and impairment losses, if recognised after the date of the revaluation. During the year ended March 31, 2002, the Company revalued a piece of land at fair value. In case of revaluation of tangible assets, any revaluation surplus is credited to the asset revaluation reserve, except to the extent that it

reverses a revaluation decrease of the same asset previously recognised in the statement of profit and loss, in which case the increase is recognised in the statement of profit and loss. A revaluation deficit is recognised in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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

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

Gains or losses arising from de-recognition of tangible assets 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.

**(c) Intangible assets**

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

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.

**(d) Depreciation on tangible fixed assets and amortization of intangible assets**

- i) Depreciation on tangible assets is calculated on a straight-line basis, at the rates prescribed under Schedule XIV to the Act, (except to the extent stated in paras (ii) and (iii) below), which are based on the estimated useful lives of the assets. In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the Asset Revaluation Reserve.

## NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

- ii) Depreciation on the following tangible assets of the Project division is charged on straight line basis, at the rates based on the useful lives of the assets as estimated by the management, which are either equal to or higher than the rates prescribed under Schedule XIV to the Act:

Asset Description	Depreciation Rate
Plant and equipment	4.75% to 11.31%
Furniture, fixtures and office equipments	4.75% to 25.00%
Vehicles	9.50% to 25.00%

- iii) Depreciation on the following fixed assets of some overseas branches and unincorporated joint venture is charged on straight line basis, at the rates based on useful life of the assets as estimated by the management, which are higher than the rates prescribed under Schedule XIV to the Act:

Asset Description	Useful Lives of Assets
Plant and equipment	3 to 21 years
Furniture, fixtures and office equipments	3 to 21 years
Vehicles	3 to 10 years

- iv) Leasehold land is amortised on a straight line basis over the period of lease, i.e., 30 years, except for leasehold land which is under perpetual lease.
- v) Assets acquired under sale and lease back transactions are depreciated on a straight line basis over the period of lease.
- vi) Individual assets costing upto Rs. 5,000 are depreciated at the rate of 100% per annum.
- vii) Intangible assets are amortized on a straight line basis, based on the nature and useful economic life of the assets as estimated by the management. The summary of amortization policies applied to the Company's intangible assets is as below:
- Software of project division is amortized over the period of licenses or six years, whichever is lower.
  - Software of an unincorporated joint venture is amortized over the period of license or three years, whichever is lower.

### (e) Impairment of tangible and intangible assets

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

impaired and is written down to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and loss is accordingly reversed in the statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

After impairment, depreciation/amortization is provided on the revised carrying amount of the asset over its remaining useful life.

### (f) Sale and lease back transactions

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

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

### (g) Leases

#### Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized.

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

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**Where the Company is the lessor**

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating lease. Assets subject to operating leases are included in tangible assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Initial direct costs such as legal, brokerage etc. and subsequent costs, including depreciation, incurred in earning the lease income are recognized as an expense in the statement of profit and loss.

**(h) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**(i) Inventories**

Inventories are valued as follows:

- i) Project Materials (excluding scaffoldings): Lower of cost and net realizable value. Cost is determined on weighted average basis.
- ii) Scrap: Net realizable value.
- iii) Scaffoldings (included in Project Materials): Cost less amortization/charge based on their useful life, which is estimated at seven years.

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.

**(k) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

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



## NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

- ii) Revenue from long term construction contracts executed in unincorporated joint ventures under work sharing arrangements is recognized on the same basis as similar contracts independently executed by the Company. Revenue from unincorporated joint ventures under profit sharing arrangements is recognized to the extent of the Company's share in unincorporated joint ventures.
- iii) Revenue from hire charges is accounted for in accordance with the terms of agreements with the customers.
- iv) Revenue from Management services is recognised pro-rata over the period of the contract as and when the services are rendered.
- v) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.
- vi) Dividend income is recognized when the Company's' right to receive dividend is established by the reporting date.
- vii) Export Benefit under the Duty Free Credit Entitlements is recognized in the statement of profit and loss, when right to receive license as per terms of the scheme is established in respect of exports made and there is no significant uncertainty regarding the ultimate collection of the export proceeds.
- viii) Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, which usually coincides with delivery of the goods.
- ix) The Company collects service tax and value added taxes (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

### (l) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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 they are incurred.

### (m) Foreign currency transactions and translations

#### i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### ii) Conversion

Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are carried at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate prevailing at the date when such value was determined.

#### iii) Exchange differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- a. Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences, which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
- b. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a tangible asset are capitalized and depreciated over the remaining useful life of the asset.
- c. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- d. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of b and c above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

#### iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

The exchange differences arising on forward contracts to hedge foreign currency risk of an underlying asset or

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

liability existing on the date of the contract are recognised in the statement of profit and loss of the period in which the exchange rates change, based on the difference between:

- a. foreign currency amount of a forward contract translated at the exchange rates at the reporting date, or the settlement date where the transaction is settled during the reporting period, and
- b. the same foreign currency amount translated at the latter of the date of the inception of the contract and the last reporting date, as the case may be.

The premium or discount on all such contracts arising at the inception of each contract is amortised as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognised as income or expense for the year upon such cancellation or renewal.

Forward exchange contracts entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet date, if such mark to market results in exchange loss. Such exchange loss is recognised in the statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies.

**v) Translation of integral and non integral foreign operations**

The Company classifies all its foreign operations as either "integral foreign operations" or "non- integral foreign operations".

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

The assets and liabilities of non-integral foreign operations are translated into the reporting currency at the exchange rate prevailing at the reporting date. Items of statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average quarterly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the "Foreign currency translation reserve". On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

**(n) Employee benefits**

- i) The Company makes contribution to statutory provident fund and pension funds in accordance with Employees Provident Funds and Miscellaneous Provisions Act, 1952, which is a defined contribution plan. The Company has no obligation, other than the contribution payable to respective funds. The Company recognizes contribution payable to respective funds as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.
- ii) Gratuity liability is a defined benefit obligation. The Company has obtained an insurance policy under group gratuity scheme with Life Insurance Corporation of India/ ICICI Prudential Life Insurance Company Limited to cover the gratuity liability of the employees of project division and amount paid/payable in respect of present value of liability for past services is charged to the statement of profit and loss on the basis of actuarial valuation on the projected unit credit method made at the end of each financial year. Actuarial gains/losses are recognised in full in the period in which they occur in the statement of profit and loss.
- iii) In respect to overseas branches and unincorporated joint venture operations, provision for retirement and other employee benefits are made on the basis prescribed in the local labour laws of the respective country, for the accumulated period of service at the end of the financial year.
- iv) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

**(o) Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid

## NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in shareholders' funds is recognised in shareholders' funds and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in shareholders' funds is recognised in shareholders' funds and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which

the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and disclosed as "Minimum alternate tax credit entitlement". The Company reviews the "Minimum alternate tax credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### (p) Accounting for joint ventures

Accounting for joint ventures undertaken by the Company has been done as follows:

Type of Joint Venture	Accounting treatment
Jointly controlled operations	Company's share of revenue, expenses, assets and liabilities are included in the financial statements as Revenues, Expenses, Assets and Liabilities respectively.
Jointly controlled entities	Company's investment in joint ventures is reflected as investment and accounted for in accordance with para 2.1(h) above.

### (q) Segment reporting

#### Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

#### Unallocated items

Unallocated items include general corporate income and expense items which are not allocable to any business segment.

#### Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### (r) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year 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.

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

**(s) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India (ICAI). The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

**(t) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(u) Derivative instruments**

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under Accounting Standard 11- The Effects of Changes in Foreign Exchange Rates, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

**(v) Contingent liabilities**

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

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

**(w) Provisions**

A provision is recognized when the Company has a present 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. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(x) Operating cycle**

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

**(y) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, 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.



**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*
**3. Share Capital**

	As at March 31, 2014	As at March 31, 2013
<b>Authorized shares</b>		
450,000,000 (Previous year 450,000,000) equity shares of Rs. 2 each	90.00	90.00
10,000,000 (Previous year 10,000,000) preference shares of Rs. 10 each	10.00	10.00
	100.00	100.00
<b>Issued, subscribed and fully paid-up shares</b>		
332,095,745 (Previous year 332,095,745) equity shares of Rs. 2 each	66.42	66.42
	<b>66.42</b>	<b>66.42</b>

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

	As at March 31, 2014		As at March 31, 2013	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	332,095,745	66.42	332,095,745	66.42
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>332,095,745</b>	<b>66.42</b>	<b>332,095,745</b>	<b>66.42</b>

**(b) Terms/rights attached to equity shares**

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% of the equity share capital of the Company**

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	Nos.	% holding in the class	Nos.	% holding in the class
Cawdor Enterprises Limited	75,691,430	22.79	75,691,430	22.79
Spectra Punj Finance Private Limited	22,148,305	6.67	22,148,305	6.67

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

**(d) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 25.

**(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.**

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

**4. Reserves and surplus**

	As at March 31, 2014	As at March 31, 2013
<b>Capital reserve</b>	<b>25.61</b>	<b>25.61</b>
<b>Securities premium account</b>	<b>2,485.55</b>	<b>2,485.55</b>
<b>Debenture redemption reserve</b>	<b>112.87</b>	<b>112.87</b>
<b>Asset revaluation reserve</b>		
Balance as per the last year	3.61	3.88
Less: amount transferred to the statement of profit and loss as reduction from depreciation	(0.23)	(0.25)
Less: adjustment on account of sale/disposal of revalued assets	(0.13)	(0.02)
<b>Closing balance</b>	<b>3.25</b>	<b>3.61</b>
<b>General reserve</b>	<b>98.18</b>	<b>98.18</b>
<b>Foreign currency translation reserve</b>		
Balance as per the last year	101.46	79.10
Add: Exchange difference during the year on net investment in non-integral operations	(105.26)	22.36
<b>Closing balance</b>	<b>(3.80)</b>	<b>101.46</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last year	954.52	934.90
Profit for the year	7.81	19.62
Less: Appropriations	-	-
<b>Net surplus in the statement of profit and loss</b>	<b>962.33</b>	<b>954.52</b>
<b>Total reserves and surplus</b>	<b>3,683.99</b>	<b>3,781.80</b>

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*
**5. Long-term borrowings**

	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Debentures (secured)</b>				
10.50% debentures redeemable at par at the end of 5 years from the deemed date of allotment, i.e., October 15, 2010. These are secured by first charge on Flat No. 201, Satyam Apartment, Saru Section Road, Jamnagar, Gujarat, India and subservient charge on the moveable tangible assets and current assets of the Company.	300.00	300.00	-	-
12.00% debentures redeemable at par in ten equal half-yearly installments beginning the end of 5 years from the date of allotment, i.e., January 02, 2009. These are secured by first pari passu charge on the moveable tangible assets of the project division of the Company and further secured by exclusive charge on the Flat No. 202, Satyam Apartment, Saru Section Road, Jamnagar, Gujarat, India.	120.00	150.00	30.00	-
10.00% debentures redeemable at par in four half-yearly installments in the ratio of 20:20:30:30 beginning the end of 3.5 years from the deemed date of allotment, i.e., September 10, 2009. These are secured by pari passu charge on the land situated at Jarod District, Vadodra, Gujarat, India, pari passu first charge on the moveable tangible assets of the project division of the Company (only upto Rs. 150 crores), subservient charge on moveable tangible assets and current assets of project division of the Company (upto Rs. 450 crores only). Further secured by charge on some of the investments of the Company.	-	127.50	127.50	212.50
<b>Term loans</b>				
<b>Indian rupee loan from banks (secured)</b>				
Loans carrying weighted average rate of interest of 11.43% (Previous year 11.34%) depending upon the tenor of the loans. These loans are repayable in 36 to 60 monthly/quarterly installments. These loans are secured by way of exclusive charge on the equipment purchased out of the proceeds of loans.	9.44	20.80	13.36	12.33
Loans carrying weighted average rate of interest 12.87% (Previous year 13.05%) depending upon the tenor of the loans. These loans are repayable in 15 to 17 quarterly installments beginning at the end of 1 year from the disbursement. These loans are secured by way of first pari passu charge on moveable tangible assets of the project division of the Company.	74.69	98.93	44.05	38.15
Loans carrying weighted average rate of interest of 12.30% (Previous year 12.39%) depending upon the tenor of the loans. These loans are repayable in 16 to 22 equal quarterly installments beginning at the end of 1 year from the date of first disbursement. These loans are secured by way of pari passu first charge on the existing and future moveable tangible assets of the project division of the Company, pari passu second charge on current assets of the project division of the Company (excluding receivables of the projects financed by other banks).	40.87	68.21	30.29	39.62

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<p>Loan carrying rate of interest of 12.75% (Previous year 12.75%), repayable in 17 equal quarterly installments beginning at the end of 12 months from the date of first disbursement.</p> <p>The loan is secured by way of first charge on both the corporate offices of the Company, at Plot No. 78 &amp; 95, and Medicity building situated at Sector 32 and 38 respectively at Gurgaon, Haryana, India. Further secured by way of first pari passu charge on the moveable tangible assets of the project division of the Company (upto Rs. 125 crores).</p>	168.23	227.06	41.77	22.94
<p>Loan carrying rate of interest of 11.00%, repayable in 4 equal quarterly installments after the moratorium period of 9 months from the date of disbursement.</p> <p>The loan is secured by way of exclusive charge on land at Malanpur (up to Rs. 6.41 crores), building at Malanpur (up to Rs. 36.78 crores) and subservient charge on current assets of the Company. Collateral security on non-disposal undertaking of 8,000,000 shares of Global Health Private Limited, pledge of 30% shares in Punj Lloyd Infrastructure Limited and 17,516,100 shares in Airworks India (Engineering) Private Limited, an associate of the Company. The loan is further secured by way of personal guarantee of the promoters.</p>	70.00	-	70.00	-
<p><b>Foreign currency loan from banks (secured)</b></p> <p>3 months EBOR plus 2.50% (Previous year 3 months EBOR plus 2.50%) loan repayable in 14 equal quarterly installments, beginning at the end of 1 quarter from the date of its origination.</p> <p>The loan is secured by way of first pari passu charge on moveable tangible assets of the project division of the Company.</p>	25.31	55.81	33.79	40.15
<p><b>Foreign currency loan from others (secured)</b></p> <p>Loan carrying rate of interest of 5.77% (Previous year 5.77%), repayable in 17 equal half yearly installments, beginning at the end of 4 years from the date of its origination.</p> <p>The loan is secured by first pari passu charge on the moveable tangible assets of the project division of the Company.</p>	72.28	78.23	21.68	13.04
<p><b>Indian rupee loan from financial institutions (secured)</b></p> <p>Loans carrying weighted average rate of interest of 13.09% (Previous year 12.84%) depending upon the tenor of the loans. These loans are repayable in 29 to 60 monthly installments beginning at the end of 12 months from the date of first disbursement of the loan.</p> <p>These loans are secured by first and exclusive charge by way of hypothecation on certain specific equipments financed through the loan.</p>	30.98	68.49	47.57	37.58
<p>Loan carried rate of interest of 14.00%, repayable in 24 monthly installments beginning at the end of 12 months from the date of first disbursement of the loan.</p> <p>The loan was secured by way of first charge on the current assets of the project division of the Company (excluding receivables of the projects finance by the other banks).</p>	-	-	-	30.38



**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*

	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Loan carrying rate of interest of 13.75% (Previous year 13.50%), repayable in 16 quarterly installments beginning at the end of 12 months from the date of first disbursement of the loan. The loan is secured by way of first pari passu charge on moveable tangible assets of the project division of the Company.	12.50	25.00	15.63	9.38
Loan carrying rate of interest of 15.00%, repayable in 12 monthly installments beginning at the end of 1 month from the date of first disbursement of the loan. The loan is secured by way of first charge on the present and future current assets of the project division of the Company (excluding receivables of the projects financed by the other banks).	-	-	12.00	-
Loan carrying rate of interest of 13.00% (Previous year 14.00%), repayable in 48 monthly installments beginning at the end of 12 months from the date of first disbursement of the loan. The loan is secured by way of first charge on pari passu basis on current assets (excluding receivables of the project financed by the other banks) and second charge on pari passu basis on moveable tangible assets of the project division of the Company.	50.00	75.00	31.25	22.92
Loan carrying rate of interest of 12.00%, repayable in bullet payment at the end of 2 years from the date of disbursement. The loan is secured by way of pledge of 601,979 equity shares in Global Health Private Limited and further secured by way of personal guarantee of the promoters.	35.00	-	-	-
Loan carrying rate of interest of 13.95%, repayable in 12 equal quarterly installments after the moratorium period of 2 years from the date of disbursement. The loan is secured by way of first pari passu charge on the moveable tangible assets of the project division of the Company and subservient charge on both the corporate offices of the Company, at Plot No. 78 & 95, and Medicity building situated at Sector 32 and 38 respectively at Gurgaon, Haryana, India.	186.00	-	-	-
<b>Other loans (secured)</b>				
Finance lease obligations carry weighted average rate of interest of 13.83% (Previous year 4.00%). These are secured by first and exclusive charge by way of hypothecation on specific equipments financed through the loan.	53.63	2.27	34.56	4.16
	<b>1,248.93</b>	<b>1,297.30</b>	<b>553.45</b>	<b>483.15</b>
<b>The above amount includes</b>				
Secured borrowings	1,248.93	1,297.30	553.45	483.15
Amount disclosed under the head "Other liabilities" (note 9)	-	-	(553.45)	(483.15)
<b>Net amount</b>	<b>1,248.93</b>	<b>1,297.30</b>	<b>-</b>	<b>-</b>

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

**6. Deferred tax liabilities (net)**

	As at March 31, 2014	As at March 31, 2013
Impact of difference between tax depreciation and depreciation/amortization as per books	73.48	76.16
Effect of expenditure not debited to statement of profit and loss but allowed/allowable in income tax	61.04	52.17
Unrealised foreign exchange on purchase of tangible assets	(6.54)	(3.73)
Difference in carrying value of scaffoldings as per income tax and financial books	5.24	6.96
Impact of expenditure charged to the statement of profit and loss in the current year but allowable for tax purposes on payment basis	(7.02)	(6.36)
<b>Deferred tax liabilities (net) *</b>	<b>126.20</b>	<b>125.20</b>

\*After setting off deferred tax assets aggregating Rs. 2.41 crores (Previous year Rs. 3.28 crores) in respect of certain branches.

**7. Provisions**

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Provision for employee benefits</b>				
Provision for gratuity (also refer note 24)	1.16	0.11	1.61	2.40
Provision for compensated absences	-	-	20.59	15.56
	<b>1.16</b>	<b>0.11</b>	<b>22.20</b>	<b>17.96</b>
<b>Other provisions</b>				
Provision for current tax (net of advance tax)	-	-	56.11	49.31
	<b>-</b>	<b>-</b>	<b>56.11</b>	<b>49.31</b>
	<b>1.16</b>	<b>0.11</b>	<b>78.31</b>	<b>67.27</b>

**8. Short term borrowings**

	As at March 31, 2014	As at March 31, 2013
<b>Secured</b>		
<b>Working capital loan repayable on demand</b>		
Secured by way of first charge on pari passu basis on current assets (excluding receivables of the projects financed by the other banks) and second charge on pari passu basis on moveable tangible assets of the project division of the Company. These borrowings from banks carry weighted average rate of interest 12.77% (Previous year 12.18%).	1,208.03	971.74
Secured by way of exclusive charge on the receivables of the specific projects financed by the bank, first pari passu charge on the current assets of the project division (excluding receivables of the projects financed by the other banks), pari passu second charge on the movable tangible assets of the project division of the Company. These borrowings from banks carry weighted average rate of interest 11.89% (Previous year 11.47%).	1,838.87	1,644.52
Secured by way of first charge on pari passu basis on current assets (excluding receivables of the projects financed by the other banks), pari passu charge on the receivables of the project financed and second charge on pari passu basis on movable tangible assets of the project division of the Company. These borrowings from banks carry weighted average rate of interest 10.09% (Previous year 5.52%).	278.77	249.35

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*

	As at March 31, 2014	As at March 31, 2013
Secured by way of pari passu charge on the receivables financed. These borrowings from banks carry rate of interest of 4.75% (Previous year 4.29%).	56.30	92.56
Secured by way of charge on the receivables and assets of the project. These borrowing from banks carry rate of interest of 3 Months FGB EBOR + 2.5% P.A. (Previous year 3 Months FGB EBOR + 2.5% P.A.)	75.55	166.19
<b>Unsecured</b>		
Buyer's line of credit from a bank carrying weighted average rate of interest 1.29% (Previous year 1.41%).	30.32	160.40
13% (Previous year 10%) Inter-corporate deposit repayable on demand.	34.05	2.70
	<b>3,521.89</b>	<b>3,287.46</b>
The above amount includes:		
Secured borrowings	3,457.52	3,124.36
Unsecured borrowings	64.37	163.10
	<b>3,521.89</b>	<b>3,287.46</b>

**9. Other liabilities**

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Trade payables (including acceptances) (also refer note 35 for details of dues to micro and small enterprises)	-	-	2,300.14	2,082.66
<b>Other liabilities</b>				
Current maturities of long term borrowings	-	-	553.45	483.15
Interest accrued but not due on borrowings	-	-	31.22	40.26
Interest accrued and due on borrowings	-	-	8.08	-
Unpaid dividends #	-	-	0.26	0.27
Service tax payable	-	-	2.05	30.40
Value added tax payable	-	-	47.43	36.24
Tax deducted at source payable	-	-	16.42	19.75
Advance billing	-	-	528.42	820.70
Advances from customers	-	-	1,424.05	1,588.43
Unearned income	28.27	-	40.25	-
Due to subsidiaries	-	-	337.79	116.73
Security deposits	-	-	7.93	7.91
Capital goods suppliers	-	-	21.36	84.02
Others	-	-	4.83	9.69
	<b>28.27</b>	<b>-</b>	<b>3,023.54</b>	<b>3,237.55</b>
	<b>28.27</b>	<b>-</b>	<b>5,323.68</b>	<b>5,320.21</b>

# These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

**10. Tangible assets**

	Land	Buildings	Plant and equipment	Furniture and fixtures	Office equipments	Tools	Vehicles	Total
<b>Gross block at cost or valuation</b>								
At April 01, 2012	30.04	59.12	2,192.32	36.56	24.27	11.78	95.72	2,449.81
Additions	3.70	134.94	163.23	1.72	1.92	3.40	1.38	310.29
Disposals (-)	15.75	-	10.84	0.21	3.31	1.96	6.08	38.15
Other adjustments								
Exchange differences	-	-	8.59	-	-	-	-	8.59
Foreign currency translation	-	-	21.17	(4.18)	0.50	-	2.41	19.90
<b>At March 31, 2013</b>	<b>17.99</b>	<b>194.06</b>	<b>2,374.47</b>	<b>33.89</b>	<b>23.38</b>	<b>13.22</b>	<b>93.43</b>	<b>2,750.44</b>
Additions	-	-	103.81	0.49	0.22	0.00	2.93	107.45
Disposals(-)	-	-	124.47	5.58	5.06	0.01	9.76	144.88
Other adjustments								
Exchange differences	-	-	10.11	-	-	-	-	10.11
Foreign currency translation	-	-	22.84	1.03	0.63	-	0.88	25.38
Other	-	(1.07)	0.58	0.33	(0.01)	0.17	-	-
<b>At March 31, 2014</b>	<b>17.99</b>	<b>192.99</b>	<b>2,387.34</b>	<b>30.16</b>	<b>19.16</b>	<b>13.38</b>	<b>87.48</b>	<b>2,748.50</b>
<b>Accumulated depreciation</b>								
At April 01, 2012	0.49	11.33	815.64	15.99	10.48	3.88	42.85	900.66
Charge for the year	0.21	2.90	206.75	3.93	1.75	0.79	10.81	227.14
Disposals(-)	-	-	8.88	0.20	2.74	0.92	4.23	16.97
Other adjustments								
Foreign currency translation	-	-	8.40	(1.23)	0.42	-	1.36	8.95
Other	-	-	-	(0.08)	-	-	-	(0.08)
<b>At March 31, 2013</b>	<b>0.70</b>	<b>14.23</b>	<b>1,021.91</b>	<b>18.41</b>	<b>9.91</b>	<b>3.75</b>	<b>50.79</b>	<b>1,119.70</b>
Charge for the year	0.21	3.82	226.14	2.96	1.49	0.63	8.79	244.04
Disposals(-)	-	-	119.17	5.42	3.67	0.00	7.30	135.56
Other adjustments								
Foreign currency translation	-	-	10.01	0.25	0.36	-	2.64	13.26
<b>At March 31, 2014</b>	<b>0.91</b>	<b>18.05</b>	<b>1,138.89</b>	<b>16.20</b>	<b>8.09</b>	<b>4.38</b>	<b>54.92</b>	<b>1,241.44</b>
<b>Net block</b>								
<b>At March 31, 2013</b>	<b>17.29</b>	<b>179.83</b>	<b>1,352.56</b>	<b>15.48</b>	<b>13.47</b>	<b>9.47</b>	<b>42.64</b>	<b>1,630.74</b>
<b>At March 31, 2014</b>	<b>17.08</b>	<b>174.94</b>	<b>1,248.45</b>	<b>13.96</b>	<b>11.07</b>	<b>9.00</b>	<b>32.56</b>	<b>1,507.06</b>

1. Gross block of plant and equipment includes Rs. 5.82 crores and accumulated depreciation includes Rs. 4.66 crores (Previous year Rs. 6.27 crores and Rs. 4.75 crores respectively) on account of revaluation of assets carried out in earlier years. The said revaluation was carried out during the year ended March 31, 1998 by an external agency using "price indices released by the Economic Advisor's Office, Ministry of Industry/Verbal Quotation/Comparison/Estimation or any other method considered prudent in specific cases". Consequent to the said revaluation, there is an additional charge of depreciation of Rs. 0.23 crores (Previous year Rs. 0.25 crores). In accordance with the option given in the guidance note on accounting for the depreciation in companies, the Company recoups such additional depreciation out of asset revaluation reserve. There is additional profit of Rs. 0.13 crores (Previous year Rs. 0.02 crores) on account of sale of assets, an equivalent amount has been withdrawn from revaluation reserve and credited to statement of profit and loss.



**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*

2. Gross block of land includes Rs. 2.10 crores (Previous year Rs. 2.10 crores) on account of revaluation of assets carried out in earlier years. The said revaluation was carried out during the year ended March 31, 2002 by an external agency using "price indices released by the Economic Advisor's Office, Ministry of Industry/Verbal Quotation/Comparison/estimation or any other method considered prudent in specific cases".
3. In compliance with the notification dated March 31, 2009 (as amended) issued by MCA, the Company has exercised the option available under paragraph 46 to the Accounting Standards 11- The effect of changes in foreign exchange rates. Accordingly, during the current year, the foreign exchange loss of Rs. 10.11 crores (Previous year Rs. 8.59 crores) has been added to gross block of plant and equipment.
4. Gross block of land includes leasehold land Rs. 6.41 crores (Previous year Rs.6.41 crores). Accumulated depreciation there on is Rs. 0.93 crores (Previous year Rs. 0.72 crores).
5. Gross block of vehicles includes vehicles of cost Rs. 16.33 crores (Previous year Rs. 16.74 crores) taken on finance lease. Accumulated depreciation there on is Rs. 7.51 crores (Previous year Rs. 4.35 crores).
6. Gross block of plant and equipment includes equipments of cost Rs. 100.15 crores (Previous year Nil) taken on finance lease. Accumulated depreciation thereon is Rs. 23.77 crores (Previous year Nil).
7. Gross block of buildings includes building of cost Rs. 98.76 crores (Previous year Rs. 98.76 crores) taken on finance lease. Accumulated depreciation thereon is Rs. 2.39 crores (Previous year Rs. 0.79 crores).

**11. Intangible assets**

	Computer software	Total
<b>Gross block</b>		
At April 01, 2012	12.82	12.82
Additions	0.60	0.60
Other adjustments		
Foreign currency translation	0.00	0.00
<b>At March 31, 2013</b>	<b>13.42</b>	<b>13.42</b>
Additions	0.04	0.04
Disposals(-)	0.62	0.62
Other adjustments		
Foreign currency translation	(0.00)	(0.00)
<b>At March 31, 2014</b>	<b>12.84</b>	<b>12.84</b>
<b>Amortization</b>		
At April 01, 2012	8.34	8.34
Charge for the year	0.99	0.99
Other adjustments		
Foreign currency translation	0.00	0.00
Other	0.08	0.08
<b>At March 31, 2013</b>	<b>9.41</b>	<b>9.41</b>
Charge for the year	0.95	0.95
Disposals(-)	0.57	0.57
Other adjustments		
Foreign currency translation	(0.00)	(0.00)
<b>At March 31, 2014</b>	<b>9.79</b>	<b>9.79</b>
<b>Net block</b>		
<b>At March 31, 2013</b>	<b>4.01</b>	<b>4.01</b>
<b>At March 31, 2014</b>	<b>3.05</b>	<b>3.05</b>

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

**12. Non-Current Investments**

	As at March 31, 2014	As at March 31, 2013
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity instruments</b>		
<b>Investment in subsidiaries</b>		
<b>Punj Lloyd International Limited</b>	0.44	0.44
100,000 (Previous year 100,000) equity shares of USD 1 each fully paid up. Of the above, 100,000 (Previous year 100,000) equity shares are under first pari passu charge with Debenture trustee.		
<b>Punj Lloyd Industries Limited</b>	11.50	11.50
11,500,200 (Previous year 11,500,200) equity shares of Rs. 10 each fully paid up. Of the above, 11,500,194 (Previous year 11,500,194) equity shares are under first pari passu charge with Debenture trustee.		
<b>Atna Investments Limited</b>	0.39	0.39
515,221 (Previous year 515,221) equity shares of Rs. 100 each fully paid up. Of the above, 399,215 (Previous year 399,215) equity shares are under first pari passu charge with Debenture trustee. (At cost less provision for other than temporary diminution in value Rs. 4.77 crore (Previous year Rs. 4.77 crore))		
<b>PLN Construction Limited</b>	3.09	3.09
2,000,000 (Previous year 2,000,000) equity shares of Rs. 10 each fully paid up. Of the above, 1,999,994 (Previous year 1,999,994) equity shares are under first pari passu charge with Debenture trustee.		
<b>Punj Lloyd Pte Limited</b>	167.97	167.97
573,346 (Previous year 573,346) equity shares of SGD 100 each and 1 (Previous year 1) equity share of SGD 1 each fully paid up. Of the above, 286,673 (Previous year 286,673) equity shares are under first pari passu charge with Debenture trustee.		
<b>PL Engineering Limited</b>	5.00	5.00
5,000,000 (Previous year 5,000,000) equity shares of Rs 10 each fully paid up. Of the above, 4,999,994 (Previous year 4,999,994) equity shares are under first pari passu charge with Debenture trustee.		
<b>PLI Ventures Advisory Services Private Limited</b>	0.01	0.01
10,100 (Previous year 10,100) equity shares of Rs. 10 each fully paid up.		
<b>Punj Lloyd Aviation Limited</b>	54.00	54.00
53,998,710 (Previous year 53,998,710) equity shares of Rs 10 each fully paid up. Of the above, 53,998,704 (Previous year 53,998,704) equity shares are under first pari passu charge with Debenture trustee.		
<b>Punj Lloyd Infrastructure Limited</b>	30.15	30.15
22,650,000 (Previous year 22,650,000) equity shares of Rs 10 each fully paid up. Out of the above, 7,500,000 equity shares have been issued at a premium of Rs. 10 each. Of the above 6,795,000 (Previous year Nil) equity shares are pledged with a bank.		
<b>Punj Lloyd Upstream Limited</b>	36.40	36.40
36,397,350 (Previous year 36,397,350) equity shares of Rs 10 each fully paid up.		

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*

	As at March 31, 2014	As at March 31, 2013
<b>Sembawang Infrastructure (India) Private Limited</b> 9,575,000 (Previous year 9,575,000) equity shares of Rs.10 each fully paid up.	0.10	0.10
<b>Indtech Global Systems Limited</b> 82,418 (Previous year 82,418) equity shares of Rs.100 each fully paid up. Of the above, 82,413 (Previous year 82,413) equity shares are under first pari passu charge with Debenture trustee.	1.70	1.70
<b>Punj Lloyd Systems Limited</b> 102,000 (Previous year 102,000) equity shares of Rs. 10 each fully paid up.	0.10	0.10
<b>Dayim Punj Lloyd Construction Contracting Company Limited</b> 51,000 (Previous year 51,000) equity shares of SAR 20 each, fully paid up.	1.23	1.23
<b>Spectra Punj Lloyd Limited</b> 5,000,000 (Previous year 5,000,000) equity shares of Rs.10 each fully paid up. Of the above, 4,871,850 (Previous year 4,871,850) equity shares are under first pari passu charge with Debenture trustee.	5.05	5.05
<b>Investment in joint ventures</b> <b>Thiruvananthapuram Road Development Company Limited</b> 17,030,000 (Previous year 17,030,000) equity shares of Rs. 10 each fully paid up.	17.03	17.03
<b>Ramprastha Punj Lloyd Developers Private Limited</b> 5,000 (Previous year 5,000) equity shares of Rs. 10 each fully paid up.	0.01	0.01
<b>Investments in associates</b> <b>Hazaribagh Ranchi Expressway Limited</b> Nil (Previous year 13,000) equity shares of Rs. 10 each fully paid up.	-	0.01
<b>Olive Group India Private Limited</b> Nil (Previous year 750,000) equity shares of Rs. 10 each fully paid up. (At cost less provision for other than temporary diminution in value Rs. Nil (Previous year Rs. 0.75 crore))	-	-
<b>Investment in others - subsidiaries</b> <b>Punj Lloyd Kazakhstan LLP</b> KZT 1,107,977,200 (Previous year 1,107,977,200) being 100% of the amount of Charter Capital. Of the above, KZT 1,107,977,200 (Previous year 1,107,977,200) are under first pari passu charge with Debenture trustee.	36.28	36.28
<b>Investment in others</b> <b>Rajahmundry Expressway Limited</b> 1,885,000 (Previous year 1,885,000) equity shares of Rs. 10 each fully paid up.	1.89	1.89
<b>Andhra Expressway Limited</b> 1,885,000 (Previous year 1,885,000) equity shares of Rs. 10 each fully paid up.	1.89	1.89
<b>North Karnataka Expressway Limited</b> 3,860,456 (Previous year 3,860,456) equity shares of Rs.10 each fully paid up.	3.86	3.86
<b>GMR Hyderabad Vijaywada Expressways Private Limited</b> 500,000 (Previous year 500,000) equity shares of Rs. 10 each fully paid up.	0.50	0.50
<b>Kaefer Punj Lloyd Limited</b> 74,520 (Previous year 74,520) equity shares of Rs. 100 each fully paid up.	3.86	3.86

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

	As at March 31, 2014	As at March 31, 2013
<b>PT Punj Lloyd Indonesia</b> 7,805 (Previous year 7,805) equity shares of USD 500 each fully paid up. Of the above, 7,800 (Previous year 7,800) equity shares are under first pari passu charge with Debenture trustee.	17.09	17.09
<b>Unquoted preference instruments</b>		
<b>Punj Lloyd Pte Limited</b> 450,000 (Previous year 450,000) redeemable convertible preference share of SGD 100 each and 1,900,000 (previous year Nil) redeemable convertible preference share A of SGD 100 each fully paid up. Of the above, 450,000 (Previous year 450,000) redeemable convertible preference share are under first pari passu charge with Debenture trustee.	1,014.84	131.74
<b>Non-trade</b>		
<b>Unquoted equity instruments</b>		
<b>Investment in others</b>		
<b>RFB Latex Limited</b> 200,000 (Previous year 200,000) equity shares of Rs. 10 each fully paid up. (At cost less provision for other than temporary diminution in value Rs. 0.52 crore (Previous year Rs. 0.52 crore)).	-	-
<b>Arooshi Enterprises Private Limited</b> 598,500 (Previous year 598,500) equity shares of Rs. 10 each fully paid up. (At cost less provision for other than temporary diminution in value Rs. 0.60 crore (Previous year Rs. 0.60 crore)).	-	-
<b>Global Health Private Limited</b> 8,601,979 (Previous year 8,601,979) equity shares of Rs. 10 each fully paid up. Of the above, 8,000,000 (Previous year 8,000,000) equity shares are under first pari passu charge with Debenture trustee and 601,979 (Previous year Nil) equity shares are pledged with a bank. Further, upon repayment/prepayment of non convertible debenture and subsequent release of 8,000,000 shares, the same shall be pledged with another lender.	159.07	159.07
<b>Quoted equity instruments</b>		
<b>Investment in others</b>		
<b>Berger Paints Limited</b> 61,600 (Previous year 61,600) equity shares of Rs. 2 each fully paid up.	0.10	0.10
<b>Pipavav Defence and Offshore Engineering Company Limited</b> 1,000 (Previous year 1,000) equity shares of Rs. 10 each fully paid up. *Rs 27,000 only	0.00*	0.00*
<b>Quoted other instrument</b>		
<b>Investment in others</b>		
<b>IFCI Limited</b> 50 (Previous year Nil) 8.39% tax free bonds of Rs. 1,000,000 each fully paid up.	5.00	-
	<b>1,578.55</b>	<b>690.46</b>
Aggregate amount of quoted investments (Market value: Rs. 6.42 crores (Previous year Rs. 1.40 crores))	5.10	0.10
Aggregate amount of unquoted investments	1,579.34	697.00
Aggregate provision for diminution in value of investments	5.89	6.64

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*
**13. Loans and advances**

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
(Unsecured, considered good)				
Capital advances	1.96	4.49	-	-
Security deposits	5.11	-	11.59	10.82
Loan and advances to related parties	-	-	1,000.39	2,055.64
Advances recoverable in cash or kind	-	-	394.96	409.78
Other loans and advances				
Advance income-tax (net of provision for taxation)	359.58	304.51	-	-
Value added tax / sales tax recoverable	190.17	164.31	-	-
Minimum alternate tax credit entitlement (refer note 44)	7.83	8.23	-	-
Balances with statutory/government authorities	-	-	44.05	30.80
Others	-	-	6.47	5.06
	<b>564.65</b>	<b>481.54</b>	<b>1,457.46</b>	<b>2,512.10</b>

Loans and advances due from private limited companies in which Company's director(s) is/are director(s):

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
PLI Ventures Advisory Services Private Limited	-	-	1.23	1.23
Sembawang Infrastructure (India) Private Limited	-	-	11.80	10.70

**14. Trade receivables**

	As at March 31, 2014	As at March 31, 2013
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the date they are due for payment (Includes retention money Rs. 184.51 crores (Previous year Rs. 151.23 crores))	970.50	866.33
Other receivables (Includes retention money Rs. 514.89 crores (Previous year Rs. 468.87 crores))	1,407.22	2,037.25
	<b>2,377.72</b>	<b>2,903.58</b>

Trade receivable due from private limited companies in which the Company's director(s) is/are director(s):

	As at March 31, 2014	As at March 31, 2013
PLI Ventures Advisory Services Private Limited	0.35	0.35
Sembawang Infrastructure (India) Private Limited	6.86	5.61
AirWorks India (Engineering) Private Limited	2.43	2.43
Punj Lloyd Delta Renewables Private Limited	4.69	6.97
Olive Group India Private Limited	-	0.45
Global Health Private Limited	3.80	3.80



**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

**15. Other assets**

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
(Unsecured, considered good)				
<b>Non-current bank balances (refer note 17) @</b>	5.29	2.08	-	-
<b>Others</b>				
Interest receivable	-	-	75.65	60.99
Export benefit receivable	102.50	100.58	-	-
Investments held for sale	-	-	34.06	-
Receivables against sale of investments	-	-	0.42	0.42
	<b>107.79</b>	<b>102.66</b>	<b>110.13</b>	<b>61.41</b>

@ Represents margin money deposits which are subject to first charge to secure the Company's cash credit loans.

**16. Inventories**

	As at March 31, 2014	As at March 31, 2013
Project materials	121.94	170.25
Scrap	0.66	1.71
	<b>122.60</b>	<b>171.96</b>

**17. Cash and bank balances**

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Cash and cash equivalents</b>				
Balances with banks:				
On current accounts #	-	-	141.68	152.41
On cash credit accounts	-	-	0.13	14.28
On EEFC account	-	-	0.01	0.48
Deposit with original maturity of less than three months	-	-	3.40	3.13
Cash on hand	-	-	5.26	2.76
	<b>-</b>	<b>-</b>	<b>150.48</b>	<b>173.06</b>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months*	-	-	1.62	1.53
Margin money deposit**	5.29	2.08	24.21	16.62
	<b>5.29</b>	<b>2.08</b>	<b>25.83</b>	<b>18.15</b>
Amount disclosed under non-current assets (refer note 15)	(5.29)	(2.08)	-	-
	<b>-</b>	<b>-</b>	<b>176.31</b>	<b>191.21</b>

# Include unclaimed dividend of Rs. 0.26 crores (Previous year Rs. 0.27 crores).

\* Fixed deposits pledged for Rs 1.62 crores (Previous year Rs 1.53 crores) against guarantees.

\*\* Margin money deposits with a carrying amount of Rs. 24.21 crores (Previous year Rs. 16.62 crores) are subject to first charge to secure the Company's cash credit loans.

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*
**18. Revenue from operations**

	Year ended March 31, 2014	Year ended March 31, 2013
Contract revenue (includes export benefit of Rs. 4.45 crores (Previous year Nil))	7,212.47	7,974.96
Sale of traded goods	924.18	273.02
Other operating revenue		
Hire charges	14.34	50.91
Management services	78.18	67.17
	<b>8,229.17</b>	<b>8,366.06</b>

**19. Other Income**

	Year ended March 31, 2014	Year ended March 31, 2013
Scrap sales	22.17	11.52
Unspent liabilities and provisions written back	5.23	0.53
Exchange differences (net)	211.80	190.39
Interest income on		
Bank deposits	1.10	1.30
Others	16.19	18.46
Profit on sale of fixed assets (net)	18.07	-
Dividend income on non-trade long term investments	0.04	0.04
Others	7.32	4.69
	<b>281.92</b>	<b>226.93</b>

**20. Employee benefit expense**

	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, wages and bonus	738.19	851.88
Contribution to provident funds	14.83	20.09
Gratuity expense (also refer note 24)	1.62	1.15
Compensated absences	10.28	8.04
Staff welfare expenses	64.76	73.22
	<b>829.68</b>	<b>954.38</b>

**21. Other Expenses**

	Year ended March 31, 2014	Year ended March 31, 2013
Contractor charges	2,128.64	2,294.23
Site expenses	83.60	145.61
Diesel and fuel	215.97	270.47
Repair and maintenance		
Buildings	0.11	0.69
Plant and equipments	16.66	8.34
Others	1.60	5.65
Rent	42.76	31.63
Freight and cartage	43.10	83.97
Hire charges	292.29	463.83
Rates and taxes	33.29	46.74
Insurance	49.09	35.17
Travelling and conveyance	84.69	98.21
Payment to auditors (refer below)	1.36	1.23
Consultancy and professional	211.78	280.61

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

	Year ended March 31, 2014	Year ended March 31, 2013
Irrecoverable balances written off	8.86	5.26
Provision for diminution in value of non-trade long term investment	-	0.75
Donations	0.54	2.52
Loss on disposal/discard of fixed assets (net)	-	1.26
Miscellaneous	74.88	95.41
	<b>3,289.22</b>	<b>3,871.58</b>

**Payment to auditors**

	Year ended March 31, 2014	Year ended March 31, 2013
As auditors:		
Audit fee	0.36	0.34
Limited reviews	0.65	0.62
Certification	0.29	0.18
Reimbursement of expenses	0.06	0.09
	<b>1.36</b>	<b>1.23</b>

**22. Finance Cost**

	Year ended March 31, 2014	Year ended March 31, 2013
Interest	646.35	565.38
Bank charges	124.80	112.99
Discounting charges on commercial papers	-	1.16
	<b>771.15</b>	<b>679.53</b>

**23. Earnings per share (EPS)**

	2013-14	2012-13
a) Net profit after tax available for equity share holders (Rs. crores)	7.81	19.62
b) Weighted average number of equity shares for Basic and Diluted EPS	332,095,745	332,095,745
c) Earnings per share - Basic and Diluted (Rs.)	0.24	0.59
d) Nominal value per equity share (Rs.)	2	2

**24. Gratuity and other post-employment benefit plans**

The Company has a defined benefit gratuity plan. Under the plan, every employee who has completed at least five years of service gets a gratuity on separation at 15 days of last drawn salary for each completed year of service. The scheme is funded with insurance companies in the form of qualifying insurance policy.

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

**Statement of profit and loss****Net employee benefit expense recognised in the employee cost**

	2013-14	2012-13
Current service cost	1.98	2.36
Interest cost on benefit obligation	0.88	0.88
Expected return on plan assets	(0.72)	(0.61)
Net actuarial (gain)/loss	(0.52)	(1.48)
<b>Net benefit expense</b>	<b>1.62</b>	<b>1.15</b>
Actual return on plan assets	(0.09)	0.12

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*
**Balance sheet**
**Benefit asset/liability**

	2013-14	2012-13
Present value of defined benefit obligation	11.05	11.07
Fair value of plan assets	(8.28)	(8.56)
Less: Unrecognised past service cost	-	-
<b>Net defined benefit obligation</b>	<b>2.77</b>	<b>2.51</b>

**Changes in the present value of the defined benefit obligation are as follows:**

	2013-14	2012-13
Opening defined benefit obligation	11.07	11.43
Interest cost	0.88	0.88
Current service cost	1.98	2.36
Benefits paid	(2.28)	(2.24)
Actuarial (gains)/losses on obligation	(0.60)	(1.36)
<b>Closing defined benefit obligation</b>	<b>11.05</b>	<b>11.07</b>

**Changes in the fair value of plan assets are as follows:**

	2013-14	2012-13
Opening fair value of plan assets	8.56	7.22
Expected return	0.72	0.61
Contributions by employer	1.34	2.85
Benefits paid	(2.25)	(2.24)
Actuarial gains/(losses)	(0.09)	0.12
<b>Closing fair value of plan assets</b>	<b>8.28</b>	<b>8.56</b>

The Company expects to contribute Rs. 1.60 crores to gratuity fund in the next year (Previous year Rs. 2.40 crores).

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

	2013-14 %	2012-13 %
Group Gratuity Cash Accumulation Policy with Life Insurance Corporation of India	39.58	35.16
Group Balance Fund with ICICI Prudential Life Insurance Co. Limited	0.09	0.08
Group Short Term Debt Fund with ICICI Prudential Life Insurance Co. Limited	0.15	10.24
Group Debt Fund with ICICI Prudential Life Insurance Co. Limited	60.18	54.52

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

	2013-14 %	2012-13 %
Discount rate	8.50	8.20
Expected rate of return on assets	9.00	9.00

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

**Amounts for the current and previous four periods are as follows:**

	2013-14	2012-13	2011-12	2010-11	2009-10
Defined benefit obligation	11.05	11.07	11.43	8.57	9.11
Plan assets	8.28	8.56	7.22	5.81	4.48
Surplus/(deficit)	(2.77)	(2.51)	(4.21)	(2.76)	(4.63)
Experience adjustments on plan liabilities – (loss)/gain	1.08	1.16	(0.56)	0.57	(1.62)
Experience adjustments on plan assets – (loss)/gain	(0.09)	0.12	(0.01)	0.40	0.21

**25. Employee stock option plans (ESOP)**

The Company provides various share based payment schemes to its employees. During the year ended March 31, 2014, the relevant details of the schemes are as follows:

	ESOP 2005 (Plan 1 and 2)	ESOP 2006 (Plan 1, 2, 3, 4, 5 and 6)
Date of Board of Directors approval	September 05, 2005	June 27, 2006
Date of Remuneration Committee approval	Various dates subsequent to September 05, 2005	Various dates subsequent to June 27, 2006
Date of Shareholder's approval	September 29, 2005 and April 3, 2006 for ESOP Plan 1 and 2 respectively	September 22, 2006
Number of options granted	4,000,000	5,000,000
Method of settlement	Equity	Equity
Vesting period	Four years from the date of grant	Four years from the date of grant
Exercise period	Three years from the date of vesting or one month from the date of resignation from service, whichever is earlier	Three years from the date of vesting or one year from the date of resignation from service, whichever is earlier
Vesting condition	Employee should be in Service at vesting and exercise date	Employee should be in Service at vesting and exercise date

The details of activities under ESOP 2005 (Plan 1) have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding at the beginning of the year	-	422,355	-	126.00
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	422,355	-	126.00
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The details of activities under ESOP 2005 (Plan 2) have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding at the beginning of the year	71,375	152,155	235.99	235.99
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	71,375	80,780	235.99	235.99
Outstanding at the end of the year	-	71,375	-	235.99
Exercisable at the end of the year	-	71,375	-	235.99



**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*

The details of activities under ESOP 2006 (Plan 1) have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding at the beginning of the year	224,740	419,230	154.46	154.46
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	224,740	194,490	154.46	154.46
Outstanding at the end of the year	-	224,740	-	154.46
Exercisable at the end of the year	-	224,740	-	154.46

The options under the ESOP 2006 (Plan 2), (Plan 3) and (Plan 5) had expired on or before March 31, 2012 and hence there are no activities to report under these plans.

The details of activities under ESOP 2006 (Plan 4) have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding at the beginning of the year	-	6,000	-	90.40
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	6,000	-	90.40
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The details of activities under ESOP 2006 (Plan 6) have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding at the beginning of the year	9,000	30,000	132.45	132.45
Granted during the year	-	6,000	-	132.45
Exercised during the year	-	-	-	-
Expired during the year	9,000	21,000	132.45	132.45
Outstanding at the end of the year	-	9,000	-	132.45
Exercisable at the end of the year	-	9,000	-	132.45

As on March 31, 2014, no stock options are in force as the vesting period of the same has expired. The weighted average share price at the date of exercise is not applicable since no option is exercised (Previous year not applicable since no options were exercised).

For the purpose of valuation of the options granted upto year ended March 31, 2014 under ESOP 2005 and ESOP 2006, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method, is Rs. Nil.

In March 2005, the Institute of Chartered Accountants of India has issued a Guidance Note on "Accounting for Employees Share Based Payments" applicable to employee share based plan the grant date in respect of which falls on or after April 01, 2005. The said Guidance Note requires the Pro-forma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. As the Company has used the intrinsic value method and the management has obtained fair value of the options at the date of grant from an independent valuer, using the 'Black Scholes Valuation Model' at "Rs. Nil" per option, there is no impact on the reported profits and earnings per share.

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

**26. Leases****a) Finance lease**

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

	2013-14	2012-13
Gross block at the end of financial year	215.24	115.50
Written down value at the end of financial year	181.57	110.36
Details of payments made during the year:		
Principal	17.53	3.88
Interest	2.48	0.52

The break-up of minimum lease payments outstanding as at reporting date is as under

	As at March 31, 2014		
	Principal	Interest	Total
Payable within one year	32.57	10.85	43.42
Payable after one year but before end of fifth year	53.47	7.32	60.79

	As at March 31, 2013		
	Principal	Interest	Total
Payable within one year	4.17	0.37	4.54
Payable after one year but before end of fifth year	2.33	0.10	2.43

**b) Operating lease**

The Company has entered into commercial leases for office premises. There are no contingent rents in the lease agreements. The lease term is for 1-3 years and is renewable at the mutual agreement of both the parties. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements.

The break-up of the future minimum lease payments outstanding as at reporting date is as under:

	Year ended	
	March 31, 2014	March 31, 2013
Not later than one year	2.08	0.01
Later than one year and not later than five years	2.63	-
Later than five years	-	-

**27. Capitalization of expenditure**

During the year, the Company has capitalized the following expenses of revenue nature to the cost of tangible asset/capital work-in-progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalized.

Particulars	As at March 31, 2014	As at March 31, 2013
Balance brought forward	-	23.62
Less: transferred to tangible assets	-	(23.62)
<b>Balance carried forward</b>	<b>-</b>	<b>-</b>

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*
**28. Interest in joint ventures:**

The Company's interest and share in joint ventures in the jointly controlled entities/operations are as follows:

**(a) List of Joint ventures**

(i) Joint ventures of the Company

S. No	Name of joint ventures	Nature of project	Ownership interest as at		Country of incorporation
			March 31, 2014	March 31, 2013	
Jointly controlled entities					
1	Thiruvananthpuram Road Development Company Limited	Thiruvananthpuram city road improvement	50.00%	50.00%	India
2	Ramprastha Punj Lloyd Developers Private Limited	Real estate developers	50.00%	50.00%	India
Jointly controlled operations					
1	Joint Venture of Whessoe Oil and Gas Limited and Punj Lloyd Limited	Revival of Ratnagiri Gas and Power Private Limited LNG Terminal project	See Note below	See Note below	*
2	Punj Lloyd PT Sempec Indonesia	Installation of 4 new well platforms	See Note below	See Note below	*
3	Punj Lloyd Group Joint Venture	Design and construction services of platform compression facilities	See Note below	See Note below	*
4	Public Works Company Tripoli Punj Lloyd Joint Venture	Laying of sewerage and water pipeline and city road development	See Note below	See Note below	*

(ii) Joint ventures of subsidiaries

S. No	Name of joint ventures	Nature of project	Ownership interest as at		Country of incorporation
			March 31, 2014	March 31, 2013	
Jointly controlled entities					
1	PT Kekal Adidaya	Extraction of coal	48.69%	48.40%	Indonesia
2	AeroEuro Engineering India Private Limited	Designing in aerospace sector	40.16%	40.16%	India
3	PLE TCI Engineering Limited	Engineering and Designing	@	39.36%	India
4	Punj Lloyd Dynamic LLC	Construction work	48.00%	48.00%	Qatar
5	Sembawang Caspi Engineers and Constructors LLP	Engineering, procurement and construction work	48.69%	48.40%	Kazakhstan
6	PLE TCI Engenharia Ltda	Engineering and design consultancy services	39.36%	39.36%	Brazil
7	Sembawang Precast System LLC	Pre cast production including precasting of columns and tunnel segments	48.69%	48.40%	Dubai
Jointly controlled operations					
1	Total-CDC-DNC Joint Operation	Construction of a hotel and golf course recreation centre	38.95%	38.72%	*
2	Kumagai-Sembawang-Mitsui Joint Venture	Design and construction of the Potong Pasir and on Keng MRT Stations, including tunnels	43.82%	43.56%	*
3	Kumagai-SembCorp Joint Venture (DTSS)	Design and construction of Paya Lebar Deep Tunnel Sewerage System	48.69%	48.40%	*
4	Kumagai-SembCorp Joint Venture	Design and construction the Changi Airport MRT Station, including tunnels	48.69%	48.40%	*

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

S. No	Name of joint ventures	Nature of project	Ownership interest as at		Country of incorporation
			March 31, 2014	March 31, 2013	
5	Philipp Holzmann -SembCorp Joint Venture	Design and construction of Kranji Deep Tunnel Sewerage System	97.38%	96.79%	*
6	Semb-Corp Daewoo Joint Venture	Design and construction of Kallang and Paya Lebar Expressway	58.43%	58.07%	*
7	Sime Engineering Sdn Bhd Sembawang Malaysia Sdn Bhd Joint Venture	Engineering, procurement and construction works	48.69%	48.40%	*
8	Sime Engineering Sdn Bhd SembCorp Malaysia Sdn Bhd Joint Venture	Mechanical and piping erection works	48.69%	48.40%	*
9	Total Sempec Joint Operation (upto December 31, 2013)	Construction and completion of hotel property	-	50.00%	*
10	Sembawang-Leader Joint Venture	Construction of Shatin to Central Link Diamond Hill Station	53.56%	53.23%	*

\* Country of incorporation not applicable, as these are unincorporated joint ventures.

@ Investment held for sale in the near future.

Note : As per joint venture agreements, the scope and value of work of each partner has been clearly defined and accepted by the clients. The Company's share in assets, liabilities, income and expenses are duly accounted for in the accounts of the Company in accordance with such division of work and therefore does not require separate disclosure. However, joint venture partners are jointly and severally liable to clients for any claims in these projects.

**(b) Interest in jointly controlled entities of the Company**

Company's share of	Name of jointly controlled entities					
	Thiruvananthapuram Road Development Company Limited		Kaefer Punj Lloyd Limited*		Ramprastha Punj Lloyd Developers Private Limited	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Assets</b>						
Non-current	117.69	114.15	-	-	0.58	0.58
Current	7.96	9.36	-	-	39.66	39.66
<b>Liabilities</b>						
Non-current	59.40	63.53	-	-	-	-
Current	63.25	53.74	-	-	40.24	40.24
Revenue	14.51	14.25	-	-	-	-
Expenditure	17.69	18.72	-	2.09	0.00	0.00
Income tax expenses	-	-	-	-	-	-
Capital commitments**	13.84	30.00	-	-	-	-
Contingent liabilities	2.68	1.22	-	-	-	-

**Notes:**

\* The Company's share of assets, liabilities, revenue and expenditure has been included upto February 15, 2013 i.e. the date when the Company has ceased to have the control over the operations of the joint venture.

\*\* Capital Commitments - Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).

## NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

### 29. Segment Information

#### Primary segment: Business segments -

The Company has identified the business segment as its primary reportable segment. The Company's operating businesses are organized and managed separately according to the nature of products and services provided. The Company has identified Engineering, procurement and construction services and Trading of goods as its two reportable segments. A description of the types of products and services provided by each reportable segment is as follows:

**Engineering, procurement and construction** segment include providing of engineering, procurement and construction services in oil, gas and infrastructure sectors.

**Trading of goods** includes purchase and sale of steel, mainly outside India.

The following table presents segment revenue, results, assets and liabilities in accordance with AS 17 – Segment Reporting as on March 31, 2014 and March 31, 2013:

	Engineering, procurement and construction services		Traded goods		Corporate unallocable		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Revenue</b>								
External revenue	7,226.81	8,025.87	924.18	273.02	78.18	67.17	8,229.17	8,366.06
Inter-segment revenue	-	-	-	-	-	-	-	-
Total revenue from operations	7,226.81	8,025.87	924.18	273.02	78.18	67.17	8,229.17	8,366.06
<b>Result</b>								
Segment results	695.45	638.01	6.09	(0.21)	62.72	50.28	764.26	688.08
Finance costs							(771.15)	(679.53)
Interest income							17.29	19.76
Other income							1.61	1.82
Income tax							(4.20)	(10.51)
Net profit							7.81	19.62
<b>Other information</b>								
Segment assets	10,526.61	10,311.10	0.10	-	3,554.55	3,637.93	14,081.26	13,949.03
Segment liabilities	3,907.36	4,457.98	444.27	212.25	5,979.22	5,430.58	10,330.85	10,100.81
Capital expenditure	114.58	219.52	-	-	3.02	99.96	117.60	319.48
Depreciation / amortisation (net)	229.30	211.00	-	-	15.46	16.88	244.76	227.88
Non-cash expenses other than depreciation / amortisation	-	-	-	-	-	-	-	-

#### Secondary segment: Geographical segments\* -

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

The following table presents revenue from operations, unbilled revenue (work-in-progress) and trade receivables regarding geographical segments as at March 31, 2014 and March 31, 2013.

	Revenue from operations		Unbilled revenue (Work-in-progress)		Trade receivable (including retention money)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
India	3,431.99	4,289.46	2,840.74	2,377.81	1,073.50	1,635.16
Other countries	4,797.18	4,076.60	3,232.79	2,818.29	1,304.22	1,268.42
	<b>8,229.17</b>	<b>8,366.06</b>	<b>6,073.53</b>	<b>5,196.10</b>	<b>2,377.72</b>	<b>2,903.58</b>

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



**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

**30. Related Parties**

Names of related parties where control exists irrespective of whether transactions have occurred or not

**Subsidiary Companies**

Spectra Punj Lloyd Limited  
 Punj Lloyd Industries Limited  
 Atna Investments Limited  
 PLN Construction Limited  
 Punj Lloyd International Limited  
 Punj Lloyd Kazakhstan, LLP  
 Punj Lloyd Pte. Limited  
 PL Engineering Limited  
 Punj Lloyd Infrastructure Limited  
 Punj Lloyd Upstream Limited  
 Punj Lloyd Aviation Limited  
 Sembawang Infrastructure (India) Private Limited  
 Indtech Global Systems Limited  
 Punj Lloyd Systems Limited  
 PLI Ventures Advisory Services Private Limited  
 Dayim Punj Lloyd Construction Contracting Company Limited

**Step Down Subsidiary Companies**

PT Punj Lloyd Indonesia  
 PT Sempec Indonesia  
 Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.  
 Punj Lloyd Sdn. Bhd.  
 Punj Lloyd Engineers and Constructors Pte Limited  
 Punj Lloyd Engineers and Constructors Zambia Limited (w.e.f. January 14, 2013)  
 Buffalo Hills Limited  
 Indtech Trading FZE LLC  
 PLI Ventures Limited  
 Punj Lloyd Infrastructure Pte Limited  
 Punj Lloyd Kenya Limited  
 Sembawang Group Pte Limited (upto March 31, 2014)\*  
 PL Global Developers Pte Limited (Formerly known as Punj Lloyd Singapore Pte Ltd)  
 Christos Trading Limited (upto March 31, 2014)\*  
 Christos Aviation Limited ( w.e.f. October 24, 2012)  
 Graystone Bay Limited ( w.e.f. February 05, 2013)  
 Punj Lloyd Thailand (Co.) Limited  
 Punj Lloyd Aviation Pte Limited (w.e.f. January 02, 2014)\*  
 Punj Lloyd Delta Renewables Pte. Limited  
 Punj Lloyd Delta Renewables Private Limited  
 Punj Lloyd Delta Renewables Bangladesh Limited  
 Punj Lloyd Engineering Pte Limited  
 Simon Carves Engineering Limited  
 PL Delta Technologies Limited (from September 10, 2012 to March 01, 2013) @  
 Punj Lloyd Solar Power Limited  
 Khagaria Purnea Highway Project Limited  
 Indraprastha Metropolitan Development Limited  
 PL Surya Urja Limited (w.e.f. September 03, 2013)\*  
 Sembawang Engineers and Constructors Pte. Limited  
 Sembawang Development Pte Limited  
 Sembawang Libya General Contracting & Investment Company  
 Contech Trading Pte Limited  
 PT Contech Bulan (upto March 31, 2014) \*

## NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

Construction Technology (B) Sdn Bhd  
 Sembawang Mining (Kekal) Pte Limited  
 PT Indo Precast Utama  
 PT Indo Unggul Wasturaya  
 Sembawang (Tianjin) Construction Engineering Co. Limited  
 Sembawang Infrastructure (Mauritius) Limited  
 Sembawang UAE Pte Limited  
 SC Architects and Engineers Pte Limited  
 Sembawang (Malaysia) Sdn Bhd  
 Jurubina Sembawang (M) Sdn Bhd  
 Tueri Aquila FZE  
 Sembawang Bahrain SPC  
 Sembawang Equity Capital Pte. Limited  
 Sembawang of Singapore – Global Project Underwriters Pte Limited  
 Sembawang of Singapore – Global Project Underwriters Limited (w.e.f. August 09, 2012)  
 Sembawang Australia Pty. Limited (upto February 20, 2014)\*  
 Sembawang Hong Kong Limited  
 Sembawang (Tianjin) Investment Management Co. Limited  
 PT Sembawang Indonesia  
 Sembawang International Limited  
 Sembawang Tianjin Pte Limited (upto March 12, 2014)\*  
 Sembawang Tianjin Heping Pte Limited (upto March 12, 2014)\*  
 Sembawang Commodities Pte Ltd. (w.e.f. December 04, 2012)  
 Reliance Contractors Private Limited (w.e.f. August 05, 2013)\*\*

### Joint Ventures

Thiruvananthapuram Road Development Company Limited  
 Kaefer Punj Lloyd Limited #  
 Ramprastha Punj Lloyd Developers Private Limited  
 Asia Drilling Services Limited (upto June 30, 2012)  
 Punj Lloyd Dynamic LLC  
 AeroEuro Engineering India Private Limited  
 PLE TCI Engineering Limited (upto March 31, 2014)@  
 PLE TCI Engenharia Ltda  
 PT Kekal Adidaya  
 Sembawang Precast System LLC  
 Sembawang Caspi Engineers and Constructors LLP  
 Joint Venture of Whessoe Oil and Gas Limited and Punj Lloyd Limited  
 Punj Lloyd PT Sempec  
 Total-CDC-DNC Joint Operation  
 Kumagai-Sembawang-Mitsui Joint Venture  
 Kumagai-SembCorp Joint Venture  
 Philipp Holzmann-SembCorp Joint Venture  
 Kumagai-SembCorp Joint Venture (DTSS)  
 Semb-Corp Daewoo Joint Venture  
 Sime Engineering Sdn Bhd Sembawang Malaysia Sdn Bhd Joint Venture  
 Sime Engineering Sdn Bhd SembCorp Malaysia Sdn Bhd Joint Venture  
 Total Sempac Joint Operations (upto December 31, 2013)\*  
 Punj Lloyd Group Joint Venture  
 Public Works Company Tripoli Punj Lloyd Joint Venture  
 Sembawang – Leader Joint Venture(w.e.f August 03, 2012)

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

**Associates**

Olive Group India Private Limited (upto August 12, 2013)\*  
 Hazaribagh Ranchi Expressway Limited (upto January 23, 2014)@  
 Air Works India (Engineering) Private Limited  
 Olive Group Capital Limited (upto October 16, 2013)\*  
 Reliance Contractors Private Limited (upto August 05, 2013)\*\*  
 Ventura Development (Myanmar) Pte Limited (upto March 12, 2014)\*  
 Reco Sin Han Pte Limited

\* These entities have been incorporated / formed/ disposed off during the year.

\*\* The Company acquired additional stake in this entity to make it its subsidiary on August 05, 2013. Before this date the said entity was an associate.

# The Company has ceased to have the control over the operations of the joint venture w.e.f. February 15, 2013.

@ Investment held for sale in the near future.

**Key Managerial Personnel**

Atul Punj	-	Chairman
Luv Chhabra	-	Director (Corporate Affairs)
Pawan Kumar Gupta (upto December 31, 2013)	-	Whole Time Director
P. N. Krishnan (w.e.f. November 01, 2013)	-	Director – Finance
J. P. Chalasani (w.e.f. January 31, 2014)	-	Managing Director & Group CEO

**Relatives of Key Managerial Personnel**

S.N.P. Punj	-	Father of Chairman
Arti Singh	-	Sister of Chairman
Indu Rani Punj	-	Mother of Chairman
Navina Punj	-	Wife of Chairman
Uday Punj	-	Brother of Chairman
Manglam Punj	-	Wife of Brother of Chairman
Jai Punj	-	Son of Brother of Chairman
Dev Punj	-	Son of Brother of Chairman
Jyoti Punj	-	Sister of Chairman

**Enterprises over which Key Managerial Personnel or their relatives are exercising significant influence**

Pt. Kanahya Lal Dayawanti Punj Charitable Society	-	Chairmanship of Father of Chairman
Spectra Punj Finance Private Limited	-	Shareholding of Chairman
Cawdor Enterprises Limited	-	Shareholding of Chairman
Uday Punj (HUF)	-	HUF of Brother of Chairman
K.R. Securities Private Limited	-	Shareholding of Brother of Chairman
Atul Punj (HUF)	-	HUF of Chairman
PTA Engineering and Manpower Services Private Limited	-	Shareholding of Chairman
PLE Hydraulics Private Limited	-	Shareholding of Chairman
Petro IT Limited	-	Shareholding of Brother of Chairman
Artcon Private Limited	-	Shareholding of Chairman
Mangalam Equipment Private Limited	-	Shareholding of Chairman
Intramural Design Limited	-	Shareholding of Sister of Chairman

(All amounts in INR Crores, unless otherwise stated)

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# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

	Subsidiaries and step down subsidiaries		Joint ventures		Associates		Key management personnel or their relatives		Enterprises over which key managerial personnel or their relatives are exercising significant influence		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>Project material consumed and cost of goods sold</b>												
Punj Lloyd Delta Renewables Private Limited	6.19	50.11	-	-	-	-	-	-	-	-	6.19	50.11
Kaefer Punj Lloyd Limited	-	-	-	1.18	-	-	-	-	-	-	-	1.18
<b>Hire charges</b>												
Punj Lloyd Aviation Limited	3.02	3.02	-	-	-	-	-	-	-	-	3.02	3.02
Dayim Punj Lloyd Construction Contracting Company Limited	0.53	-	-	-	-	-	-	-	-	-	0.53	-
Spectra Punj Lloyd Limited	0.61	1.25	-	-	-	-	-	-	-	-	0.61	1.25
<b>Consultancy and professional</b>												
PL Engineering Limited	34.23	59.57	-	-	-	-	-	-	-	-	34.23	59.57
Punj Lloyd Pte Limited	-	15.55	-	-	-	-	-	-	-	-	-	15.55
Dayim Punj Lloyd Construction Contracting Company Limited	-	21.80	-	-	-	-	-	-	-	-	-	21.80
Aeroeuro Engineering India Private Limited	-	-	0.12	-	-	-	-	-	-	-	0.12	-
Indtech Trading FZE LLC	0.42	-	-	-	-	-	-	-	-	-	0.42	-
Simon Carves Engineering Limited	1.58	0.45	-	-	-	-	-	-	-	-	1.58	0.45
<b>Managerial remuneration</b>												
Atul Punj	-	-	-	-	-	-	0.69	0.30	-	-	0.69	0.30
Luv Chhabra	-	-	-	-	-	-	1.39	1.82	-	-	1.39	1.82
Pawan Kumar Gupta	-	-	-	-	-	-	1.79	2.24	-	-	1.79	2.24
J.P. Chalasani	-	-	-	-	-	-	0.53	-	-	-	0.53	-
P.N. Krishnan	-	-	-	-	-	-	0.94	-	-	-	0.94	-
<b>Dividend payment</b>												
Cawdor Enterprises Limited	-	-	-	-	-	-	-	-	-	1.14	-	1.14
Spectra Punj Finance Private Limited	-	-	-	-	-	-	-	-	-	0.33	-	0.33
Atul Punj	-	-	-	-	-	-	-	0.02	-	-	-	0.02
S.N.P. Punj	-	-	-	-	-	-	-	0.15	-	-	-	0.15
Indu Rani Punj	-	-	-	-	-	-	-	0.15	-	-	-	0.15
Uday Punj	-	-	-	-	-	-	-	0.03	-	-	-	0.03

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amount in INR Crores, unless otherwise stated)*

	Subsidiaries and step down subsidiaries		Joint ventures		Associates		Key management personnel or their relatives		Enterprises over which key managerial personnel or their relatives are exercising significant influence			Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2014	March 31, 2013
Arti Singh	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
Jyoti Punj	-	-	-	-	-	-	-	0.01	-	-	-	-	0.01
Navina Punj	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
Magalam Punj	-	-	-	-	-	-	-	0.02	-	-	-	-	0.02
Petro IT Limited	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
Others	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
<b>Rent</b>													
Pt. Kanahya Lal Dayawanti Punj Charitable Society	-	-	-	-	-	-	-	-	1.37	1.37	1.37	1.37	1.37
PTA Engineering and Manpower Services Private Limited	-	-	-	-	-	-	-	-	0.18	0.18	0.18	0.18	0.18
Others	-	-	-	-	-	-	-	-	0.05	0.05	0.05	0.05	0.05
<b>Repair and maintenance</b>													
Intramural Design Limited	-	-	-	-	-	-	-	-	-	0.02	-	-	0.02
<b>ASSETS</b>													
<b>Tangible assets sold</b>													
Dayim Punj Lloyd Construction Contracting Company Limited	-	0.22	-	-	-	-	-	-	-	-	-	-	0.22
<b>Tangible assets purchased</b>													
Punj Lloyd Kazakhstan LLP	-	4.77	-	-	-	-	-	-	-	-	-	-	4.77
Spectra Punj Lloyd Limited	-	0.55	-	-	-	-	-	-	-	-	-	-	0.55
<b>Investment made during the year</b>													
Punj Lloyd Pte Ltd.	883.10	-	-	-	-	-	-	-	-	-	883.10	-	-
Haziribagh Ranchi Expressway Limited	-	-	-	-	34.05	-	-	-	-	-	34.05	-	-
PLI Ventures Advisory Services Private Limited	-	0.00	-	-	-	-	-	-	-	-	-	-	0.00
<b>Bank Guarantees issued during the year</b>													
Punj Lloyd Kazakhstan LLP	-	62.34	-	-	-	-	-	-	-	-	-	-	62.34
Punj Lloyd Infrastructure Limited	12.00	16.65	-	-	-	-	-	-	-	-	12.00	16.65	16.65
Punj Lloyd Pte Limited	81.94	94.60	-	-	-	-	-	-	-	-	81.94	94.60	94.60
Punj Lloyd Upstream Limited	2.69	28.03	-	-	-	-	-	-	-	-	2.69	28.03	28.03

(All amounts in INR Crores, unless otherwise stated)

[illegible]



(All amounts in INR Crores, unless otherwise stated)

[illegible]





(All amounts in INR Crores, unless otherwise stated)

[illegible]

# NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2014

(All amount in INR Crores, unless otherwise stated)

	Subsidiaries and step down subsidiaries		Joint ventures		Associates		Key management personnel or their relatives		Enterprises over which key managerial personnel or their relatives are exercising significant influence		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Indraprastha Metropolitan Development Limited	39.52	-	-	-	-	-	-	-	-	-	39.52	-
Punj Lloyd Pte Limited	81.94	94.60	-	-	-	-	-	-	-	-	81.94	94.60
Punj Lloyd Aviation Limited	17.90	17.90	-	-	-	-	-	-	-	-	17.90	17.90
Punj Lloyd Infrastructure Limited	8.00	16.65	-	-	-	-	-	-	-	-	8.00	16.65
Khagaria Purnea Highway Project Limited	-	33.20	-	-	-	-	-	-	-	-	-	33.20
Punj Lloyd Upstream Limited	14.82	28.95	-	-	-	-	-	-	-	-	14.82	28.95
Sembawang Infrastructure (India) Private Limited	16.29	15.89	-	-	-	-	-	-	-	-	16.29	15.89
PT Punj Lloyd Indonesia	20.20	18.22	-	-	-	-	-	-	-	-	20.20	18.22
Sembawang Engineers and Constructors Pte. Limited	-	11.84	-	-	-	-	-	-	-	-	-	11.84
Punj Lloyd Oil and Gas (Malaysia) Sdn Bhd	301.16	336.38	-	-	-	-	-	-	-	-	301.16	336.38
Punj Lloyd Delta Renewables Private Limited	33.96	38.62	-	-	-	-	-	-	-	-	33.96	38.62
Punj Lloyd Solar Power Limited	3.07	2.77	-	-	-	-	-	-	-	-	3.07	2.77
<b>Corporate Guarantees outstanding</b>												
Punj Lloyd Pte Limited	540.36	1,660.68	-	-	-	-	-	-	-	-	540.36	1,660.68
PL Engineering Limited	50.98	51.48	-	-	-	-	-	-	-	-	50.98	51.48
Punj Lloyd Aviation Limited	57.01	57.01	-	-	-	-	-	-	-	-	57.01	57.01
Punj Lloyd Upstream Limited	88.06	85.19	-	-	-	-	-	-	-	-	88.06	85.19
Sembawang Infrastructure (India) Private Limited	0.48	0.48	-	-	-	-	-	-	-	-	0.48	0.48
Dayim Punj Lloyd Construction Contracting Company Limited	141.85	374.97	-	-	-	-	-	-	-	-	141.85	374.97
PT Punj Lloyd Indonesia	173.97	200.31	-	-	-	-	-	-	-	-	173.97	200.31
Sembawang Engineers and Constructors Pte. Limited	1,254.41	1,477.16	-	-	-	-	-	-	-	-	1,254.41	1,477.16
Punj Lloyd Oil and Gas (Malaysia) Sdn Bhd	-	22.16	-	-	-	-	-	-	-	-	-	22.16
Indraprastha Metropolitan Development Limited	1,116.12	-	-	-	-	-	-	-	-	-	1,116.12	-
Punj Lloyd Delta Renewables Private Limited	105.56	105.56	-	-	-	-	-	-	-	-	105.56	105.56
Khagaria Purnea Highway Project Limited	616.00	616.00	-	-	-	-	-	-	-	-	616.00	616.00
Punj Lloyd Solar Power Limited	48.15	44.74	-	-	-	-	-	-	-	-	48.15	44.74

\* This includes Rs. 883.10 crores adjusted towards issuance of redeemable convertible preference shares.

## NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

### 31. Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) is Rs 18.88 crores (Previous year Rs. 9.95 crores).
- (b) Estimated future investments in joint venture and other companies in terms of respective shareholders agreements is Rs. Nil (Previous year Rs. 24.99 crores).
- (c) Comfort letter given for utilization of export benefit obligations of a subsidiary company is Rs. Nil (Previous year Rs. 2.99 crores).
- (d) For commitments relating to lease arrangements, please refer note 26.

### 32. Contingent liabilities

	As at March 31, 2014	As at March 31, 2013
a) Liquidated damages deducted by customers not accepted by the Company and pending final settlement. #	170.05	171.75
b) Corporate guarantees given on behalf of subsidiaries, joint ventures and associates	3,020.20	4,389.74
c) Sales tax demands: *		
on disallowance of deduction on labour and services of the works contracts pending with sales tax authorities and High Court	22.35	22.82
for non submission of statutory forms	-	6.60
for purchases against sales tax forms not accepted by department	8.61	8.61
against the central sales tax demand on sales in transit	0.07	0.07
for non-admissible of deduction of supply turnover	2.77	2.77
d) Entry tax demands against entry of goods into the local area not accepted by department. *	4.08	4.49

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

\*Based on favorable decisions in similar cases/legal opinions taken by the Company/consultations with solicitors, the management believes that the Company has good chances of success in above mentioned cases and hence, no provision there against is considered necessary.

- e) On March 17, 2010, the Company was subjected to a search and seizure operation under Section 132 and survey under Section 133A of the Income tax Act, 1961. During the search and seizure operation, statements of Company's officials were recorded in which they were made to offer some unaccounted income of the Company for the financial year 2009-10. The Company believes that the above statements were made under undue mental pressure and physical exhaustion and therefore Company has retracted the above statements subsequently. The Company has filed fresh returns of income for Assessment years 2004-05 to 2009-10 in pursuance of the notices dated August 25, 2010 from the Income Tax Department ("the Department"). The Department has completed the assessments for the assessment years 2004-05 to 2010-11 and has issue demands aggregating to Rs. 229.13 crores, by making some frivolous additions to the total income of the Company, which has been adjusted against the income tax refunds of the said/ subsequent years. The Company has filed the appeals against these additions on January 27, 2012 and June 12, 2013 and based on the expert opinion, the Company is hopeful that it will get relief in appeal.
- f) On January 20, 2014, the Company was subjected to an investigation by Directorate General of Central Excise Intelligence (DGCEI) on various service tax compliance matters. The Company is furnishing the requisite information and the same is currently being scrutinized/ inquired by DGCEI as per the provisions of the Finance Act, 1994 (as amended). The amount of demand, if any, can be ascertained only upon completion of the said inquiry.
- g) The Company, directly or indirectly through its subsidiaries, is severally or jointly involved in certain legal cases with its customers / vendors. The management believes that due to the nature of these disputes and in view of significant uncertainty over the ultimate outcome of the said cases, the amount of exposure, if any, is not currently determinable.

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

h) The Company has undertaken to provide continued financial support to its below mentioned subsidiaries and step-down subsidiaries:

- i) Punj Lloyd Pte Limited
- ii) PT Punj Lloyd Indonesia
- iii) PT Sempec Indonesia
- iv) Punj Lloyd Aviation Pte Limited
- v) PL Delta Renewables Pte Limited
- vi) PL Global Developers Pte Limited (formerly known as Punj Lloyd Singapore Pte Limited)
- vii) Punj Lloyd Infrastructure Pte Limited
- viii) Punj Lloyd Engineers and Constructors Pte Limited
- ix) PLI Ventures Limited
- x) PLI Ventures Advisory Services Private Limited

**33. Derivative instruments and un-hedged foreign currency exposure**

The Company, in addition to its Indian operations, operates outside India through its branches and an unincorporated joint venture established in United Arab Emirates, Oman, Qatar, Libya, Thailand and Bahrain.

a) Particulars of un-hedged foreign currency exposures of the Indian operations as at the Balance Sheet date:

		Currency	March 31, 2014			March 31, 2013		
			Amount in foreign currency	Exchange rate	Amount	Amount in foreign currency	Exchange rate	Amount
(i)	Trade payable to suppliers	EUR	1,238,169	82.46	10.21	544,645	70.97	3.87
		GBP	80,501	99.58	0.80	89,682	83.97	0.75
		SGD	536,932	49.95	2.68	562,233	46.48	2.61
		USD	80,868,231	61.44	496.85	1,585,064	55.41	8.78
		IDR	-	-	-	59,914,800	0.01	0.03
		MYR	9,042	18.31	0.02	9,042	17.99	0.02
		HKD	10,835,653	7.72	8.37	2,531,332	7.10	1.80
		CHF	10,000	67.55	0.07	5,000	58.36	0.03
(ii)	Other payable	EUR	79,456	82.46	0.66	54,476	70.97	0.39
		USD	2,713,867	61.44	16.67	13,408,606	55.41	74.30
(iii)	Advances to suppliers	EUR	84,417	78.41	0.66	1,004,444	68.01	6.83
		GBP	11,322	83.39	0.09	792,546	83.04	6.58
		HKD	26,926,224	7.80	21.00	20,727,555	6.98	14.46
		SGD	231,708	40.60	0.94	605,098	42.09	2.55
		USD	3,234,262	59.27	19.17	1,655,443	48.89	8.09
		MYR	213,381	17.13	0.37	214,659	16.94	0.36
		NOK	-	-	-	852,904	9.77	0.83
(iv)	Advance from customers	USD	6,860,631	52.45	35.98	20,688,315	52.79	109.22
(v)	Loans taken	USD	38,923,168	61.44	239.14	89,084,358	55.41	493.62
		EUR	3,676,550	82.46	30.32	3,676,550	70.97	26.09
		HKD	-	-	-	12,681,005	7.10	9.00
(vi)	Trade receivables	USD	160,340,584	61.44	985.13	210,769,788	55.41	1,167.88
		AED	330,849	16.31	0.54	330,849	15.40	0.51
		SGD	665,807	49.95	3.33	1,987,419	46.48	9.24
		EUR	1,108,601	82.46	9.14	1,108,601	70.97	7.87
		IDR	10,860,792,050	0.01	5.76	132,482,478	0.01	0.08
		MYR	12,324,806	18.31	22.57	9,759,110	17.99	17.56
		SAR	448,569	15.97	0.72	398,237	14.89	0.59
(vii)	Other receivables	SGD	1,820,667	49.95	9.09	921,433	46.48	4.28
		USD	3,490,360	61.44	21.44	3,402,425	55.41	18.85



**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*

		Currency	March 31, 2014			March 31, 2013		
			Amount in foreign currency	Exchange rate	Amount	Amount in foreign currency	Exchange rate	Amount
(viii)	Bank balances	USD	264,510	61.44	1.63	208,244	55.41	1.15
		HKD	7,003	7.72	0.01	7,891	7.10	0.01
(ix)	Investments	USD	4,002,500	43.81	17.54	4,002,500	43.81	17.54
		KZT	1,107,977,200	0.33	36.28	1,107,977,200	0.33	36.28
		SGD	292,334,601	40.46	1,182.83	102,334,601	29.29	299.71
		SAR	1,020,000	12.05	1.23	1,020,000	12.05	1.23
(x)	Loan to subsidiaries	USD	2,899,866	61.44	17.82	3,999,866	55.41	22.16
		SGD	86,801,840	49.95	433.58	331,048,340	46.48	1,538.71
(xi)	Advances to/(Due to) subsidiaries	USD	(8,612,108)	61.44	(52.91)	(937,157)	55.41	(5.19)
		SGD	(46,412,173)	49.95	(231.83)	(20,801,338)	46.48	(96.68)
		MYR	(11,425,023)	18.31	(20.92)	3,669,426	17.99	6.60

- b) The income and expenditure of the foreign branches and unincorporated joint venture are denominated in currencies other than reporting currency. Accordingly, the Company enjoys natural hedge in respect of its foreign branches and unincorporated joint ventures' assets and liabilities. The Company's un-hedged foreign currency exposure in these branches and un-incorporated joint venture is limited to the net investment (assets – liabilities) in such operations, the particulars of which are as under:

S. No.	Foreign operations	Currency	March 31, 2014			March 31, 2013		
			Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount
(i)	Abu Dhabi	AED	(14,463,487)	16.31	(23.59)	71,265,251	15.4	109.75
(ii)	Oman	OMR	350,379	155.58	5.45	1,274,261	143.93	18.34
(iii)	Qatar	QAR	398,980,921	16.45	656.24	438,562,866	15.22	667.49
(iv)	Libya	LYD	180,658,736	48.46	875.52	147,743,043	44.33	654.94
(v)	Thailand	THB	524,037,774	1.84	96.64	202,837,054	1.89	38.34
(vi)	Thailand JV	THB	949,572,977	1.84	175.12	756,464,278	1.89	142.97
(vii)	Dubai	AED	(22,474)	16.31	(0.04)	4,876,679	15.4	7.51
(viii)	Bahrain	BHD	(13,383)	158.87	(0.21)	(2,555.00)	144.29	(0.04)

**34. Loans and advances in the nature of loans given to subsidiaries and associates in which directors are interested in terms of disclosure required as per Clause 32 of the Listing agreement**

Name of the entities	Outstanding amount as at		Maximum amount outstanding during the year ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Punj Lloyd Kazakhstan LLP	6.76	14.18	14.18	33.39
Punj Lloyd Pte Limited	433.58	1,538.71	1,538.71	1,694.77
Punj Lloyd Aviation Limited	15.07	15.07	15.07	15.07
Punj Lloyd Infrastructure Limited	226.87	146.95	226.87	146.95
Punj Lloyd Upstream Limited	16.81	15.01	19.51	15.01
PT Punj Lloyd Indonesia	6.76	5.54	6.80	5.54
Punj Lloyd International Limited	4.30	3.88	4.33	3.88
PLI Ventures Advisory Services Private Limited	0.99	0.99	0.99	0.99
Sembawang Infrastructure (India) Private Limited	5.22	5.22	5.22	5.22
Spectra Punj Lloyd Limited	32.91	33.08	33.08	33.08
Punj Lloyd Delta Renewables Private Limited	-	-	-	4.00
PLN Construction Limited	17.76	28.31	28.31	28.31

All the above loans are repayable on demand.

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

35. The Micro and Small Enterprises have been identified by the Company from the available information, which has been relied upon by the auditors. According to such identification, the disclosures in respect to Micro and Small Enterprise as per Micro, Small and Medium Enterprise Development Act, 2006 is as follows:

S. No.	Particulars	2013-14	2012-13
i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year - Principal amount - Interest thereon	Nil Nil	Nil Nil
ii)	The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
iii)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	Nil	Nil

36. The Company had executed certain projects for some customers in earlier years. These customers have withheld amounts aggregating to Rs. 53.91 crores (Previous year Rs. 58.02 crores) on account of deductions made/amount withheld by some customers, which are being carried as trade receivables. The Company has also filed certain claims against these customers. The Company has gone into arbitration/legal proceedings against these customers for recovery of amounts withheld and for claims lodged by the Company. Pending outcome of arbitration/legal proceedings, amounts withheld for deductions made are being carried forward as recoverable. The Company has been legally advised that there is no justification in imposition of deductions by these customers and hence the above amounts are considered good of recovery.

37. **The disclosures as per provisions of Clauses 38, 39 and 41 of Accounting Standard 7 notified by Companies (Accounting Standards) Rules, 2006, (as amended) are as under:**

		2013-14	2012-13
a)	Contract revenue recognised as revenue in the period (Clause 38 (a))	7,197.97	7,956.84
b)	Aggregate amount of costs incurred and recognised profits up to the reporting date on contract under progress (Clause 39 (a))	21,074.96	17,130.26
c)	Advance received on contract under progress (Clause 39 (b))	1,424.05	1,588.43
d)	Retention amounts on contract under progress (Clause 39 (c))	699.40	620.10
e)	Gross amount due from customers for contract work as an asset (Clause 41(a))	6,073.53	5,196.10
f)	Gross amount due to customers for contract work as a liability (Clause 41 (b))	528.42	820.70

38. The Company has an investment in the equity and preference capital amounting to Rs. 1,182.81 crores (Previous year Rs. 299.71 crores) and has loans and advance outstanding to Rs. 433.58 crores (Previous year Rs. 1,538.71 crores) as at March 31, 2014 from Punj Lloyd Pte Limited, a subsidiary in Singapore. The subsidiary has accumulated losses of Rs. 681.62 crores (Previous year Rs. 413.27 crores) as at March 31, 2014. However, the subsidiary is holding certain strategic investments. Considering the intrinsic value of the investments held by the subsidiary, based on the valuation carried out by an independent valuer, and also considering the long term business plan of the subsidiary including the forecasts of profitability of operations, the Company is of the view that there is no other than temporary diminution in the value of investment and accordingly, no provision is considered necessary in the financial statements at this stage on the above account.

## NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

39. The Company has unbilled revenue (work-in-progress) of Rs. 188.95 crores on certain projects on account of variation arising due to change in scope of work and delays, which the management believes is attributable to the customers. The Management, based on the expert inputs, is of the view that the Company would collect the above stated amount upon completion of the processing of the claims by the clients. Accordingly, the above amounts are considered good of recovery.
40. Sales include Rs. 236.28 crores (Previous year Rs. 275.53 crores) representing the retention money which will be received by the Company after the satisfactory performance of the respective projects. The period of release of retention money may vary from six months to eighteen months depending upon the terms and conditions of the projects.
41. The Company has accrued claims amounting to Rs. 733.98 crores (Previous year Rs. 250.33 crores) on Heera Redevelopment Project with Oil and Natural Gas Corporation Limited, based upon management's assessment of cost over-run arising due to design changes and consequent changes in the scope of work on the said project since it is of the view that the delay in execution of the project is attributable to the customer. Due to the said reasons certain differences and dispute arose between both the parties and several rounds of discussions were held to explore the possibility of amicable resolution of the dispute mutually. In pursuant to it, the dispute has now been referred to a new Outside Expert Committee. The management, based on the developments so far in the said matter, is confident of a satisfactory settlement of the dispute and recovery of the said amounts exceeding the recognized claim.
42. During the year ended March 31, 2014, the Company's branch in Thailand has received a termination notice for the Fourth Transmission Pipeline Project (the Project) with PTT Thailand (the Customer) on the grounds of delay in execution of the Project for reasons solely attributable to the Branch and for not honoring the contractual obligations of the Project. The Branch has retracted the notice by stating that the said grounds of termination are without merit and in turn there is a material breach on the part of the Customer in honoring the obligations. The Branch, in the best interest of the Project, had been executing the works but in view of the continuing breach of the contract terms by the Customer and no efforts to ratify the same, the branch has terminated the project and accounted a claim amounting to Rs. 389.86 crores for additional costs incurred due to the above stated reasons through the Civil Court of Thailand on February 25, 2014. The management, based on the expert inputs, is confident of recovery of the amounts exceeding the recognized claim.
43. The Company has an investment in the equity capital amounting to Rs. 17.09 crores (Previous year Rs. 17.09 crores) and has loans and advances outstanding to Rs. 6.76 crores (Previous year Rs. 5.54 crores) from PT Punj Lloyd Indonesia, a step-down subsidiary in Indonesia. The step-down subsidiary has accumulated losses of Rs. 440.40 crores (Previous year Rs. 235.96 crores) as at March 31, 2014. However, considering the long term business plan of the step down subsidiary, including the forecasts of profitability of operations, the Company is of the view that there is no other than temporary diminution in the value of investment and accordingly, no provision is considered necessary in the financial statements at this stage on the above account.
44. Asset of Rs. 7.83 crores, (Previous year Rs. 8.23 crores) recognized by the Company as 'Minimum alternate tax credit entitlement' under 'Loans and advances', in respect of Minimum alternate tax payment for current and earlier years, represents that portion of Minimum alternate tax liability which can be recovered and set off in subsequent periods based on the provisions of Section 115JAA of the Income tax Act, 1961. The management based on the present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize Minimum alternate tax credit assets.
45. The Company has defaulted in repayment of principal and interest amounting to Rs. 6.57 crores and Rs. 0.14 crores respectively, as on March 31, 2014. The said amounts have been paid subsequent to the balance sheet date.
46. **Projects materials consumed**  
These comprise miscellaneous items meant for execution of projects. Since these items are of different nature and specifications, it is not practicable to disclose the quantitative information in respect thereof.
47. **Traded goods**  
Sales of traded goods comprise of large number of items of different nature and specifications and hence it is not practicable to furnish information in respect thereof. The cost of such material amounting to Rs. 918.09 crores (Previous year Rs. 273.23 crores) has been included under Project material consumed and cost of goods sold.

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

**48. Imported and indigenous projects materials consumed and cost of goods sold\***

	Amount		Percentage	
	2013-14	2012-13	2013-14	2012-13
A) Imported	1,034.70	603.89	52.53	29.06
B) Indigenous	935.16	1,474.48	47.47	70.94
<b>Total</b>	<b>1,969.86</b>	<b>2,078.37</b>	<b>100.00</b>	<b>100.00</b>

\* excluding project material consumed at overseas branches and an unincorporated joint venture.

**49. Earnings in foreign currency (accrual basis)**

	2013-14	2012-13
Hiring charges (including foreign operations 0.98 (Previous year Nil))	13.22	48.20
Management services (including foreign operations 78.00 (Previous year 12.02))	78.00	67.14
Sale of traded goods	872.59	273.02
Interest received (including foreign operations 0.18 (Previous year 1.42))	5.60	4.53
Contract revenue (including foreign operations 3,376.28 (Previous year 2,793.10))	4,442.50	3,921.29
Others (including foreign operations 11.56 (Previous year 1.34))	14.72	1.34
<b>Total</b>	<b>5,426.63</b>	<b>4,315.52</b>

Foreign operations comprises of foreign branches and an un-incorporated joint venture.

**50. Expenditure in foreign currency (accrual basis)**

	2013-14	2012-13
Project material consumed and cost of goods sold	1,034.70	603.89
Employee benefits expense	17.77	50.12
Foreign branches/unincorporated joint venture expenses	3,378.95	2,760.57
Finance cost	49.47	38.34
Contractor charges	346.92	542.95
Site expenses	0.24	2.05
Diesel and fuel	-	5.43
Freight and cartage	2.59	6.41
Hire charges	58.00	140.58
Rates and taxes	1.54	0.80
Insurance	0.73	1.53
Travelling and conveyance	53.85	36.99
Consultancy and professional	36.39	89.18
Miscellaneous	7.36	4.95
<b>Total</b>	<b>4,988.51</b>	<b>4,283.80</b>

**51. Value of imports calculated on CIF basis \***

	2013-14	2012-13
a) Projects materials consumed and cost of goods sold	1,055.14	613.90
b) Capital goods	0.76	20.66
	<b>1,055.90</b>	<b>634.56</b>

\* excluding foreign branches and an unincorporated joint venture.

**NOTES TO FINANCIAL STATEMENTS** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*
**52. Net dividend remitted in foreign exchange**

	<b>2013-14</b>	<b>2012-13</b>
Year to which it relates	01-Apr-12 to 31- Mar-13	01-Apr-11 to 31- Mar-12
Number of non-resident shareholders	-	1
Number of equity shares held on which dividend was due	-	75,691,430
Amount remitted in Rs. (crores) (Nil (Previous year US \$ 202,392.53))	-	1.14

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

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

As per our report of even date

For **Walker Chandiok & Co LLP**  
(Formerly *Walker, Chandiok & Co*)  
Chartered Accountants

per **David Jones**  
Partner

**Place** Gurgaon  
**Date** May 20, 2014

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

**Atul Punj**

Chairman  
DIN: 00005612

**J.P. Chalasani**

Managing Director & Group CEO  
DIN: 00308931

**P.N. Krishnan**

Director - Finance  
DIN: 00003925

**Dinesh Thairani**

Group President - Legal & Company Secretary



# CONSOLIDATED FINANCIAL STATEMENTS 2013-14

## REPORT OF THE INDEPENDENT AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

### To the Board of Directors of Punj Lloyd Limited

1. We have audited the accompanying consolidated financial statements of Punj Lloyd Limited, ("the Company") and its subsidiaries, associates and joint ventures (hereinafter collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. 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 reports of the other auditors on the financial statements of the subsidiaries, associates and joint ventures as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- ii) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

7. Without qualifying our opinion, we draw attention to:
  - a. note 35 to the consolidated financial statements, regarding recoverability of claims aggregating to Rs. 733.98 crores which are subject matter of conciliation. Pending ultimate outcome of the matter which is presently unascertainable, no adjustments have been made in the accompanying consolidated financial statements.
  - b. As reported by the Independent Auditors of the financial statements of the Company's branch in Thailand, we draw attention to note 36 to the consolidated financial statements, regarding recoverability of claims aggregating to Rs. 389.86 crores. Pending ultimate outcome of the matter which is presently unascertainable, no adjustments have been made in the accompanying financial statements.
  - c. note 33 to the consolidated financial statements in respect of deductions made/ amount withheld by some customers aggregating to Rs. 53.91 crores which are being carried as trade receivables. These amounts are outstanding due to disputes with the customers and presently the ultimate outcome of these disputes is unascertainable, however since the Company is of the view that these amounts are recoverable, no provision is required against the same.

### Other Matter

8. We did not audit the financial statements of certain branches, subsidiaries, associates and joint ventures (including un-incorporated joint venture) included in the consolidated financial statements, whose financial statements reflect total assets (net of eliminations) of Rs. 9,063.39 crores as at March 31, 2014; total revenues (net of eliminations) of Rs. 7,303.44 crores and net cash flows aggregating to Rs. 221.75 crores for the year then ended. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **Walker Chandio & Co LLP**  
(Formerly Walker, Chandio & Co)  
Chartered Accountants  
Firm Registration No. 001076N

per **David Jones**  
Partner  
Membership No. 098113

**Place:** Gurgaon  
**Date:** May 20, 2014

**CONSOLIDATED BALANCE SHEET** as at March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*

	Notes	As at March 31, 2014	As at March 31, 2013
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	66.42	66.42
Reserves and surplus	4	2,165.84	2,768.86
		<b>2,232.26</b>	<b>2,835.28</b>
<b>Preference shares issued by subsidiary company</b>			
		<b>20.01</b>	<b>20.01</b>
<b>Minority interest</b>			
		<b>(40.84)</b>	<b>52.94</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,341.42	1,893.68
Deferred tax liabilities (net)	6	155.35	169.17
Other liabilities	9	28.27	-
Provisions	7	7.64	2.86
		<b>2,532.68</b>	<b>2,065.71</b>
<b>Current liabilities</b>			
Short-term borrowings	8	3,906.07	3,661.45
Trade payables	9	3,980.18	3,544.94
Other liabilities	9	3,084.11	3,983.35
Provisions	7	137.29	181.64
		<b>11,107.65</b>	<b>11,371.38</b>
<b>Total</b>		<b>15,851.76</b>	<b>16,345.32</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	2,918.80	2,622.12
Intangible assets	11	399.92	375.12
Capital work-in-progress		159.18	414.61
Non-current investments	12	243.87	364.14
Deferred tax assets (net)	6	11.17	18.00
Loans and advances	13	700.41	894.30
Other assets	15	147.01	102.66
		<b>4,580.36</b>	<b>4,790.95</b>
<b>Current assets</b>			
Inventories	16	180.71	232.43
Unbilled revenue (work-in-progress)		7,288.43	6,436.64
Trade receivables	14	2,402.51	3,232.64
Cash and bank balances	17	613.27	833.44
Loans and advances	13	661.10	791.92
Other assets	15	125.38	27.30
		<b>11,271.40</b>	<b>11,554.37</b>
<b>Total</b>		<b>15,851.76</b>	<b>16,345.32</b>
Summary of significant accounting policies	2.1		

The accompanying notes form an integral part of the consolidated financial statements.  
This is the consolidated balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
(Formerly *Walker, Chandiok & Co*)  
Chartered Accountants

per **David Jones**  
Partner

**Place** Gurgaon  
**Date** May 20, 2014

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

**Atul Punj**

Chairman  
DIN: 00005612

**J.P. Chalasani**

Managing Director & Group CEO  
DIN: 00308931

**P.N. Krishnan**

Director - Finance  
DIN: 00003925

**Dinesh Thairani**

Group President - Legal & Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

	Notes	Year ended March 31, 2014	Year ended March 31, 2013
<b>Income</b>			
Revenue from operations	18	10,854.85	11,255.61
Other income	19	319.48	334.53
<b>Total income (I)</b>		<b>11,174.33</b>	<b>11,590.14</b>
<b>Expenses</b>			
Projects materials consumed and cost of goods sold		3,899.15	3,518.72
Employee benefits expense	20	1,538.02	1,683.64
Other expenses	21	5,098.86	5,212.28
<b>Total expenses (II)</b>		<b>10,536.03</b>	<b>10,414.64</b>
<b>Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)</b>		<b>638.30</b>	<b>1,175.50</b>
Depreciation and amortization expense	10 & 11	392.71	353.76
Less: recoupment from asset revaluation reserve		0.23	0.25
Depreciation and amortization expense (net)		392.48	353.51
Finance costs	22	881.95	780.77
<b>(Loss) / Profit before tax</b>		<b>(636.13)</b>	<b>41.22</b>
Tax expenses			
- Current tax		7.71	75.55
- Minimum alternate tax credit entitlement		(0.14)	(0.94)
- Deferred tax		0.17	(4.31)
<b>Total tax expense</b>		<b>7.74</b>	<b>70.30</b>
<b>Loss for the year</b>		<b>(643.87)</b>	<b>(29.08)</b>
Share of profits/(losses) in associates (net)		7.25	4.07
Share of (profits)/losses transferred to Minority		88.39	17.80
<b>Loss for the year after taxes, minority interest and share of profit/(losses) of associates</b>		<b>(548.23)</b>	<b>(7.21)</b>
Earnings per equity share [nominal value per share Rs. 2 each (Previous year Rs. 2)] Basic and Diluted (in Rs.)	23	(16.51)	(0.22)
Summary of significant accounting policies	2.1		

The accompanying notes form an integral part of the consolidated financial statements.  
This is the consolidated statement of profit and loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
(Formerly *Walker, Chandiok & Co*)  
Chartered Accountants

per **David Jones**  
Partner

**Place** Gurgaon  
**Date** May 20, 2014

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

**Atul Punj**

Chairman  
DIN: 00005612

**J.P. Chalasani**

Managing Director & Group CEO  
DIN: 00308931

**P.N. Krishnan**

Director - Finance  
DIN: 00003925

**Dinesh Thairani**

Group President - Legal & Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT** for the year ended March 31, 2014

*(All amounts in INR Crores, unless otherwise stated)*

	Year ended March 31, 2014	Year ended March 31, 2013
<b>Cash flow from operating activities</b>		
<b>(Loss)/Profit before tax</b>	<b>(636.13)</b>	<b>41.22</b>
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization (net)	392.48	353.51
Profit on sale of fixed assets (net)	(37.69)	(5.81)
Gain on deconsolidation of subsidiaries/joint venture	(0.01)	(5.50)
Profit on sale of non trade long term investments	(17.11)	(26.68)
Provision for diminution in value of non-trade long term investment	4.55	0.75
Unrealised foreign exchange gain (net)	(2.26)	(21.91)
Unspent liabilities and provisions written back/advances written off (net)	(33.88)	10.69
Interest expense	716.09	622.67
Interest income	(13.28)	(13.42)
Dividend income	(0.05)	(0.58)
<b>Operating profit before Working Capital Changes</b>	<b>372.71</b>	<b>954.94</b>
Movement in working capital:		
Increase in trade payables	466.71	241.88
(Decrease)/Increase in provisions	(0.50)	5.38
(Decrease)/Increase in other liabilities	(394.03)	425.61
(Increase)/Decrease in trade receivables	864.32	(795.74)
Decrease in inventories	51.71	21.81
Increase in unbilled revenue (work-in-progress)	(851.77)	(472.80)
Decrease/(Increase) in loans and advances	47.10	(33.81)
Decrease/(Increase) in other assets	0.47	(0.04)
Cash generated from operations	556.72	347.23
Direct taxes paid (net of refunds)	(102.67)	(120.27)
<b>Net cash flow from operating activities (A)</b>	<b>454.05</b>	<b>226.96</b>
<b>Cash flows used in investing activities</b>		
Purchase of fixed assets, including CWIP and capital advances	(402.83)	(745.67)
Proceeds from sale of fixed assets	456.32	37.75
Proceeds from sale of investments	87.05	64.64
Purchase of investments	(39.08)	(21.07)
(Investments in)/ redemption/maturity of bank deposits (having original maturity of more than three months)	57.19	5.38
Interest received	13.69	7.64
Dividends received	0.05	0.58
Increase in margin money deposits	(257.60)	(9.25)
<b>Net cash used in investing activities (B)</b>	<b>(85.21)</b>	<b>(660.00)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	1,126.70	983.88
Repayment of long-term borrowings	(1,231.69)	(658.38)
Proceeds from short-term borrowings (net)	213.40	780.78
Interest paid	(711.09)	(654.22)
Dividend paid on equity shares	-	(4.98)
Tax on equity dividend paid	-	(0.81)
<b>Net cash flow (used in) / from financing activities (C)</b>	<b>(602.68)</b>	<b>446.27</b>

**CONSOLIDATED CASH FLOW STATEMENT** for the year ended March 31, 2014

(All amounts in INR Crores, unless otherwise stated)

	Year ended March 31, 2014	Year ended March 31, 2013
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(233.84)	13.23
Exchange differences	(144.32)	(154.14)
Cash and cash equivalents at the beginning of the year	755.30	896.80
Cash outflow due to disposal of subsidiary/joint venture	-	(0.59)
<b>Cash and cash equivalents at the end of the year (also refer note 17)</b>	<b>377.14</b>	<b>755.30</b>

The accompanying notes form an integral part of the consolidated financial statements.

This is the consolidated cash flow statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
(Formerly *Walker, Chandiok & Co*)  
Chartered Accountants

per **David Jones**  
Partner

**Place** Gurgaon  
**Date** May 20, 2014

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

**Atul Punj**

Chairman  
DIN: 00005612

**P.N. Krishnan**

Director - Finance  
DIN: 00003925

**J.P. Chalasani**

Managing Director & Group CEO  
DIN: 00308931

**Dinesh Thairani**

Group President - Legal & Company Secretary



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

### 1. Corporate Information

Punj Lloyd Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Indian Companies Act, 1956. Its equity shares are listed on two stock exchanges in India. The Company along with its subsidiaries, joint ventures and its associates (collectively referred to as "the Group") is engaged in the business of engineering, procurement and construction in the field of oil, gas and infrastructure sectors. The Group caters to both domestic and international markets.

### 2. Basis of preparation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Indian Companies Act, 1956 (the "Act"). The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention, except in case of certain tangible assets which are being carried at their revalued amounts and derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of consolidated financial statements have been consistently applied by the Group and are consistent with those of previous year.

#### 2.1 Summary of significant accounting policies

##### (a) Principles of Consolidation

The consolidated financial statements have been accounted for in accordance with Accounting Standard 21 - Consolidated Financial Statements, Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures respectively of the Companies Accounting Standards (Rules), 2006 (as amended). The consolidated financial statements are prepared on the following basis-

- i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances, intra-group transactions and unrealized profit or loss, except where cost cannot be recovered. The results of operations of a subsidiary are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.
- ii) Interests in the assets, liabilities, income and expenses of the Joint Ventures are consolidated using proportionate consolidation method. Intra group balances, intra-group transactions and unrealized profit or loss are eliminated to the extent of the Company's proportionate share, except where cost cannot be recovered.

- iii) The difference between the cost to the Group of investment in Subsidiaries and Joint Ventures and the proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is tested for impairment annually.
- iv) Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual/legal obligation on the minorities, the same is accounted for by the holding company, except where there is contractual/legal obligation on minority.
- v) Investments in Associates are accounted for using the equity method, under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped. Where the associate prepares and presents consolidated financial statements, such consolidated financial statements of the associate are used for the purpose of equity accounting. In other cases, standalone financial statements of associates are used for the purpose of consolidation.
- vi) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. Differences in accounting policies are disclosed separately.
- vii) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2014.
- viii) As per Accounting Standard 21 - Consolidated Financial Statements notified by Companies (Accounting Standards) Rules, 2006 (as amended), only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or the parent having no bearing on the true and fair view of the consolidated financial statements is not disclosed in the consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2014 *(All amounts in INR Crores, unless otherwise stated)*
**(b) Use of estimates**

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

**(c) Tangible fixed assets**

Tangible assets, except a piece of land and few plant and equipment items acquired before March 31, 1998, are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price, borrowing costs, if capitalisation criteria are met, and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

During the year ended March 31, 1998, the Company revalued certain plant and equipment items. These plant and equipment items are measured at fair value less accumulated depreciation and impairment losses, if recognised after the date of the revaluation. During the year ended March 31, 2002, the Company revalued a piece of land at fair value. In case of revaluation of tangible assets, any revaluation surplus is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated statement of profit and loss, in which case the increase is recognised in the consolidated statement of profit and loss. A revaluation deficit is recognised in the consolidated statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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

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

**(d) Intangible assets**

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

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 consolidated statement of profit and loss when the asset is derecognized.

**(e) Depreciation on tangible fixed assets and amortization of intangible assets**

- i) Depreciation on tangible assets is calculated on a straight-line basis, at the rates prescribed under Schedule XIV to the Act, (except to the extent stated in paras (ii), (iii), (vi) & (vii) below), which are based on the estimated useful life of the assets. In respect of the revalued assets, the difference between the depreciation calculated on the revalued amount and that calculated on the original cost is recouped from the Asset Revaluation Reserve.
- ii) Depreciation on the following tangible assets of the Project division is charged on straight line basis, at the rates based on the useful life of the assets as estimated by the management, which are either equal to or higher than the rates prescribed under Schedule XIV to the Companies Act, 1956:

Asset Description	Depreciation Rate
Plant and equipment	4.75% to 11.31%
Furniture, fixtures and office equipments	4.75% to 25.00%
Vehicles	9.50% to 25.00%

- iii) Depreciation on the following tangible assets of some overseas branches and unincorporated joint venture is charged on straight line basis, at the rates based on useful life of the assets as estimated by the management, which are higher than the rates prescribed under Schedule XIV to the Companies Act, 1956:

Asset Description	Useful Lives of Assets
Plant and equipment	3 to 21 years
Furniture, fixtures and office equipments	3 to 21 years
Vehicles	3 to 10 years

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

- iv) Leasehold land is amortised on a straight line basis over the period of lease, i.e., 30 years, except for leasehold land which is under perpetual lease.
- v) Assets acquired under sale and lease back transactions are depreciated on a straight line basis over the period of lease.
- vi) Individual assets costing upto Rs. 5,000 are depreciated at the rate of 100% per annum.
- vii) Depreciation on completed phase of road projects is provided over the period of concession agreement. Overlay cost included in the cost of Road is depreciated over a period of 5 years.
- viii) In case of foreign companies comprised within the Group, depreciation is provided for on straight-line basis so as to write off the value of assets over their useful life, as estimated by the management, which range from 2 to 30 years.
- ix) Intangible assets are amortized on a straight line basis, based on the nature and useful economic life of the assets as estimated by the management. The summary of amortization policies applied to the Group's intangible assets is as below:
  - a. Software of project division is amortized over the period of licenses or six years, whichever is lower.
  - b. Software of an unincorporated joint venture is amortized over the period of license or three years, whichever is lower.

### (f) Preoperative expenditure pending allocation

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of indirect construction cost to the extent to which the expenditure is related to the construction or is incidental thereto. Other indirect expenditure (including borrowing cost) incurred during the construction period, which is neither related to the construction activity nor is incidental thereto, is charged to the consolidated statement of profit and loss. Income earned during the construction period is deducted from the total expenditure.

All direct capital expenditure on expansion is recognized. Indirect expenditure incurred on expansion, only that portion is recognized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are recognized only if they increase the value of the asset beyond its original standard of performance.

### (g) Impairment of tangible and intangible 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 units (CGU) net selling price and its value in use. The recoverable

amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and loss is accordingly reversed in the statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

After impairment, depreciation/amortization is provided on the revised carrying amount of the asset over its remaining useful life.

### (h) Sales and leaseback

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 has been classified under "Other liabilities" in the financial statements.

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

### (i) Leases

#### Where the Group is the lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2014 *(All amounts in INR Crores, unless otherwise stated)*

term at the lower of the fair value of the leased property and present value of the minimum lease payments. Lease payments are apportioned between the 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 as finance costs in the consolidated statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalized.

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

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term.

**Where the Group is the lessor**

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating lease. Assets subject to operating leases are included in tangible assets. Lease income on an operating lease is recognized in the consolidated statement of profit and loss on a straight-line basis over the lease term. Initial direct costs such as legal, brokerage etc. and subsequent costs, including depreciation, incurred in earning the lease income are recognized as an expense in the consolidated statement of profit and loss.

**(j) Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the consolidated financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the consolidated statement of profit and loss.

**(k) Inventories**

Inventories are valued as follows:

- i) Project Materials (excluding scaffoldings): Lower of cost and net realizable value. Cost is determined on weighted average basis.
- ii) Scrap: Net realizable value.
- iii) Scaffoldings (included in Project Materials): Cost less amortization/charge based on their useful life, which is estimated at seven years.

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.

**(l) 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.

**(m) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

be involved in from time to time. Insurance claims are accounted for on acceptance/settlement with insurers.

- ii) Revenue from long term construction contracts executed in unincorporated joint ventures under work sharing arrangements is recognized on the same basis as similar contracts independently executed by the Group. Revenue from unincorporated joint ventures under profit sharing arrangements is recognized to the extent of the Group's share in unincorporated joint ventures.
- iii) Annuity income, receivable as per the concession agreement, is recognized on a straight line basis over the period of the annuity.
- iv) Revenue from hire charges is accounted for in accordance with the terms of agreements with the customers.
- v) Revenue from Management services is recognized pro-rata over the period of the contract as and when the services are rendered.
- vi) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the consolidated statement of profit and loss.
- vii) Dividend income is recognized when the Company's' right to receive dividend is established by the reporting date.
- viii) Export Benefit under the Duty Free Credit Entitlements is recognized in the consolidated statement of profit and loss, when right to receive license as per terms of the scheme is established in respect of exports made and there is no significant uncertainty regarding the ultimate collection of the export proceeds.
- ix) Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, which usually coincides with delivery of the goods.
- x) The Group collects service tax and value added taxes (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

### (n) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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 they are incurred.

### (o) Foreign currency transactions and translations

#### i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are carried at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

#### iii) Exchange differences

The Group accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

- a. Exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
- b. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a tangible asset are capitalized and depreciated over the remaining useful life of the asset.
- c. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- d. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of b and c above, the Group treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Group does not differentiate between exchange differences arising from



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

### iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

The exchange differences arising on forward contracts to hedge foreign currency risk of an underlying asset or liability existing on the date of the contract are recognised in the consolidated statement of profit and loss of the period in which the exchange rates change, based on the difference between:

- a. foreign currency amount of a forward contract translated at the exchange rates at the reporting date, or the settlement date where the transaction is settled during the reporting period, and
- b. the same foreign currency amount translated at the latter of the date of the inception of the contract and the last reporting date, as the case may be.

The premium or discount on all such contracts arising at the inception of each contract is amortised as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognised as income or expense for the year upon such cancellation or renewal.

Forward exchange contracts entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet date if such mark to market results in exchange loss. Such exchange loss is recognised in the consolidated statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies.

### v) Translation of integral and non integral foreign operations

The Group classifies all its foreign operations as either "integral foreign operations" or "non- integral foreign operations".

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Group itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Items of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average quarterly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation

are accumulated in the "Foreign currency translation reserve". On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the consolidated statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

### (p) Employee benefits

- i) The Company makes contribution to statutory provident fund and pension funds in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan. The Company has no obligation, other than the contribution payable to respective funds. The Company recognizes contribution payable to respective funds as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.
- ii) The Company and few of its Indian subsidiaries operate defined gratuity plans for their respective employees, which are defined benefit obligations. The Company has obtained an insurance policy under group gratuity scheme with Life Insurance Corporation of India/ICICI Prudential Life Insurance Company Limited to cover the gratuity liability of its employees. The amount paid/payable in respect of present value of liability for past services is charged to the consolidated statement of profit and loss on the basis of actuarial valuation on the projected unit credit method made at the end of each financial year.
- iii) In respect to overseas branches and unincorporated joint venture operations, provision for retirement and other employees' benefits are made on the basis prescribed in the local labour laws of the respective country, for the accumulated period of service at the end of the financial year.
- iv) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

credit method at the year-end. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

- v) In respect of overseas group entities, contributions made towards defined contribution schemes in accordance with the relevant applicable local laws, are charged to the consolidated statement of profit and loss of the year when the contribution to the respective funds are due. There are no obligations other than the contribution payable to the respective trusts. In respect of defined benefit obligations of the overseas Group companies, present value of liability for past services is charged to the consolidated statement of profit and loss on the basis of actuarial valuation on the projected unit credit method made at the end of the financial year.
- vi) Actuarial gains/losses are immediately taken to the consolidated statement of profit and loss and are not deferred.

### (q) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in shareholders' funds is recognised in shareholders' funds and not in the consolidated statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted, at the reporting date. Deferred income tax relating to items recognised directly in shareholders' funds is recognised in shareholders' funds and not in the consolidated statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the consolidated statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income tax Act, 1961, the said asset is created by way of credit to the consolidated statement of profit and loss and shown as "Minimum alternate tax credit entitlement". The Group reviews the "Minimum alternate tax credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

### (r) Accounting for joint venture operations

The Group's share of revenues, expenses, assets and liabilities are included in the consolidated financial statements as revenues, expenses, assets and liabilities respectively.

### (s) Segment reporting

#### Identification of segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

#### Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

#### Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2014 *(All amounts in INR Crores, unless otherwise stated)*
**(t) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year 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.

**(u) Provisions**

A provision is recognized when the Group has a present 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. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(v) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India (ICAI). The Group measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

**(w) Cash and cash equivalents**

Cash and cash equivalents for the purposes of consolidated cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(x) Derivative instruments**

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under Accounting Standard 11- The Effects of Changes in Foreign

Exchange Rates, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item is charged to the consolidated statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

**(y) 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.

**(z) 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, except in case of certain group entities where the same has been considered as twelve months.

**(aa) Measurement of EBITDA**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

**3. Share Capital**

	As at March 31, 2014	As at March 31, 2013
<b>Authorized shares</b>		
450,000,000 (Previous year 450,000,000) equity shares of Rs. 2 each	90.00	90.00
10,000,000 (Previous year 10,000,000) preference shares of Rs. 10 each	10.00	10.00
	<b>100.00</b>	<b>100.00</b>
<b>Issued, subscribed and fully paid-up shares</b>		
332,095,745 (Previous year 332,095,745) equity shares of Rs. 2 each	66.42	66.42
	<b>66.42</b>	<b>66.42</b>

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

	As at March 31, 2014		As at March 31, 2013	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	332,095,745	66.42	332,095,745	66.42
Issued during the year	-	-	-	-
Outstanding at the end of the year	<b>332,095,745</b>	<b>66.42</b>	<b>332,095,745</b>	<b>66.42</b>

**(b) Terms/rights attached to equity shares**

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

One of the Indian subsidiary and a foreign subsidiary of the Company have issued total 150,000 and 1,100,000 equity shares respectively (Previous year 150,000 and 1,100,000 equity shares respectively) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP), wherein consideration was received in form of employee services.

**(d) Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	Nos.	% holding in the class	Nos.	% holding in the class
Cawdor Enterprises Limited	75,691,430	22.79	75,691,430	22.79
Spectra Punj Finance Private Limited	22,148,305	6.67	22,148,305	6.67

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

**(e) Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Group, please refer note 25.

**(f) 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.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 *(All amounts in INR Crores, unless otherwise stated)*
**4. Reserves and Surplus**

	As at March 31, 2014	As at March 31, 2013
<b>Capital reserve</b>		
Balance as per the last year	26.42	26.42
Add: adjustment on conversion of associate into subsidiary	0.84	-
<b>Closing balance</b>	<b>27.26</b>	<b>26.42</b>
<b>Securities premium account</b>	<b>2,500.60</b>	<b>2,500.60</b>
<b>Debenture redemption reserve</b>	<b>112.87</b>	<b>112.87</b>
<b>Asset revaluation reserve</b>		
Balance as per the last year	3.61	3.88
Less: amount transferred to the consolidated statement of profit and loss as reduction from depreciation	(0.23)	(0.25)
Less: adjustment on account of sale/disposal of revalued assets	(0.13)	(0.02)
<b>Closing balance</b>	<b>3.25</b>	<b>3.61</b>
<b>Special reserve</b>		
(created by an Indian subsidiary under Reserve Bank of India Act)		
Balance as per the last year	0.02	0.01
Add: amount transferred from surplus balance in the consolidated statement of profit and loss	0.01	0.01
<b>Closing balance</b>	<b>0.03</b>	<b>0.02</b>
<b>General reserve</b>	<b>99.04</b>	<b>99.04</b>
<b>Foreign currency translation reserve</b>		
Balance as per last year	(176.00)	(98.04)
Add: exchange difference during the year on net investment in non-integral operations	(54.66)	(77.96)
<b>Closing balance</b>	<b>(230.66)</b>	<b>(176.00)</b>
<b>(Deficit) / Surplus in the consolidated statement of profit and loss</b>		
Balance as per last year	202.30	209.52
Loss for the year	(548.23)	(7.21)
Less: Appropriations		
Transfer to special reserve	(0.01)	(0.01)
Adjustment for acquisition of additional stake in a subsidiary from minority shareholders	(0.61)	-
Total appropriations	(0.62)	(0.01)
<b>Net (deficit) / surplus in the consolidated statement of profit and loss</b>	<b>(346.55)</b>	<b>202.30</b>
<b>Total reserves and surplus</b>	<b>2,165.84</b>	<b>2,768.86</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

**5. Long-term borrowings**

	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Debentures (secured)</b>				
10.50% debentures redeemable at par at the end of 5 years from the deemed date of allotment i.e. October 15, 2010. These are secured by first charge on Flat No. 201, Satyam Apartment, Saru Section Road, Jamnagar, Gujarat, India and subservient charge on the moveable tangible assets and current assets of the Company.	300.00	300.00	-	-
12.00% debentures redeemable at par in ten equal half-yearly installments beginning the end of 5 years from the date of allotment i.e. January 02, 2009. These are secured by first pari passu charge on the moveable tangible assets of the project division of the Company and further secured by exclusive charge on the Flat No. 202, Satyam Apartment, Saru Section Road, Jamnagar, Gujarat, India.	120.00	150.00	30.00	-
10.00% debentures redeemable at par in four half-yearly installments in the ratio of 20:20:30:30 beginning the end of 3.5 years from the deemed date of allotment i.e. September 10, 2009. These are secured by pari passu charge on the land situated at Jarod District, Vadodra, Gujarat, India, pari passu first charge on the moveable tangible assets of the project division of the Company (only upto Rs. 150 crores), subservient charge on moveable tangible assets and current assets of project division of the Company (upto Rs. 450 crores only). Further secured by charge on some of the investments of the Company.	-	127.50	127.50	212.50
<b>Term loans</b>				
<b>Indian rupee loan from banks (secured)</b>				
Loans carrying weighted average rate of interest 10.86% (Previous year 10.62%) depending upon the tenor of the loans. These loans are repayable in 15 to 60 monthly/quarterly installments. These loans are secured by way of exclusive charge on the equipment/ vehicles purchased out of the proceeds of loan.	9.87	22.99	15.67	15.96
Loans carrying weighted average rate of interest of 12.87% (Previous year 13.05%) depending upon the tenure of the loans. These loans are repayable in 15 to 17 quarterly installments beginning at the end of 1 year from the disbursement. These loans are secured by way of first pari passu charge on moveable tangible assets of the project division of the Company.	74.69	98.93	44.05	38.15
Loans carrying weighted average rate of interest 12.30% (Previous year 12.39%) depending upon the tenor of the loans. These loans are repayable in 16 to 22 equal quarterly installments beginning at the end of 1 year from the date of first disbursement. These loans are secured by way of pari passu first charge on the existing and future moveable tangible assets of the project division of the Company, pari passu second charge on current assets of the project division of the Company (excluding receivables of the projects financed by other banks).	40.87	68.21	30.29	39.62

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 *(All amounts in INR Crores, unless otherwise stated)*

	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<p>Loan carrying rate of interest 12.75% (Previous year 12.75%), repayable in 17 equal quarterly installments beginning at the end of 12 months from the date of first disbursement.</p> <p>The loan is secured by way of first charge on both the corporate offices of the Company, at Plot No. 78 &amp; 95, and Medicity building situated at Sector 32 and 38 respectively at Gurgaon, Haryana, India. Further secured by way of first pari passu charge on the moveable tangible assets of the project division of the Company (upto Rs. 125 crores).</p>	168.23	227.06	41.76	22.94
<p>Loan carrying rate of interest of 12.00% (Previous year 12.00%), repayable in 25 structured semi-annual installments.</p> <p>The loan is secured by way of charge on all moveable and immoveable tangible assets of a subsidiary company.</p>	229.47	161.62	11.06	-
<p>Loan carrying rate of interest of 11.00%, repayable in 4 equal quarterly installments after the moratorium period of 9 months from the date of disbursement.</p> <p>The loan is secured by way of exclusive charge on land at Malanpur (up to Rs. 6.41 crores), building at Malanpur (up to Rs. 36.78 crores) and subservient charge on current assets of the Company. Collateral security on non-disposal undertaking of 8,000,000 shares of Global Health Private Limited, pledge of 30% shares in Punj Lloyd Infrastructure Limited and 17,516,100 shares in Airworks India (Engineering) Private Limited, an associate of the Company. The loan is further secured by way of personal guarantee of the promoters.</p>	70.00	-	70.00	-
<p>Loan carrying rate of interest of 14.00% (Previous year 9.50%), repayable from financial year 2013 to financial year 2024.</p> <p>The loans is secured by way of charge on tangible and moveable assets and receivables of a joint venture company.</p>	42.23	46.35	6.82	5.82
<p><b>From others (secured)</b></p> <p>Loans carrying weighted average rate of interest 13.09% (Previous year 12.84%) depending upon tenor of the loans. These loans are repayable in 29 to 60 monthly installments from the beginning of the end of 12 months from the date of first disbursement of the loan.</p> <p>These loans are secured by first and exclusive charge by way of hypothecation on certain specific equipments financed through the loan.</p>	30.98	68.49	47.57	37.58
<p>Loan carrying rate of interest of 11.36% (previous year 10.55%), repayable in 84 monthly installments beginning at the end of 12 months from the date of first disbursement of the loan.</p> <p>The loan is secured by first and exclusive charge by way of hypothecation on aircraft financed through the loan.</p>	-	8.09	8.09	8.12
<p>Loan carried rate of interest of 14.00%, repayable in 24 monthly installments beginning the end of 12 months from the date of first disbursement of the loan.</p> <p>The loan was secured by way of first charge on the current assets of the project division of the Company (excluding receivables of the projects financed by the other banks).</p>	-	-	-	30.38

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<p>Loan carrying rate of interest of 15.00%, repayable in 12 monthly installments beginning at the end of 1 month from the date of first disbursement of the loan.</p> <p>The loan is secured by way of first charge on the present and future current assets of the project division of the Company (excluding receivables of the projects financed by the other banks).</p>	-	-	12.00	-
<p>Loan carrying rate of interest of 13.75% (Previous year 13.50%), repayable in 16 quarterly installments beginning at the end of 12 months from the date of first disbursement of the loan.</p> <p>The loan is secured by way of first pari passu charge on moveable tangible assets of the project division of the Company.</p>	12.50	25.00	15.63	9.38
<p>Loan carrying rate of interest of 13.00% (Previous year 14.00%), repayable in 48 monthly installments beginning at the end of 12 months from the date of first disbursement of the loan.</p> <p>The loan is secured by way of first charge on pari passu basis on current assets (excluding receivables of the projects financed by the other banks) and second charge on pari passu basis on moveable tangible assets of the project division of the Company.</p>	50.00	75.00	31.25	22.92
<p>Loan carrying rate of interest of 12.00%, repayable in bullet payment at the end of 2 years from the date of disbursement.</p> <p>The loan is secured by way of pledge of 601,979 equity shares in Global Health Private Limited and further secured by way of personal guarantee of the promoters.</p>	35.00	-	-	-
<p>Loan carrying rate of interest of 13.95%, repayable in 12 equal quarterly installments after the moratorium period of 2 years from the date of disbursement.</p> <p>The loan is secured by way of first pari passu charge on the moveable tangible assets of the project division of the Company and subservient charge on both the corporate offices of the Company, at Plot No. 78 &amp; 95, and Medicity building situated at Sector 32 and 38 respectively at Gurgaon, Haryana, India.</p>	186.00	-	-	-
<p>Loans carrying weighted rate of interest of 12.00% (Previous year 12.00%). These loans are repayable in 25 structured semi-annual installments.</p> <p>These loans are secured by first pari passu charge on moveable and immoveable tangible assets of a subsidiary company.</p>	101.43	61.88	1.75	-
<b>Foreign currency loan from banks (secured)</b>				
<p>Loan carrying rate of interest of LIBOR plus 1.25% (Previous year LIBOR plus 1.25%), repayable in 36 structured semi-annual installments.</p> <p>The loan is secured by charge on the assets of a subsidiary company</p>	43.77	42.11	2.92	2.63
<p>Loan carrying rate of interest of 6M LIBOR plus 4.20% (Previous year 6M LIBOR plus 4.20%) repayable in 25 structured semi-annual installments.</p> <p>The loan is secured by charge on the all moveable and immoveable tangible assets of the subsidiary company.</p>	139.87	86.49	5.78	-

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 *(All amounts in INR Crores, unless otherwise stated)*

	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
3 months EBOR plus 2.50% (Previous year 3 months EBOR plus 2.50%) loan repayable in 14 equal quarterly installments, beginning at the end of 1 quarter from the date of its origination. The loan is secured by way of first pari passu charge on moveable tangible assets of the project division of the Company.	25.31	55.81	33.79	40.15
Loan carried rate of interest 2.08%. The loan was repayable in 20 quarterly installments. The loan was secured by way of charge on moveable tangible assets of a subsidiary company.	-	-	-	77.65
Loans carried weighted average rate of interest of LIBOR plus 5.50%, depending upon the tenure of loans. The loans were repayable in 20 quarterly installments. These loans were secured by way of first pari passu charge on tangible assets purchased from loan proceeds.	-	28.26	-	4.99
Loans carrying weighted average rate of interest 5.64% (Previous year 5.63%). These loans are repayable in 17 to 20 equal half yearly installments, beginning at the end of 2 to 4 years from the date of its origination. These loans are secured by first pari passu charge on the moveable tangible assets of the Company	101.54	117.80	43.63	25.41
Loan carrying interest rate from 4.80%. These loans are repayable in 2 equal annual installments, starting from April 23, 2015. The loan is secured by exclusive charge on the tangible assets and current assets of a subsidiary company.	285.35	-	-	-
Loans carrying weighted average interest rate of 3.10%. The loan is repayable in bullet payment in 2015. These loans are secured by pledge of cash of one of the subsidiary company.	37.96	-	-	-
Loan carried rate of interest of LIBOR+5.50%. The loan is repayable in single installment after the end of 1 year from the date of its origination. The loan was secured by exclusive charge on aircraft financed through the loan; pledge on shares of the borrowing entity and further secured by the corporate guarantee of the ultimate holding company.	-	-	-	235.60
<b><u>Foreign currency loan from banks (unsecured)</u></b>				
Loans carrying weighted average rate of interest 4.42% (Previous year 4.43%). The loan is repayable in 3 annual installments beginning at the end of one year since its origination.	-	102.26	-	333.10
Loan carrying rate of interest of 1.70%. The loan is repayable in 4 equal quarterly installments beginning at the end of one year.	94.91	-	-	-

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

	Non-current portion		Current maturities	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Other loans (secured)</b>				
Finance lease obligation carry weighted average rate of interest of 13.77% (Previous year 4.00%). These are secured by first and exclusive charge by way of hypothecation on specific equipments financed through the loan.	53.88	2.27	34.82	4.16
<b>Inter-corporate deposits (unsecured)</b>	17.56	17.56	-	-
	<b>2,341.42</b>	<b>1,893.68</b>	<b>614.39</b>	<b>1,167.06</b>
The above amount includes				
Secured borrowings	2,228.95	1,773.86	614.39	833.96
Unsecured borrowings	112.47	119.82	-	333.10
Amount disclosed under the head "Other liabilities" (note 9)	-	-	(614.39)	(1,167.06)
Net amount	<b>2,341.42</b>	<b>1,893.68</b>	<b>-</b>	<b>-</b>

**6. Deferred tax liabilities (net)**

	As at March 31, 2014	As at March 31, 2013
Impact of difference between tax depreciation and depreciation/amortization as per books	130.93	144.47
Effect of expenditure not debited to consolidated statement of profit and loss but allowed/allowable in income tax	61.04	52.17
Unrealised foreign exchange on purchase of tangible assets	(13.16)	(3.73)
Difference in carrying value of scaffolding as per income tax and financial books	5.24	6.96
Impact of expenditure charged to the consolidated statement of profit and loss in the current year but allowable for tax purposes on payment basis	(8.92)	(11.48)
Unabsorbed depreciation/carried forward losses #	(30.95)	(37.22)
<b>Deferred tax liabilities (net) *</b>	<b>144.18</b>	<b>151.17</b>

\*After setting off deferred tax assets aggregating to Rs 11.17 crores (Previous year Rs 18.00 crores) in respect of certain branches, subsidiaries and joint ventures.

# Certain subsidiaries of the group have projected future profits, based on confirmed orders in hand for the subsequent years, which in the opinion of the management of those subsidiaries satisfies the condition of virtual certainty supported by convincing evidence. According, those subsidiaries have recognized deferred tax asset on unabsorbed depreciation and carried forward losses.

**7. Provisions**

	Long-term		Short-term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Provision for employee benefits</b>				
- Provision for retirement benefits	6.29	1.69	28.41	33.51
<b>Other provisions</b>				
- Provision for current tax (net of advance tax)	1.35	1.17	108.88	148.13
	<b>7.64</b>	<b>2.86</b>	<b>137.29</b>	<b>181.64</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

**8. Short term borrowings**

	As at March 31, 2014	As at March 31, 2013
<b>Secured</b>		
<b>Working capital loan repayable on demand</b>		
Secured by way of first charge on pari passu basis on current assets (excluding receivables of the projects financed by the other banks) and second charge on pari passu basis on moveable tangible assets of the project division of the Company. These borrowings from banks carry weighted average rate of interest 12.77% (Previous year 12.18%).	1,208.03	971.74
Secured by way of exclusive charge on the receivables of the specific projects financed by the bank, first pari passu charge on the current assets of the project division (excluding receivables of the projects financed by the other banks), pari passu second charge on the moveable tangible assets of the project division of the Company. These borrowings from banks carry weighted average rate of interest 11.89% (Previous year 11.47%).	1,847.12	1,653.55
Loan carrying rate of interest of USD LIBOR plus 4.25% (Previous year USD LIBOR plus 3.75%). The loan is secured by way of charge on trade receivables of a subsidiary company. Further secured by personal guarantee of partners.	92.83	179.10
Secured by way of first charge on pari passu basis on current assets (excluding receivables of the projects financed by the other banks), pari passu charge on the receivables of the project financed and second charge on pari passu basis on moveable tangible assets of the project division of the Company. These borrowings from banks carry weighted average rate of interest 10.09% (Previous year 5.52%).	278.77	249.35
Secured by way of pari passu charge on the receivables financed. These borrowings from banks carry rate of interest of 4.75% (Previous year 4.29%).	56.30	92.56
Secured by way of charge on the receivables and assets of the project. The borrowing from banks carries rate of interest of 3 Months FGB EBOR + 2.5% P.A. (Previous year 3 Months FGB EBOR + 2.5% P.A.).	75.55	166.19
Secured by way of exclusive charge on the receivables of the specific projects financed by the bank, first pari passu charge on the current assets of a subsidiary company. The borrowing from bank carries rate of interest of 7.75% (Previous year 7.75%).	34.54	32.06
Secured by way of charge on building/ apartment of a subsidiary company. The borrowings from bank carries rate of interest of 6.00% (Previous year 3.50%).	3.09	21.14
Secured by hypothecation charge over trade receivables of a subsidiary company. These borrowings from bank carry weighted average rate of interest 13.56% (Previous year 10.01%).	22.97	26.00
Secured by way of charge on the current assets of a subsidiary company. The borrowing from bank carries rate of interest of SIBOR+2% and 13.75% (Previous year 6.36% ).	20.94	85.86
Secured by way of first charge on the current assets of a subsidiary company. The borrowing carries rate of interest of 6.36%.	171.51	-
<b>Unsecured</b>		
Buyer's line of credit from a bank carrying weighted average rate of interest 1.29% (Previous year 1.41%).	30.32	160.40
Inter-corporate deposits carrying weighted average rate of interest of 13.02% (Previous year 12.66%), repayable on demand.	64.10	23.50
	<b>3,906.07</b>	<b>3,661.45</b>
<b>The above amount includes</b>		
Secured borrowings	3,811.65	3,477.55
Unsecured borrowings	94.42	183.90
	<b>3,906.07</b>	<b>3,661.45</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

**9. Other liabilities**

	Non- current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Trade payables (including acceptances)	-	-	3,980.18	3,544.94
<b>Other liabilities</b>				
Current maturities of long-term borrowings (refer note 5)	-	-	614.39	1,167.06
Interest accrued but not due on borrowings	-	-	46.76	47.63
Interest accrued and due on borrowings	-	-	8.08	-
Unclaimed dividends #	-	-	0.26	0.27
Service tax payable	-	-	4.71	30.78
Value added tax payable	-	-	47.43	38.21
Tax deducted at source payable	-	-	25.00	26.71
Advance billing	-	-	630.06	800.50
Advance from customers	-	-	1,605.98	1,746.77
Unearned income	28.27	-	40.25	-
Security deposits	-	-	8.72	11.45
Capital goods suppliers	-	-	33.26	94.39
Others	-	-	19.21	19.58
	<b>28.27</b>	<b>-</b>	<b>3,084.11</b>	<b>3,983.35</b>
	<b>28.27</b>	<b>-</b>	<b>7,064.29</b>	<b>7,528.29</b>

# These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund.

**10. Tangible assets**

	Land	Buildings	Plant and equipment	Furniture, fixtures and office equipments	Tools	Project Road	Vehicles	Total
<b>Gross block at cost or valuation</b>								
At April 01, 2012	40.98	95.91	3,392.12	122.72	11.78	55.84	188.70	3,908.05
Additions	4.10	134.94	194.40	14.68	3.40	47.63	2.46	401.61
Disposal(-)	22.00	0.63	28.57	13.89	1.96	-	11.69	78.74
Disposal of subsidiaries(-)	-	2.03	6.84	0.48	-	-	0.65	10.00
Other adjustments								
Exchange differences	-	-	16.56	-	-	-	-	16.56
Foreign currency translation	0.52	2.70	101.76	2.49	0.00	-	2.42	109.89
<b>At March 31, 2013</b>	<b>23.60</b>	<b>230.89</b>	<b>3,669.43</b>	<b>125.52</b>	<b>13.22</b>	<b>103.47</b>	<b>181.24</b>	<b>4,347.37</b>
Additions	0.22	-	128.92	3.81	-	510.41	3.35	646.71
Disposals(-)	-	15.24	134.23	18.35	0.01	-	13.04	180.87
Other adjustments								
Exchange differences	-	-	16.29	-	-	-	-	16.29
Foreign currency translation	0.12	1.09	75.16	4.38	-	-	1.16	81.91
Other	-	24.03	0.58	(24.77)	(0.01)	0.17	-	-
<b>At March 31, 2014</b>	<b>23.94</b>	<b>240.77</b>	<b>3,756.15</b>	<b>90.59</b>	<b>13.20</b>	<b>614.05</b>	<b>172.71</b>	<b>4,911.41</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 *(All amounts in INR Crores, unless otherwise stated)*

	Land	Buildings	Plant and equipment	Furniture, fixtures and office equipments	Tools	Project Road	Vehicles	Total
<b>Accumulated depreciation</b>								
At April 01, 2012	0.73	22.53	1,163.75	65.19	3.88	16.52	94.86	1,367.46
Charge for the year	0.28	5.47	301.59	10.74	0.79	7.39	22.55	348.81
Disposals(-)	0.29	0.17	26.62	9.54	0.92	-	7.64	45.18
Disposal of subsidiaries(-)	-	0.42	3.92	0.16	-	-	0.28	4.78
Other adjustments								
Foreign currency translation	-	1.37	51.44	3.77	-	-	2.36	58.94
<b>At March 31, 2013</b>	<b>0.72</b>	<b>28.78</b>	<b>1,486.24</b>	<b>70.00</b>	<b>3.75</b>	<b>23.91</b>	<b>111.85</b>	<b>1,725.25</b>
Charge for the year	0.21	7.02	333.00	9.71	0.63	20.68	18.19	389.44
Disposals(-)	-	10.09	127.40	15.13	-	-	9.44	162.06
Other adjustments								
Foreign currency translation	-	0.50	34.65	2.43	-	-	2.40	39.98
Other	-	18.13	-	(18.13)	-	-	-	-
<b>At March 31, 2014</b>	<b>0.93</b>	<b>44.34</b>	<b>1,726.49</b>	<b>48.88</b>	<b>4.38</b>	<b>44.59</b>	<b>123.00</b>	<b>1,992.61</b>
<b>Net block</b>								
<b>At March 31, 2013</b>	<b>22.88</b>	<b>202.11</b>	<b>2,183.19</b>	<b>55.52</b>	<b>9.47</b>	<b>79.56</b>	<b>69.39</b>	<b>2,622.12</b>
<b>At March 31, 2014</b>	<b>23.01</b>	<b>196.43</b>	<b>2,029.66</b>	<b>41.71</b>	<b>8.82</b>	<b>569.46</b>	<b>49.71</b>	<b>2,918.80</b>

1. Gross block of plant and equipment includes Rs. 5.82 crores and accumulated depreciation includes Rs. 4.66 crores (Previous year Rs. 6.27 crores and Rs. 4.75 crores respectively) on account of revaluation of assets carried out in earlier years. The said revaluation was carried out during the year ended March 31, 1998 by an external agency using "price indices released by the Economic Advisor's Office, Ministry of Industry/Verbal Quotation/Comparison/Estimation or any other method considered prudent in specific cases". Consequent to the said revaluation, there is an additional charge of depreciation of Rs. 0.23 crore (Previous year Rs. 0.25 crore). In accordance with the option given in the guidance note on accounting for the depreciation in companies, the Group recoups such additional depreciation out of asset revaluation reserve. There is additional profit of Rs. 0.13 crore (Previous year Rs. 0.02 crore) on account of sale of assets, an equivalent amount has been withdrawn from revaluation reserve and credited to consolidated statement of profit and loss.
2. Gross block of land includes Rs. 2.10 crores (Previous year Rs. 2.10 crores) on account of revaluation of assets carried out in earlier years. The said revaluation was carried out during the year ended March 31, 2002 by an external agency using "Price indices released by the Economic Advisor's Office, Ministry of Industry/Verbal Quotation/Comparison/Estimation or any other method considered prudent in specific cases".
3. In compliance with the notification dated March 31, 2009 (as amended) issued by MCA, the Group has exercised the option available under paragraph 46 to the Accounting Standards 11- The effect of changes in foreign exchange rates. Accordingly, during the current year, the foreign exchange loss of Rs. 16.29 crores (Previous year Rs. 16.56 crores) has been added to gross block of plant and equipment.
4. Gross block of land includes leasehold land Rs. 6.41 crores (Previous year Rs.6.41 crores). Accumulated depreciation thereon is Rs. 0.93 crores (Previous year Rs. 0.72 crores).
5. Gross block of vehicles includes vehicles of cost Rs. 24.09 crores (Previous year Rs. 16.73 crores) taken on finance lease. Accumulated depreciation there on is Rs. 9.97 crores (Previous year Rs. 4.35 crores).
6. Gross block of plant and equipment includes equipments of cost Rs. 181.50 crores (Previous year Rs. 88.47 crores) taken on finance lease. Accumulated depreciation thereon is Rs. 49.91 crores (Previous year Rs. 22.42 crores).
7. Gross block of buildings includes building of cost Rs. 98.76 crores (Previous year Rs. 98.76 crores) taken on finance lease. Accumulated depreciation thereon is Rs. 2.39 crores (Previous year Rs. 0.79 crores).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

**11. Intangible Assets**

	Computer software	Goodwill	Total
<b>Gross block</b>			
At April 01, 2012	67.79	328.20	395.99
Additions	3.41	-	3.41
Disposal (-)	1.16	0.89	2.05
Other adjustments			
Foreign currency translation	4.28	35.96	40.24
<b>At March 31, 2013</b>	<b>74.32</b>	<b>363.27</b>	<b>437.59</b>
Additions	0.87	-	0.87
Disposal (-)	0.75	-	0.75
Other adjustments			
Foreign currency translation	3.81	26.60	30.41
<b>At March 31, 2014</b>	<b>78.25</b>	<b>389.87</b>	<b>468.12</b>
<b>Amortization</b>			
At April 01, 2012	55.68	-	55.68
Charge for the year	4.06	0.89	4.95
Disposal (-)	1.16	0.89	2.05
Other adjustments			
Foreign currency translation	3.89	-	3.89
<b>At March 31, 2013</b>	<b>62.47</b>	<b>-</b>	<b>62.47</b>
Charge for the year	3.28	-	3.28
Disposal (-)	0.70	-	0.70
Other adjustments			
Foreign currency translation	3.15	-	3.15
<b>At March 31, 2014</b>	<b>68.20</b>	<b>-</b>	<b>68.20</b>
<b>Net block</b>			
<b>At March 31, 2013</b>	<b>11.85</b>	<b>363.27</b>	<b>375.12</b>
<b>At March 31, 2014</b>	<b>10.05</b>	<b>389.87</b>	<b>399.92</b>

**12. Non-Current Investments**

	As at March 31, 2014	As at March 31, 2013
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity instruments</b>		
<b>Investments in associates</b>		
<b>Air Works India (Engineering) Private Limited</b>	53.00	53.00
17,516,100 (Previous year 17,516,100) equity shares of Rs. 1 each fully paid up (including goodwill of Rs. 9.46 crores).		
Of the above, 17,516,100 (Previous year Nil) equity shares are pledged with a bank.		
Add: Share in opening accumulated losses	(15.00)	(15.32)
Add: Share in profits for the year	7.26	0.32
	45.26	38.00
<b>Reco Sin Han Pte Limited</b>	0.04	0.04
10,000 (Previous year 10,000) equity shares of SGD 1 each fully paid up		
Add: Foreign currency translation differences	0.01	0.01
	0.05	0.05

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 *(All amounts in INR Crores, unless otherwise stated)*

	As at March 31, 2014	As at March 31, 2013
<b>Reliance Contractors Private Limited #</b>	-	3.40
Nil (Previous year 15,000) equity shares of SGD 1 each fully paid up		
Add: Share in opening accumulated losses	-	(2.50)
Add: Foreign currency translation differences	-	(0.18)
	-	0.72
<b>Ventura Developments (Myanmar) Pte Limited</b>	0.18	0.17
Nil (Previous year 35,000) equity shares of SGD 1 each fully paid up		
Add: Share in opening accumulated losses	(0.13)	(0.13)
Add: Foreign currency translation differences	-	(0.04)
Less: Disposed off during the year	(0.05)	-
	-	-
<b>Olive Group Capital Limited</b>	98.41	91.57
Nil (Previous year 17,112,205) convertible ordinary shares of USD 0.10 each fully paid up (including goodwill of Rs. 48.04 crores)		
Add: Share in opening accumulated profits	25.88	22.13
Add: Share in profits for the year	-	3.75
Add: Foreign currency translation differences	-	(5.96)
Less: Disposed off during the year	(124.29)	-
	-	111.49
<b>Olive Group India Private Limited</b>	-	-
Nil (Previous year 750,000) equity shares of Rs. 10 each fully paid up. (At cost less provision for other than temporary diminution in value Rs. Nil (Previous year Rs. 0.75 crore))		
<b>Hazaribagh Ranchi Expressway Limited</b>	-	0.01
Nil (Previous year 13,000) equity shares of Rs. 10 each fully paid up.		
<b>Investment in others</b>		
<b>Rajahmundry Expressway Limited</b>	1.89	1.89
1,885,000 (Previous year 1,885,000) equity shares of Rs. 10 each fully paid up.		
<b>Andhra Expressway Limited</b>	1.89	1.89
1,885,000 (Previous year 1,885,000) equity shares of Rs. 10 each fully paid up.		
<b>North Karnataka Expressway Limited</b>	3.86	3.86
3,860,456 (Previous year 3,860,456) equity shares of Rs.10 each fully paid up.		
<b>Kaefer Punj Lloyd Limited</b>	4.36	4.36
88,200 (Previous year 88,200) equity shares of Rs.100 each fully paid up.		
<b>GMR Hyderabad Vijaywada Expressways Private Limited</b>	0.50	0.50
500,000 (Previous year 500,000) equity shares of Rs. 10 each fully paid up.		
<b>Non-trade</b>		
<b>Unquoted equity instruments</b>		
<b>Investment in others</b>		
<b>RFB Latex Limited</b>	-	-
200,000 (Previous year 200,000) equity shares of Rs. 10 each fully paid up. (At cost less provision for other than temporary diminution in value Rs. 0.52 crore (Previous year Rs. 0.52 crore))		



**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

	As at March 31, 2014	As at March 31, 2013
<b>Arooshi Enterprises Private Limited</b>	-	-
598,500 (Previous year 598,500) equity shares of Rs. 10 each fully paid up. (At cost less provision for other than temporary diminution in value Rs. 0.60 crore (Previous year Rs. 0.60 crore))		
<b>Global Health Private Limited</b>	159.07	159.07
8,601,979 (Previous year 8,601,979) equity shares of Rs. 10 each fully paid up. Of the above, 8,000,000 (Previous year 8,000,000) equity shares are under first pari passu charge with Debenture trustee and 601,979 (Previous year Nil) equity shares are pledged with a bank.		
<b>Samena Capital</b>	-	22.87
Nil (Previous year Nil) Class "A" Shares of USD 1 each, fully paid up		
Add: Foreign currency translation differences	-	-
Less: Disposed off during the year	-	(22.87)
	-	-
<b>Samena Capital Investor Company</b>	-	9.80
Nil (Previous year Nil) Class "B" Shares of USD 1 each, fully paid up		
Add: Foreign currency translation differences	-	-
Less: Disposed off during the year	-	(9.80)
	-	-
<b>Quoted equity instruments</b>		
<b>Investment in others</b>		
<b>Panasonic Energy India Company Limited</b>	0.00	0.00
1,300 (Previous year 1,300) equity shares of Rs 10 each fully paid up		
<b>Triton Corporation Limited</b>	0.00	0.00
6,000 (Previous year 6,000) equity shares of Rs 10 each fully paid up (At cost less provision for other than temporary diminution in value Rs. 0.01 crore (Previous year Rs. 0.01 crore))		
<b>JCT Electronics Limited</b>	0.00	0.00
600 (Previous year 600) equity shares of Rs 10 each, fully paid up (At cost less provision for other than temporary diminution in value Rs. 0.00 crore (Previous year Rs. 0.00 crore))		
<b>Continental Constructions Limited</b>	-	-
3,000 (Previous year 3,000) equity shares of Rs 10 each, fully paid up (At cost less provision for other than temporary diminution in value Rs. 0.00 crore (Previous year Rs. 0.00 crore))		
<b>Max India Limited</b>	0.00	0.00
2,500 (Previous year 2,500) equity shares of Rs. 2 each fully paid up		
<b>Kirloskar Pneumatics Company Limited</b>	0.00	0.00
1,000 (Previous year 1,000) equity shares of Rs 10 each fully paid up		
<b>Hindustan Oil Exploration Company Limited</b>	0.03	0.03
6,133 (Previous year 6,133) equity shares of Rs 10 each fully paid up		

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

	As at March 31, 2014	As at March 31, 2013
<b>Berger Paints Limited</b>	0.10	0.10
61,600 (Previous year 61,600) equity shares of Rs. 2 each fully paid up		
<b>Pipavav Defence and Offshore Engineering Company Limited</b>	0.00	0.00
1,000 (Previous year 1,000) equity share of Rs. 10 each fully paid up		
<b>Quoted other instruments</b>		
<b>Investment in others</b>		
<b>Samena Special Situations Fund</b>	49.58	50.37
4,000,000 (Previous year 9,000,000) units of USD 1 each fully paid up		
Add: Foreign currency translation differences	2.90	(3.16)
Less: Disposed off during the year	(30.62)	(5.04)
	21.86	42.17
<b>Samena Special Situations Fund - II</b>	-	8.39
Nil (Previous year Nil) units of USD 1 each fully paid up		
Add: Foreign currency translation differences	-	-
Less: Disposed off during the year	-	(8.39)
	-	-
<b>IFCI Limited</b>	5.00	-
50 (Previous year Nil) 8.39% tax free bonds of Rs. 1,000,000 each fully paid up		
	<b>243.87</b>	<b>364.14</b>
Aggregate amount of quoted investments (Market value: Rs. 40.63 crores (Previous year Rs. 43.72 crores))	26.99	42.30
Aggregate amount of unquoted investments	218.01	323.72
Aggregate provision for diminution in value of investments	1.13	1.88

# converted to subsidiary of the Group during current year.

**13. Loans and advances**

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
(Unsecured, considered good)				
Capital advances	1.96	335.61	-	-
Security deposits	7.73	2.87	26.09	25.31
Advances recoverable in cash or kind	-	-	575.36	722.34
Other loans and advances				
Advance income-tax (net of provision for taxation)	396.45	340.16	-	-
Value added tax/ sales tax recoverable	237.19	205.07	-	-
Minimum alternate tax credit entitlement (refer note 37)	10.33	10.59	-	-
Due from joint venture	46.75	-	4.61	-
Balances with statutory/government authorities	-	-	46.27	35.09
Others	-	-	8.77	9.18
	<b>700.41</b>	<b>894.30</b>	<b>661.10</b>	<b>791.92</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

**14. Trade receivables**

	As at March 31, 2014	As at March 31, 2013
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the date they are due for payment	871.71	711.39
Other receivables	1,530.80	2,521.25
	<b>2,402.51</b>	<b>3,232.64</b>

**15. Other assets**

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
(Unsecured, considered good)				
<b>Non-current bank balances (refer note 17)</b>	44.51	2.08	-	-
<b>Others</b>				
Interest receivables	-	-	26.42	26.83
Export benefit receivables	102.50	100.58	-	-
Receivables against sale of investments	-	-	64.83	0.42
Investment held for sale	-	-	34.13	0.05
	<b>147.01</b>	<b>102.66</b>	<b>125.38</b>	<b>27.30</b>

**16. Inventories**

	As at March 31, 2014	As at March 31, 2013
Project materials	180.05	230.72
Scrap	0.66	1.71
	<b>180.71</b>	<b>232.43</b>

**17. Cash and bank balances**

	Non-current		Current	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
<b>Cash and cash equivalents</b>				
Balances with banks:				
– On current accounts (including cheques in hand of Nil (Previous year Rs. 2.47 crores)) #	-	-	364.15	605.24
– on cash credit accounts	-	-	0.13	14.28
– On EEFC account	-	-	0.01	0.48
Deposit with original maturity of less than three months	-	-	3.42	126.30
Cash on hand	-	-	9.43	9.00
	<b>-</b>	<b>-</b>	<b>377.14</b>	<b>755.30</b>
<b>Other bank balances</b>				
– Deposits with original maturity for more than 12 months	-	-	1.62	1.52
– Deposits with original maturity for more than 3 months but less than 12 months	-	-	2.24	59.53
– Margin money deposit	44.51	2.08	232.27	17.09
	<b>44.51</b>	<b>2.08</b>	<b>236.13</b>	<b>78.14</b>
Amount disclosed under non-current assets (note 15)	(44.51)	(2.08)	-	-
	<b>-</b>	<b>-</b>	<b>613.27</b>	<b>833.44</b>

# Includes unclaimed dividend of Rs. 0.26 crores (Previous year Rs. 0.27 crores).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

**18. Contract revenue**

	Year ended March 31, 2014	Year ended March 31, 2013
Contract revenue (includes export benefit of Rs. 4.45 crores (Previous year Rs. Nil))	9,887.78	10,962.33
Sale of traded goods	926.39	273.31
Annuity income	12.12	12.79
Other operating revenue		
Hire charges	13.78	5.29
Management services	14.78	1.89
	<b>10,854.85</b>	<b>11,255.61</b>

**19. Other Income**

	Year ended March 31, 2014	Year ended March 31, 2013
Scrap sale	23.87	11.87
Unspent liabilities and provisions written back	48.61	17.60
Exchange differences (net)	168.25	239.51
Interest income on		
- Bank deposits	11.23	6.45
- Others	2.04	6.97
Profit on sale of fixed assets (net)	37.69	5.81
Dividend income on non-trade long-term investments	0.05	0.58
Net gain on sale of long-term investments	17.11	26.68
Net gain on deconsolidation of a step-down subsidiary/ joint venture	0.01	5.50
Others	10.62	13.56
	<b>319.48</b>	<b>334.53</b>

**20. Employee benefit expense**

	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, wages and bonus	1,367.75	1,493.54
Contribution to provident and other funds	39.59	43.90
Retirement benefits	18.08	17.81
Staff welfare expenses	112.60	128.39
	<b>1,538.02</b>	<b>1,683.64</b>

**21. Other Expenses**

	Year ended March 31, 2014	Year ended March 31, 2013
Contractor charges	3,165.18	2,931.59
Site expenses	242.49	241.17
Diesel and fuel	305.61	360.87
Repairs and maintenance		
- Buildings	0.11	0.69
- Plant and equipment	37.69	39.93
- Others	11.56	11.54
Rent	75.55	68.44
Freight and cartage	63.48	115.22
Hire charges	509.12	703.68
Rates and taxes	43.37	47.65
Insurance	61.86	48.77
Travelling and conveyance	134.17	149.74
Consultancy and professional	246.61	198.56
Irrecoverable balances written off	14.73	28.29
Provision for diminution in value of non-trade long-term investment	4.55	0.75
Donations	0.54	2.52
Miscellaneous	182.24	262.87
	<b>5,098.86</b>	<b>5,212.28</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

**22. Finance Cost**

	Year ended March 31, 2014	Year ended March 31, 2013
Interest	716.09	622.67
Bank charges	165.52	156.94
Discounting charges on commercial papers	0.34	1.16
	<b>881.95</b>	<b>780.77</b>

**23. Earnings per share (EPS)**

	2013-14	2012-13
a) Net profit after tax available for equity share holders (Rs. crores)	(548.23)	(7.21)
b) Weighted average number of equity shares for Basic and Diluted EPS	332,095,745	332,095,745
c) Earnings per share - Basic and Diluted (Rs.)	(16.51)	(0.22)
d) Nominal value per equity share (Rs.)	2	2

**24. Gratuity and other post-employment benefit plans**

The Company and few of its Indian subsidiaries operate defined gratuity plans for their respective employees, which are defined benefit obligations. Under the plans, every employee who has completed at least five years of service gets a gratuity on separation at 15 days of last drawn salary for each completed year of service. The Company has obtained an insurance policy under group gratuity scheme to cover the gratuity liability of its employees.

The following tables summarises the components of net benefit expense recognized in the consolidated statement of profit and loss and the funded status and amounts recognized in the balance sheet for the plan.

**Consolidated statement of profit and loss**
**Net employee benefit expense recognized in the employee cost**

	2013-14	2012-13
Current service cost	2.67	3.27
Interest cost on benefit obligation	1.08	1.02
Expected return on plan assets	(0.80)	(0.69)
Net actuarial (gain)/loss	(0.99)	(1.67)
Past service cost	-	(0.00)
<b>Net benefit expense</b>	<b>1.96</b>	<b>1.93</b>
Actual return on plan assets	(0.09)	0.12

**Consolidated balance sheet**
**Benefit asset/liability**

	2013-14	2012-13
Present value of defined benefit obligation	13.44	13.77
Fair value of plan assets	(8.92)	(9.44)
Less: Unrecognised past service cost	-	-
<b>Net defined benefit obligation</b>	<b>4.52</b>	<b>4.33</b>

**Changes in the present value of the defined benefit obligation are as follows:**

	2013-14	2012-13
Opening defined benefit obligation	13.77	13.54
Interest cost	1.08	1.02
Current service cost	2.67	3.27
Benefits paid	(2.71)	(2.51)
Actuarial (gains)/losses on obligation	(1.37)	(1.55)
<b>Closing defined benefit obligation</b>	<b>13.44</b>	<b>13.77</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

**Changes in the fair value of plan assets are as follows:**

	2013-14	2012-13
Opening fair value of plan assets	9.44	8.29
Expected return	0.79	0.69
Contributions by employer	1.34	2.85
Benefits paid	(2.68)	(2.51)
Actuarial gains/(losses)	0.03	0.12
<b>Closing fair value of plan assets</b>	<b>8.92</b>	<b>9.44</b>

The Company expects to contribute Rs. 1.60 crores (Previous year Rs. 2.40 crores) to gratuity fund in the next year.

The principal assumptions used in determining gratuity obligations for the Company and its Indian subsidiaries plans are shown below:

	2013-14	2012-13
	%	%
Discount rate	8.50	8.20
Expected rate of return on assets	9.00	9.00

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

**Amounts for the current and previous periods are as follows:**

	Gratuity ( Parent and Indian Subsidiaries)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Defined benefit obligation	13.44	13.77	13.54	10.28	10.36
Plan assets	8.92	9.44	8.29	6.95	4.52
Surplus/(deficit)	(4.52)	(4.33)	(5.25)	(3.33)	(5.84)
Experience adjustments on plan liabilities - (loss)/gain	(0.60)	0.93	(0.85)	(0.66)	0.00
Experience adjustments on plan assets - (loss)/gain	0.00	0.12	0.00	0.49	0.00

**25. Employee stock option plans (ESOP)**

(a) The Company provides various share based payment schemes to its employees. During the year ended March 31, 2014, the relevant details of the schemes are as follows:

	ESOP 2005 (Plan 1 and 2)	ESOP 2006 (Plan 1, 2, 3, 4, 5 and 6)
Date of Board of Directors approval	September 05, 2005	June 27, 2006
Date of Remuneration Committee approval	Various dates subsequent to September 05, 2005	Various dates subsequent to June 27, 2006
Date of Shareholder's approval	September 29, 2005 and April 3, 2006 for ESOP Plan 1 and 2 respectively	September 22, 2006
Number of options granted	4,000,000	5,000,000
Method of settlement	Equity	Equity
Vesting period	Four years from the date of grant	Four years from the date of grant
Exercise period	Three years from the date of vesting or one month from the date of resignation from service, whichever is earlier	Three years from the date of vesting or one year from the date of resignation from service, whichever is earlier
Vesting condition	Employee should be in service at vesting and exercise date	Employee should be in service at vesting and exercise date

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 *(All amounts in INR Crores, unless otherwise stated)*

The details of activities under ESOP 2005 (Plan 1) have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding at the beginning of the year	-	422,355	-	126.00
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	422,355	-	126.00
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The details of activities under ESOP 2005 (Plan 2) have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding at the beginning of the year	71,375	152,155	235.99	235.99
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	71,375	80,780	235.99	235.99
Outstanding at the end of the year	-	71,375	-	235.99
Exercisable at the end of the year	-	71,375	-	235.99

The details of activities under ESOP 2006 (Plan 1) have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding at the beginning of the year	224,740	419,230	154.46	154.46
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	224,740	194,490	154.46	154.46
Outstanding at the end of the year	-	224,740	-	154.46
Exercisable at the end of the year	-	224,740	-	154.46

The options under the ESOP 2006 (Plan 2), (Plan 3) and (Plan 5) had expired on or before March 31, 2012 and hence there are no activities to report under these plans.

The details of activities under ESOP 2006 (Plan 4) have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding at the beginning of the year	-	6,000	-	90.40
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	6,000	-	90.40
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The details of activities under ESOP 2006 (Plan 6) have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding at the beginning of the year	9,000	30,000	132.45	132.45
Granted during the year	-	6,000	-	132.45
Exercised during the year	-	-	-	-
Expired during the year	9,000	21,000	132.45	132.45
Outstanding at the end of the year	-	9,000	-	132.45
Exercisable at the end of the year	-	9,000	-	132.45

As on March 31, 2014, no stock options are in force as the vesting period of the same has expired. The weighted average share price at the date of exercise is not applicable since no option is exercised (Previous year not applicable since no options were exercised).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

- (b) One of the Indian subsidiary of the Company provides share based payment scheme to its employees. During the year ended March 31, 2014, the relevant details of the scheme are as follows:

	ESOP 2008
Date of Board of Directors' approval	April 07, 2008
Date of Shareholders' approval	April 07, 2008
No. of options granted	238,000 156,000
Method of settlement	Cash
Vesting Period	Over the period of four years
Exercise Period	Three years from the date of vesting/listing, whichever is later
Vesting conditions	Continuous association with the Company and performance

The details of activities under ESOP 2008 have been summarized below:

	Number of options		Weighted average exercise price (Rs.)	
	2013-2014	2012-2013	2013-2014	2012-2013
Outstanding at the beginning of the year	63,480	76,480	100.00	100.00
	27,000	56,000	32.00	32.00
	136,000	198,000	385.00	385.00
	156,000	-	100.00	-
Granted during the year	-	156,000	-	100.00
Exercised during the year	-	-	-	-
Expired during the year	9,500	13,000	100.00	100.00
	6,000	29,000	32.00	32.00
	42,000	62,000	385.00	385.00
	33,000	-	100.00	-
Outstanding at the end of the year	53,980	63,480	100.00	100.00
	21,000	27,000	32.00	32.00
	94,000	136,000	385.00	385.00
	123,000	156,000	100.00	100.00
Exercisable at the end of the year	53,980	63,480	100.00	100.00
	21,000	27,000	32.00	32.00
	94,000	136,000	385.00	385.00
	123,000	156,000	100.00	100.00

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

- c) For the purpose of valuation of the options granted upto year ended March 31, 2014 under ESOP 2005, ESOP 2006 and ESOP 2008, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method, is Rs. Nil.

In March 2005, the Institute of Chartered Accountants of India has issued a Guidance Note on "Accounting for Employees Share Based Payments" applicable to employee share based plan the grant date in respect of which falls on or after April 01, 2005. The said Guidance Note requires the Pro-forma disclosures of the impact of the fair value method of accounting of employee stock compensation in the financial statements. Since the enterprise used the intrinsic value method and the management has obtained fair value of the options at the date of grant from a valuer, using the 'Black Scholes Valuation Model' at "Rs. Nil" per option, there is no impact on the reported profits and earnings per share.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

### 26. Leases

#### (a) Finance lease

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

	2013-14	2012-13
Gross block at the end of financial year	304.35	203.96
Written down value at the end of financial year	242.08	176.40
Details of payments made during the year:		
- Principal	29.25	3.88
- Interest	4.17	0.52

The break-up of minimum lease payments outstanding as at reporting date is as under

	As at March 31, 2014		
	Principal	Interest	Total
Payable within one year	42.99	11.53	54.52
Payable after one year but before end of fifth year	53.76	7.35	61.11

	As at March 31, 2013		
	Principal	Interest	Total
Payable within one year	15.61	2.39	18.00
Payable after one year but before end of fifth year	11.94	0.66	12.60

#### (b) Operating lease

The Group has entered into commercial leases on certain project equipment and office premises. There are no contingent rents in the lease agreements. The lease term is for 1-3 years and is renewable at the mutual agreement of both the parties. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements.

The break-up of minimum lease payments outstanding as at reporting date is as under:

	Year ended	
	March 31, 2014	March 31, 2013
Not later than one year	22.01	41.61
Later than one year and not later than five years	19.10	14.78
Later than five years	17.29	13.80

### 27. Capitalization of expenditure

During the year, the Group has capitalized the following expenses of revenue nature to the cost of tangible asset/capital work-in-progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalized.

Particulars	As at March 31, 2014	As at March 31, 2013
Balance brought forward	54.83	40.04
Site expenses	0.05	0.22
Salaries, wages and bonus	-	0.31
Consultancy and professional	10.36	8.44
Interest	24.32	20.41
Bank charges	2.43	9.29
Miscellaneous	2.76	0.10
Less: Interest income	(0.03)	(0.36)
<b>Total</b>	<b>94.72</b>	<b>78.45</b>
Less: transferred to tangible assets	(74.46)	(23.62)
<b>Balance carried forward</b>	<b>20.26</b>	<b>54.83</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 *(All amounts in INR Crores, unless otherwise stated)*
**28. Segment Information**
**Primary segment: Business segments -**

The Company has identified the business segment as its primary reportable segment. The Company's operating businesses are organized and managed separately according to the nature of products and services provided. The Company has identified Engineering, procurement and construction services and Trading of goods as its two reportable segments. A description of the types of products and services provided by each reportable segment is as follows:

**Engineering, procurement and construction** segment include providing of engineering, procurement and construction services in oil, gas and infrastructure sectors.

**Trading of goods** includes purchase and sale of steel, mainly outside India.

The following table presents segment revenue, results, assets and liabilities in accordance with AS 17 – Segment Reporting as on March 31, 2014 and March 31, 2013:

	Engineering, procurement and construction services		Traded goods		Corporate unallocable		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Revenue</b>								
External revenue	9,913.68	10,980.41	926.39	273.31	14.78	1.89	10,854.85	11,255.61
Inter-segment revenue	-	-	-	-	-	-	-	-
Total revenue from operations	9,913.68	10,980.41	926.39	273.31	14.78	1.89	10,854.85	11,255.61
<b>Result</b>								
Segment results	242.02	823.28	8.30	0.08	(34.94)	(47.57)	215.38	775.79
Finance costs							(881.95)	(780.77)
Interest income							13.27	13.42
Other income							17.17	32.78
Income tax							(7.74)	(70.30)
Net profit							(643.87)	(29.08)
Share of profits/(losses) in associates (net)							7.25	4.07
Share of (profits)/losses transferred to Minority							88.39	17.80
Loss for the year after taxes, minority interest and share of profit/(losses) of associates							(548.23)	(7.21)
<b>Other information</b>								
Segment assets	13,339.40	13,469.29	0.40	-	2,511.96	2,875.78	15,851.76	16,345.07
Segment liabilities	5,911.26	6,098.09	444.27	212.25	7,284.80	7,126.50	13,640.33	13,436.84
Capital expenditure	660.85	321.62	-	-	3.02	99.96	663.87	421.58
Depreciation / amortisation (net)	342.77	304.05	-	-	49.71	49.46	392.48	353.51
Non-cash expenses other than depreciation/ amortisation	-	-	-	-	-	-	-	-

**Secondary segment: Geographical segments\*-**

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

The following table presents revenue from operations, unbilled revenue (work-in-progress) and trade receivables regarding geographical segments as at March 31, 2014 and March 31, 2013.

	Revenue from operations		Unbilled revenue (Work-in-progress)		Trade receivable (including retention money)	
	Year ended March 31, 2014	Year ended March 31, 2013	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
India	3,215.30	3,981.30	2,900.63	2,457.31	1,089.61	1,651.64
Other countries	7,639.55	7,274.31	4,387.80	3,979.33	1,312.90	1,581.00
	<b>10,854.85</b>	<b>11,255.61</b>	<b>7,288.43</b>	<b>6,436.64</b>	<b>2,402.51</b>	<b>3,232.64</b>

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

### 29. Related Parties

Names of related parties where control exists irrespective of whether transactions have occurred or not

#### Joint ventures

Thiruvananthapuram Road Development Company Limited  
Asia Drilling Services Limited (upto June 30, 2012)  
Kaefer Punj Lloyd Limited (upto February 15, 2013)  
Joint Venture of Whessoe Oil and Gas Limited and Punj Lloyd Limited  
Ramprastha Punj Lloyd Developers Private Limited  
Total-CDC-DNC Joint Operation  
Kumagai-Sembawang-Mitsui Joint Venture  
Kumagai-SembCorp Joint Venture (DTSS)  
Kumagai-SembCorp Joint Venture  
Philipp Holzmann-SembCorp Joint Venture  
Semb-Corp Daewoo Joint Venture  
Sime Engineering Sdn Bhd Sembawang Malaysia Sdn Bhd Joint Venture  
Sime Engineering Sdn Bhd SembCorp Malaysia Sdn Bhd Joint Venture  
Punj Lloyd PT Sempec Indonesia  
PT Kekal Adidaya  
Punj Lloyd Group Joint Venture  
Public Works Company Tripoli Punj Lloyd Joint Venture  
Sembawang Precast System LLC  
Total Sempec Joint Operation (upto December 31, 2013)  
AeroEuro Engineering India Private Limited  
Punj Lloyd Dynamic LLC  
PLE TCI Engineering Limited (upto March 31, 2014)  
PLE TCI Engenharia Ltda  
Sembawang Caspi Engineering and Construction LLP  
Sembawang – Leader Joint Venture (w.e.f. August 03, 2012)

#### Associates

Reliance Contractors Private Limited (upto August 05, 2013)  
Ventura Development (Myanmar) Pte Limited (upto March 12, 2014)  
Reco Sin Han Pte Limited  
Air Works India (Engineering) Private Limited  
Olive Group Capital Limited (upto October 16, 2013)  
Olive Group India Private Limited (upto August 12, 2013)  
Hazaribagh Ranchi Expressway Limited (upto January 23, 2014)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENT** for the year ended March 31, 2014 *(All amounts in INR Crores, unless otherwise stated)*
**Key managerial personnel**

Atul Punj	-	Chairman
Luv Chhabra	-	Director (Corporate Affairs)
J.P. Chalasani (w.e.f. January 31, 2014)	-	Managing Director & Group CEO
P.N. Krishnan (w.e.f. November 01, 2013)	-	Director – Finance
Pawan Kumar Gupta (upto December 31, 2013)	-	Whole Time Director

**Relatives of Key Managerial Personnel**

S.N.P. Punj	-	Father of Chairman
Arti Singh	-	Sister of Chairman
Indu Rani Punj	-	Mother of Chairman
Navina Punj	-	Wife of Chairman
Uday Punj	-	Brother of Chairman
Manglam Punj	-	Wife of Brother of Chairman
Jai Punj	-	Son of Brother of Chairman
Dev Punj	-	Son of Brother of Chairman
Jyoti Punj	-	Sister of Chairman

**Enterprises over which Key Managerial Personnel or their relatives are exercising significant influence**

Pt. Kanahya Lal Dayawanti Punj Charitable Society	-	Chairmanship of Father of Chairman
Spectra Punj Finance Private Limited	-	Shareholding of Chairman
Cawdor Enterprises Limited	-	Shareholding of Chairman
Uday Punj (HUF)	-	HUF of Brother of Chairman
K.R. Securities Private Limited	-	Shareholding of Brother of Chairman
Atul Punj (HUF)	-	HUF of Chairman
PTA Engineering and Manpower Services Private Limited	-	Shareholding of Chairman
PLE Hydraulics Private Limited	-	Shareholding of Chairman
Petro IT Limited	-	Shareholding of Brother of Chairman
Artcon Private Limited	-	Shareholding of Chairman
Mangalam Equipment Private Limited	-	Shareholding of Chairman
Intramural Design Limited	-	Shareholding of Sister of Chairman

# ANNEXURE I – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR Crores, unless otherwise stated)

	Joint ventures		Associates		Key management personnel or their relatives		Enterprises over which key managerial personnel or their relatives are exercising significant influence		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
<b>INCOME</b>										
<b>Hire charges</b>										
Kaefer Punj Lloyd Limited	-	0.03	-	-	-	-	-	-	-	0.03
<b>EXPENSES</b>										
<b>Contractors charges</b>										
Kaefer Punj Lloyd Limited	-	0.35	-	-	-	-	-	-	-	0.35
<b>Project materials consumed and cost of goods sold</b>										
Kaefer Punj Lloyd Limited	-	0.60	-	-	-	-	-	-	-	0.60
<b>Travelling expenses</b>										
Air Works India (Engineering) Private Limited	-	-	1.86	0.26	-	-	-	-	1.86	0.26
<b>Rent</b>										
Pt. Kanahya Lal Dayawanti Punj Charitable Society	-	-	-	-	-	-	1.37	1.37	1.37	1.37
PTA Engineering and Manpower Services Private Limited	-	-	-	-	-	-	0.18	0.18	0.18	0.18
Others	-	-	-	-	-	-	0.05	0.05	0.05	0.05
<b>Managerial remuneration</b>										
Atul Punj	-	-	-	-	4.96	2.92	-	-	4.96	2.92
Luv Chhabra	-	-	-	-	1.39	1.82	-	-	1.39	1.82
Pawan Kumar Gupta	-	-	-	-	1.79	2.24	-	-	1.79	2.24
P.N. Krishnan	-	-	-	-	0.94	-	-	-	0.94	-
J. P. Chalasani	-	-	-	-	0.53	-	-	-	0.53	-
<b>Dividend payment</b>										
Cawdor Enterprises Limited	-	-	-	-	-	-	-	1.14	-	1.14
Spectra Punj Finance Private Limited	-	-	-	-	-	-	-	0.33	-	0.33
Atul Punj	-	-	-	-	-	0.02	-	-	-	0.02
S.N.P. Punj	-	-	-	-	-	0.15	-	-	-	0.15
Indu Rani Punj	-	-	-	-	-	0.15	-	-	-	0.15
Uday Punj/Mangalam Punj	-	-	-	-	-	0.03	-	-	-	0.03
Arti Singh	-	-	-	-	-	0.00	-	-	-	0.00
Jyoti Punj	-	-	-	-	-	0.01	-	-	-	0.01
Navina Punj	-	-	-	-	-	0.00	-	-	-	0.00
Mangalam Punj	-	-	-	-	-	0.02	-	-	-	0.02

## ANNEXURE I – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in INR Crores, unless otherwise stated)

	Joint ventures		Associates		Key management personnel or their relatives		Enterprises over which key managerial personnel or their relatives are exercising significant influence		Total	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Petro IT Limited	-	-	-	-	-	0.00	-	-	-	0.00
Others	-	-	-	-	-	0.00	-	-	-	0.00
<b>Repair and maintenance</b>										
Intramural Design Limited	-	-	-	-	-	-	-	0.02	-	0.02
<b>ASSETS</b>										
<b>Investment made during the year</b>										
Hazaribagh Ranchi Expressway Limited	-	-	34.05	-	-	-	-	-	34.05	-
<b>Balance outstanding as at end of the year</b>										
<b>Receivable/(payables)</b>										
Kaefer Punj Lloyd Limited	-	(0.32)	-	-	-	-	-	-	-	(0.32)
Air Works India (Engineering) Private Limited	-	-	0.71	1.30	-	-	-	-	0.71	1.30
Ramprastha Punj Lloyd Developers Private Limited	40.23	40.23	-	-	-	-	-	-	40.23	40.23
PT Kekal Adidaya	51.53	45.86	-	-	-	-	-	-	51.53	45.86
Sembawang - Leader Joint Venture	0.08	-	-	-	-	-	-	-	0.08	-
Pt. Kanahya Lal Dayawanti Punj Charitable Society	-	-	-	-	-	(1.30)	(0.12)	(0.12)	(1.30)	(0.12)
PTA Engineering and Manpower Services Private Limited	-	-	-	-	-	(0.11)	(0.04)	(0.04)	(0.11)	(0.04)
Petro IT Limited	-	-	-	-	-	-	(0.58)	(0.87)	(0.58)	(0.87)
Others	-	-	-	-	-	-	0.01	0.02	0.01	0.02
<b>Managerial remuneration payable</b>										
Luv Chhabra	-	-	-	-	0.06	0.06	-	-	0.06	0.06
Pawan Kumar Gupta	-	-	-	-	0.15	0.11	-	-	0.15	0.11
P.N. Krishnan	-	-	-	-	0.11	-	-	-	0.11	-
J. P. Chalasani	-	-	-	-	0.10	-	-	-	0.10	-
<b>Investments</b>										
Reco Sin Han Pte Limited	-	-	0.05	0.05	-	-	-	-	0.05	0.05
Olive Group India Private Limited	-	-	-	0.75	-	-	-	-	-	0.75
Hazaribagh Ranchi Expressway Limited	-	-	34.06	0.01	-	-	-	-	34.06	0.01
Olive Group Capital Limited	-	-	-	111.49	-	-	-	-	-	111.49
Air Works India (Engineering) Private Limited	-	-	45.26	38.00	-	-	-	-	45.26	38.00
Reliance Contractors Private Limited	-	-	-	0.72	-	-	-	-	-	0.72
<b>Provision for diminutions in the value of investment</b>										
Olive Group India Private Limited	-	-	-	0.75	-	-	-	-	-	0.75

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

### 30. Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance) is Rs 32.72 crores (Previous year Rs. 349.29 crores).
- (b) Estimated future investments in joint venture and other companies in terms of respective shareholders agreements is Rs. Nil (Previous year Rs. 24.99 crores).
- (c) For commitments relating to lease arrangements, please refer note 26.

### 31. Contingent liabilities

	As at March 31, 2014	As at March 31, 2013
a) Liquidated damages deducted by customers not accepted by the Company and pending final settlement. #	170.05	171.75
b) Demand by custom authorities against import of aircraft	17.89	17.89
c) Sales tax demands: *		
on disallowance of deduction on labour and services of the works contracts pending with sales tax authorities and High Court	22.35	22.82
for non submission of statutory forms	-	6.60
for purchases against sales tax forms not accepted by department	8.61	8.61
against the central sales tax demand on sales in transit	0.07	0.07
for non-admissible of deduction of supply turnover	2.77	2.77
in one of an overseas subsidiary	25.82	29.86
d) Entry tax demands against entry of goods into the local area not accepted by department. *	4.08	4.49

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

\*Based on favorable decisions in similar cases/legal opinions taken by the group entities/consultations with solicitors, the management believes that the Group has good chances of success in above mentioned cases and hence, no provision there against is considered necessary.

- e) On March 17, 2010, the Company was subjected to a search and seizure operation under Section 132 and survey under Section 133A of the Income tax Act, 1961. During the search and seizure operation, statements of Company's officials were recorded in which they were made to offer some unaccounted income of the Company for the financial year 2009-10. The Company believes that the above statements were made under undue mental pressure and physical exhaustion and therefore Company has retracted the above statements subsequently. The Company has filed fresh returns of income for Assessment years 2004-05 to 2009-10 in pursuance of the notices dated August 25, 2010 from the Income Tax Department ("the Department"). The Department has completed the assessments for the assessment years 2004-05 to 2010-11 and has raised demands aggregating to Rs. 229.13 crores, by making some frivolous additions to the total income of the Company, which has been adjusted against the income tax refunds of the said/subsequent years. The Company has filed the appeals against these additions on January 27, 2012 and June 12, 2013 and based on the expert opinion, the Company is hopeful that it will get relief in appeal.
- f) On January 20, 2014, the Company was subjected to an investigation by Directorate General of Central Excise Intelligence (DGCEI) on various service tax compliance matters. The Company is furnishing the requisite information and the same is currently being scrutinized/ inquired by DGCEI as per the provisions of the Finance Act, 1994 (as amended). The amount of demand, if any, can be ascertained only upon completion of the said inquiry.
- g) The Group, directly or indirectly, is severally or jointly involved in certain legal cases with its customers / vendors. The management believes that due to the nature of these disputes and in view of significant uncertainty over the ultimate outcome of the said cases, the amount of exposure, if any, is not currently determinable.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

**32. Derivative instruments and un-hedged foreign currency exposure**

The Company, in addition to its Indian operations, operates outside India through its branches and an unincorporated joint venture established in United Arab Emirates, Oman, Qatar, Libya, Thailand and Bahrain.

a) Particulars of un-hedged foreign currency exposures of the Indian operations (net of intra group balances) as at the Balance Sheet date:

		Currency	March 31, 2014			March 31, 2013		
			Amount in foreign currency	Exchange rate	Amount	Amount in foreign currency	Exchange rate	Amount
(i)	Trade payable to suppliers	EUR	1,238,169	82.46	10.21	544,645	70.97	3.87
		GBP	80,501	99.58	0.80	89,682	83.97	0.75
		SGD	536,932	49.95	2.68	562,233	46.48	2.61
		USD	80,868,231	61.44	496.85	1,585,064	55.41	8.78
		IDR	-	-	-	59,914,800	0.01	0.03
		MYR	9,042	18.31	0.02	9,042	17.99	0.02
		HKD	10,835,653	7.72	8.37	2,531,332	7.10	1.80
(ii)	Other payable	CHF	10,000	67.55	0.07	5,000	58.36	0.03
		EUR	79,456	82.46	0.66	54,476	70.97	0.39
(iii)	Advances to suppliers	USD	2,713,867	61.44	16.67	13,408,606	55.41	74.30
		EUR	84,417	78.41	0.66	1,004,444	68.01	6.83
		GBP	11,322	83.39	0.09	792,546	83.04	6.58
		HKD	26,926,224	7.80	21.00	20,727,555	6.98	14.46
		SGD	231,708	40.60	0.94	605,098	42.09	2.55
		USD	3,234,262	59.27	19.17	1,655,443	48.89	8.09
		MYR	213,381	17.13	0.37	214,659	16.94	0.36
		NOK	-	-	-	852,904	9.77	0.83
(iv)	Advance from customers	USD	6,860,631	52.45	35.98	20,688,315	52.79	109.22
(v)	Loans taken	USD	38,923,168	61.44	239.14	89,084,358	55.41	493.62
		EUR	3,676,550	82.46	30.32	3,676,550	70.97	26.09
(vi)	Trade receivables	HKD	-	-	-	12,681,005	7.10	9.00
		USD	70,752,541	61.44	434.70	157,704,666	55.41	873.84
(vii)	Bank balances	EUR	1,108,601	82.46	9.14	1,108,601	70.97	7.87
		USD	264,510	61.44	1.63	208,244	55.41	1.15
		HKD	7,003	7.72	0.01	7,891	7.10	0.01

b) The income and expenditures of the foreign branches and unincorporated joint venture are denominated in currencies other than reporting currency. Accordingly, the Company enjoys natural hedge in respect of its foreign branches' and unincorporated joint ventures' assets and liabilities. The Company's un-hedged foreign currency exposure in these branches and un-incorporated joint venture is limited to the net investment (assets – liabilities) (net of intra group balances) in such operations, the particulars of which are as under:

S. No.	Foreign operations	Currency	March 31, 2014			March 31, 2013		
			Foreign currency	Exchange rate	Amount	Foreign currency	Exchange rate	Amount
(i)	Abu Dhabi	AED	(134,339,393)	16.31	(219.08)	(50,349,431)	15.40	(77.54)
(ii)	Oman	OMR	350,379	155.58	5.45	1,277,743	143.93	18.39
(iii)	Qatar	QAR	352,652,783	16.45	580.04	431,257,365	15.22	656.37
(iv)	Libya	LYD	180,199,996	48.46	873.30	147,415,115	44.33	653.49
(v)	Thailand	THB	968,813,310	1.84	178.67	(27,601,247)	1.89	(5.22)
(vi)	Thailand JV	THB	1,249,752,393	1.84	230.48	993,224,536	1.89	187.72
(vii)	Dubai	AED	1,822,823	16.31	2.97	1,314,507	15.40	2.02
(viii)	Bahrain	BHD	(13,383)	158.87	(0.21)	(2,555)	144	(0.04)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

c) Particulars of un-hedged foreign currency exposures of the Indian subsidiaries (net of intra group balances) as at the Balance Sheet date:

		Currency	March 31, 2014			March 31, 2013		
			Amount in foreign currency	Exchange rate	Amount	Amount in foreign currency	Exchange rate	Amount
(i)	Payable to suppliers	USD	2,909,913	61.44	17.88	1,062,757	55.41	5.89
		SGD	7,400	49.95	0.04	24,285.00	46.78	0.11
(ii)	Loans taken	USD	15,933,170	61.44	97.89	39,049,378	55.41	216.37
(iii)	Trade receivables	USD	298,272	61.44	1.83	181,905	55.41	1.01
		EUR	14,897	82.46	0.12	-	-	-
		SGD	32,341	49.95	0.16	-	-	-

d) The income and expenditures of the foreign subsidiaries are denominated in currencies other than reporting currency. Accordingly, the Company enjoys natural hedge in respect of its foreign subsidiaries' assets and liabilities. The Company's un-hedged foreign currency exposure in foreign subsidiaries is limited to the net investment (assets – liabilities) (net of intra group balances) in direct foreign entities, the particulars of which are as under:

		Currency	March 31, 2014			March 31, 2013		
			Amount in foreign currency	Exchange rate	Amount	Amount in foreign currency	Exchange rate	Amount
(i)	Dayim Punj Lloyd Construction Contracting Company Limited	SAR	(58,139,064)	15.97	(92.85)	(8,493,425)	14.89	(12.65)
(ii)	Punj Lloyd International Limited	USD	3,076	61.44	0.02	875	55.41	0.00
(iii)	Punj Lloyd Kazakhstan, LLP	KZT'000	1,230,071	0.33	40.43	1,766,479	0.36	63.70
(iv)	Punj Lloyd Pte. Limited	SGD	165,502,990	49.95	826.69	274,697,362	46.48	1,276.79

**33.** The Company had executed certain projects for some customers in earlier years. These customers have withheld amounts aggregating to Rs. 53.91 crores (Previous year Rs. 58.02 crores) on account of deductions made/amount withheld by some customers, which are being carried as trade receivables. The Company has also filed certain claims against these customers. The Company has gone into arbitration/legal proceedings against these customers for recovery of amounts withheld and for claims lodged by the Company. Pending outcome of arbitration/legal proceedings, amounts withheld for deductions made are being carried forward as recoverable. The Company has been legally advised that there is no justification in imposition of deductions by these customers and hence the above amounts are considered good of recovery.

**34.** The disclosures as per provisions of Clauses 38, 39 and 41 of Accounting Standard 7 notified by Companies (Accounting Standards) Rules, 2006, (as amended) are as under:

		2013-14	2012-13
a)	Contract revenue recognised as revenue in the period (Clause 38 (a))	9,698.69	10,823.12
b)	Aggregate amount of costs incurred and recognised profits up to the reporting date on contract under progress (Clause 39 (a))	42,083.81	34,472.31
c)	Advance received on contract under progress (Clause 39 (b))	1,599.39	1,714.24
d)	Retention amounts on contract under progress (Clause 39 (c))	1,006.80	1,003.51
e)	Gross amount due from customers for contract work as an asset (Clause 41(a))	7,267.68	6,436.64
f)	Gross amount due to customers for contract work as a liability (Clause 41 (b))	630.06	800.50

**35.** The Company has accrued claims amounting to Rs. 733.98 crores (Previous year Rs. 250.33 crores) on Heera Redevelopment Project with Oil and Natural Gas Corporation Limited, based upon management's assessment of cost over-run arising due to design changes and consequent changes in the scope of work on the said project since it is of the view that the delay in execution of the project is attributable to the customer. Due to the said reasons certain differences and dispute arose between both the parties and several rounds of discussions were held to explore the possibility of amicable resolution of the dispute mutually. In pursuant to it, the dispute has now been referred to a new Outside Expert Committee. The management, based on the developments so far in the said matter, is confident of a satisfactory settlement of the dispute and recovery of the said amounts exceeding the recognized claim.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

36. During the year ended March 31, 2014, the Company's branch in Thailand has received a termination notice for the Fourth Transmission Pipeline Project (the Project) with PTT Thailand (the Customer) on the grounds of delay in execution of the Project for reasons solely attributable to the Branch and for not honoring the contractual obligations of the Project. The Branch has retracted the notice by stating that the said grounds of termination are without merit and in turn there is a material breach on the part of the Customer in honoring the obligations. The Branch, in the best interest of the Project, had been executing the works but in view of the continuing breach of the contract terms by the Customer and no efforts to ratify the same, the branch has terminated the project and accounted a claim amounting to Rs. 389.86 crores for additional costs incurred due to the above stated reasons through the Civil Court of Thailand on February 25, 2014. The management, based on the expert inputs, is confident of recovery of the amounts exceeding the recognized claim.
37. Asset of Rs. 10.33 crores, (Previous year Rs. 10.59 crores) recognized by the Company and its subsidiaries as 'Minimum alternate tax credit entitlement' under 'Loans and advances', in respect of Minimum alternate tax payment for current and earlier years, represents that portion of Minimum alternate tax liability which can be recovered and set off in subsequent periods based on the provisions of Section 115JAA of the Income tax Act, 1961. The management based on the present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the respective entities to utilize Minimum alternate tax credit assets.

38. Details of the Group's share in joint ventures included in the consolidated financial statements are as follows:

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Assets</b>		
- Non-current assets	498.20	177.42
- Current assets	1,145.73	59.85
<b>Liabilities</b>		
- Non-current liabilities	133.74	63.53
- Current liabilities	1,379.37	114.83

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Revenue	540.02	23.70
Expenditure	557.72	35.62

39. The Punj Lloyd Group comprises of the following entities:-

Name of the Company	Country of Incorporation	% of voting power held as at	% of voting power held as at
		March 31, 2014	March 31, 2013
(a) Subsidiaries			
Spectra Punj Lloyd Limited	India	100.00	100.00
Punj Lloyd Industries Limited	India	100.00	100.00
Atna Investments Limited	India	100.00	100.00
PLN Construction Limited	India	100.00	100.00
Punj Lloyd International Limited	British Virgin Islands	100.00	100.00
Punj Lloyd Kazakhstan, LLP	Kazakhstan	100.00	100.00
Punj Lloyd Pte. Limited	Singapore	100.00	100.00
PL Engineering Limited	India	80.32	80.32
Punj Lloyd Infrastructure Limited	India	100.00	100.00
Punj Lloyd Upstream Limited	India	58.06	58.06
Punj Lloyd Aviation Limited	India	100.00	100.00
Sembawang Infrastructure (India) Private Limited	India	100.00	100.00
Indtech Global Systems Limited	India	99.99	99.99
Punj Lloyd Systems Limited	India	100.00	100.00
PLI Ventures Advisory Services Private Limited	India	100.00	100.00
Dayim Punj Lloyd Construction Contracting Company Limited	Saudi Arabia	51.00	51.00

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

Name of the Company	Country of Incorporation	% of voting power held as at	% of voting power held as at
		March 31, 2014	March 31, 2013
(b) Step Down Subsidiaries			
PT Punj Lloyd Indonesia	Indonesia	100.00	100.00
PT Sempec Indonesia	Indonesia	100.00	100.00
Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.	Malaysia	100.00	100.00
Punj Lloyd Sdn. Bhd.	Malaysia	100.00	100.00
Punj Lloyd Engineers and Constructors Pte Limited	Singapore	100.00	100.00
Punj Lloyd Engineers and Constructors Zambia Limited (w.e.f. January 14, 2013)	Zambia	100.00	100.00
Buffalo Hills Limited	British Virgin Islands	100.00	100.00
Indtech Trading FZE LLC	United Arab Emirates	100.00	100.00
PLI Ventures Limited	Mauritius	100.00	100.00
Punj Lloyd Infrastructure Pte Limited	Singapore	100.00	100.00
Punj Lloyd Kenya Limited	Kenya	100.00	100.00
Sembawang Group Pte Limited (upto March 31, 2014)*	Singapore	-	100.00
PL Global Developers Pte Limited (Formerly known as Punj Lloyd Singapore Pte Ltd)	Singapore	100.00	100.00
Christos Trading Limited (upto March 31, 2014)*	British Virgin Islands	-	100.00
Christos Aviation Limited ( w.e.f. October 24, 2012)	Bermuda	100.00	100.00
Graystone Bay Limited ( w.e.f. February 05, 2013)	British Virgin Islands	100.00	100.00
Punj Lloyd Thailand (Co.) Limited	Thailand	100.00	100.00
Punj Lloyd Aviation Pte Limited (w.e.f. January 02, 2014)*	Singapore	100.00	-
Punj Lloyd Delta Renewables Pte. Limited	Singapore	51.00	51.00
Punj Lloyd Delta Renewables Private Limited	India	51.00	51.00
Punj Lloyd Delta Renewables Bangladesh Limited	Bangladesh	51.00	51.00
Punj Lloyd Engineering Pte Limited	Singapore	80.32	80.32
Simon Carves Engineering Limited	United Kingdom	80.32	80.32
PL Delta Technologies Limited (from September 10, 2012 to March 01, 2013)	India	@	@
Punj Lloyd Solar Power Limited	India	100.00	100.00
Khagaria Purnea Highway Project Limited	India	100.00	100.00
Indraprastha Metropolitan Development Limited	India	100.00	100.00
PL Surya Urja Limited (w.e.f. September 03, 2013)*	India	100.00	-
Sembawang Engineers and Constructors Pte. Limited	Singapore	97.38	96.79
Sembawang Development Pte Limited	Singapore	97.38	96.79
Sembawang Libya General Contracting & Investment Company	Libya	63.29	62.91
Contech Trading Pte Limited	Singapore	97.38	96.79
PT Contech Bulan (upto March 31, 2014)*	Indonesia	-	58.07
Construction Technology (B) Sdn Bhd	Brunei	97.38	96.79
Sembawang Mining (Kekal) Pte Limited	Singapore	97.38	96.79
PT Indo Precast Utama	Indonesia	97.38	96.79
PT Indo Unggul Wasturaya	Indonesia	65.25	64.85
Sembawang (Tianjin) Construction Engineering Co. Limited	China	68.16	67.75
Sembawang Infrastructure (Mauritius) Limited	Mauritius	97.38	96.79
Sembawang UAE Pte Limited	Singapore	97.38	96.79
SC Architects and Engineers Pte Limited	Singapore	97.38	96.79

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

Name of the Company	Country of Incorporation	% of voting power held as at	% of voting power held as at
		March 31, 2014	March 31, 2013
Sembawang (Malaysia) Sdn Bhd	Malaysia	97.38	96.79
Jurubina Sembawang (M) Sdn Bhd	Malaysia	97.38	96.79
Tueri Aquila FZE	United Arab Emirates	97.38	96.79
Sembawang Bahrain SPC	Bahrain	97.38	96.79
Sembawang Equity Capital Pte. Limited	Singapore	97.38	96.79
Sembawang of Singapore – Global Project Underwriters Pte Limited	Singapore	97.38	96.79
Sembawang of Singapore – Global Project Underwriters Limited (w.e.f. August 09, 2012)	Hong Kong	97.38	96.79
Sembawang Australia Pty. Limited (upto February 20, 2014)*	Australia	-	96.79
Sembawang Hong Kong Limited	Hong Kong	97.38	96.79
Sembawang (Tianjin) Investment Management Co. Limited	China	97.38	96.79
PT Sembawang Indonesia	Indonesia	97.38	96.79
Sembawang International Limited	Hong Kong	97.38	96.79
Sembawang Tianjin Pte Limited (upto March 12, 2014)*	Singapore	-	96.79
Sembawang Tianjin Heping Pte Limited (upto March 12, 2014)*	Singapore	-	96.79
Sembawang Commodities Pte Ltd. (w.e.f. December 04, 2012)	Singapore	97.38	96.79
Reliance Contractors Private Limited (w.e.f. August 05, 2013)**	Singapore	97.38	-
<b>(c) Joint Ventures- Jointly controlled Entities/Operations</b>			
<b>i) Jointly Controlled Entities</b>			
Thiruvananthapuram Road Development Company Limited	India	50.00	50.00
Kaefer Punj Lloyd Limited #	India	13.66	13.66
Ramprastha Punj Lloyd Developers Private Limited	India	50.00	50.00
Asia Drilling Services Limited (upto June 30, 2012)	Mauritius	-	-
Punj Lloyd Dynamic LLC	Qatar	48.00	48.00
AeroEuro Engineering India Private Limited	India	40.16	40.16
PLE TCI Engineering Limited (upto March 31, 2014)	India	@	39.36
PLE TCI Engenharia Ltda	Brazil	39.36	39.36
PT Kekal Adidaya	Indonesia	48.69	48.40
Sembawang Precast System LLC	United Arab Emirates	48.69	48.40
Sembawang Caspi Engineers and Constructors LLP	Kazakhstan	48.69	48.40
<b>ii) Jointly Controlled Operations</b>			
Joint Venture of Whessoe Oil and Gas Limited and Punj Lloyd Limited	Refer Note No (i)	50.00	50.00
Punj Lloyd PT Sempec	Refer Note No (i)	ReferNoteNo(ii)	ReferNoteNo(ii)
Total-CDC-DNC Joint Operation	Refer Note No (i)	38.95	38.72
Kumagai-Sembawang-Mitsui Joint Venture	Refer Note No (i)	43.82	43.56
Kumagai-SembCorp Joint Venture	Refer Note No (i)	48.69	48.40
Philipp Holzmann-SembCorp Joint Venture	Refer Note No (i)	97.38	96.79
Kumagai-SembCorp Joint Venture (DTSS)	Refer Note No (i)	48.69	48.40
Semb-Corp Daewoo Joint Venture	Refer Note No (i)	58.43	58.07
Sime Engineering Sdn Bhd Sembawang Malaysia Sdn Bhd Joint Venture	Refer Note No (i)	48.69	48.40
Sime Engineering Sdn Bhd SembCorp Malaysia Sdn Bhd Joint Venture	Refer Note No (i)	48.69	48.40
Total Sempac Joint Operations (upto December 31, 2013)*	Refer Note No (i)	-	50.00

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS** for the year ended March 31, 2014 (All amounts in INR Crores, unless otherwise stated)

Name of the Company	Country of Incorporation	% of voting power held as at	% of voting power held as at
		March 31, 2014	March 31, 2013
Punj Lloyd Group Joint Venture	Refer Note No (i)	Refer Note No(ii)	Refer Note No(ii)
Public Works Company Tripoli Punj Lloyd Joint Venture	Refer Note No (i)	Refer Note No(ii)	Refer Note No(ii)
Sembawang – Leader Joint Venture(w.e.f August 03, 2012)	Refer Note No (i)	53.56	53.23
<b>(d) Associates</b>			
<b>(i) Associates of Company</b>			
Olive Group India Private Limited (upto August 12, 2013)*	India	-	25.00
Hazaribagh Ranchi Expressway Limited (upto January 23, 2014)	India	@	26.00
<b>(ii) Associates of the subsidiaries</b>			
Air Works India (Engineering) Private Limited	India	23.30	23.36
Olive Group Capital Limited (upto October 16, 2013)*	British Virgin Islands	-	27.78
<b>(iii) Associates of Step down Subsidiaries</b>			
Reliance Contractors Private Limited (upto August 05, 2013)**	Singapore	-	48.39
Ventura Development (Myanmar) Pte Limited (upto March 12, 2014)*	Singapore	-	33.88
Reco Sin Han Pte Limited	Singapore	19.48	19.36

i) Country of Incorporation is not applicable, as these are Unincorporated Joint Ventures.

ii) As per the joint venture agreements, the scope & value of work of each partner has been clearly defined and accepted by the clients. The Company's share in Assets, Liabilities, Income and Expenses are duly accounted for in the accounts of the Company in accordance with such division of work and therefore does not require separate disclosure. However, joint venture partners are, jointly & severally, liable to clients for any claims in these projects.

\* These entities have been incorporated/formed/disposed off/deconsolidated during the year

\*\* The Company acquired additional stake in this entity to make it its subsidiary on August 05, 2013. Before this date the said entity was an associate.

# The Company has ceased to have the control over the operations of the joint venture w.e.f. February 15, 2013, accordingly consolidated upto that date.

@ These entities are held with an intention of disposal in near future, hence excluded from consolidation

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

**41.** Previous year's figures have been regrouped/reclassified wherever necessary to conform to this year's classification.

As per our report of even date

For **Walker Chandiok & Co LLP**  
(Formerly *Walker, Chandiok & Co*)  
Chartered Accountants

per **David Jones**  
Partner

**Place** Gurgaon  
**Date** May 20, 2014

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

**Atul Punj**

Chairman  
DIN: 00005612

**J.P. Chalasani**

Managing Director & Group CEO  
DIN: 00308931

**P.N. Krishnan**

Director - Finance  
DIN: 00003925

**Dinesh Thairani**

Group President - Legal & Company Secretary



## NOTES

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## REGISTERED OFFICE

### Punj Lloyd Ltd

Punj Lloyd House  
17-18 Nehru Place,  
New Delhi 110 019, India  
T +91 11 2646 6105  
F +91 11 2642 7812  
info@punjlloyd.com

### CORPORATE I

78 Institutional Area, Sector 32  
Gurgaon 122 001, India  
T +91 124 262 0123  
F +91 124 262 0111

### CORPORATE II

95 Institutional Area, Sector 32  
Gurgaon 122 001, India  
T +91 124 262 0769  
F +91 124 262 0777

## REPRESENTATIVE OFFICES

### Sembawang Engineers and Constructors Pte Ltd

460 Alexandra Road  
#27-01 PSA Building  
Singapore 119963  
T +65 6305 8788  
F +65 6305 8568  
bd@sembawangenc.com

### Punj Lloyd Ltd

21-22, Grosvenor Street  
London W1K 4QJ  
United Kingdom  
T +44 207 495 4143  
F +44 207 495 7937  
farah@punjlloyd.com

### PL Engineering Ltd

5-7 Udyog Vihar, Phase IV  
Gurgaon 122 016, India  
T +91 124 486 0000  
F +91 124 486 0001  
info@ple.co.in

## SOUTH ASIA

### Punj Lloyd Ltd

3 & 4 A, The Centrium  
Phoenix Market City, LBS Marg  
Kurla, Mumbai 400 070  
T +91 22 6748 7500  
F +91 22 6748 7555  
info@punjlloyd.com

## SOUTH EAST ASIA

### Punj Lloyd Pte Ltd

1 International Business Park  
#10-04, The Synergy  
Singapore 609917  
T +65 6933 4999  
F +65 6565 9880  
asiapacific@punjlloyd.com

### PT. Punj Lloyd Indonesia

Wisma GKBI, 17th Floor, Suite 1708  
Jl. Jend. Sudirman No. 28  
Jakarta 10210, Indonesia  
T +62 21 5785 1944  
F +62 21 5785 1942  
info@ptpli.com

### PT Sempec Indonesia

Wisma GKBI, 12th Floor, Suite 1209  
Jl. Jend. Sudirman No. 28  
Jakarta 10210, Indonesia  
T +62 21 574 1128  
F +62 21 574 1130  
sempec@sempecindonesia.co.id

### Punj Lloyd Oil & Gas (Malaysia) Sdn Bhd

Suite 1006, 10th Floor, Menara  
Amcorp, 18 Jln. Persiaran Barat  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
T +60 3 7955 5293  
F +60 3 7955 5290  
asiapacific@punjlloyd.com

### Punj Lloyd Group JV

Sun Towers Building, Tower B  
Unit B 2904, 29th Floor  
123 Vibhavadi, Rangsit Road  
Chatuchak, Bangkok 10900  
Thailand  
T +66 2 617 6755  
F +66 2 617 6756  
asiapacific@punjlloyd.com

### Punj Lloyd Ltd

Center Point Towers, 7th Floor  
65 Corner of Sule Pagoda Road and  
Merchant St.  
Kyauktada Township,  
Yangon, Myanmar  
T+95 1 377 826  
asiapacific@punjlloyd.com

## MIDDLE EAST

### Punj Lloyd Ltd

P O Box No. 28907  
Office 2101 - 2104, 21st Floor  
Al Wahda City (1), Commercial Tower  
Defence Road, Abu Dhabi, UAE  
T +971 2 626 1604  
F +971 2 626 7789  
plme@punjlloyd.com

### Punj Lloyd Ltd

P O Box No. 502022  
Office No. 405-406, 22nd Floor  
Ibn Battuta Gate Offices  
Dubai, UAE  
T +971 4 457 1200  
F +971 4 446 9731  
plme@punjlloyd.com

### Punj Lloyd Ltd

18th Floor, Al-Fardan Towers  
West Bay, P O Box No. 31721  
Doha, State of Qatar  
T +974 4407 4555  
F +974 4407 4500  
plme@punjlloyd.com

### Punj Lloyd Ltd

P O Box No. 704, Postal Code 133  
Office No. 21, 2nd Floor, Zakia Plaza  
Bousher Area, Al Khuwair  
Sultanate of Oman  
T +968 2450 4594  
F +968 2450 4593  
plme@punjlloyd.com

### Dayim Punj Lloyd Construction Contracting Co Ltd

Tanami Tower, 8th Floor  
Prince Turki Street (Near Corniche)  
P O Box No. 31909, Al-Khobar 31952  
Kingdom of Saudi Arabia  
T +966 3 896 9241  
F +966 3 896 9628  
mkt@punjlloyd.com

### Punj Lloyd Ltd

P O Box No. 65017, Office No. 61  
Building 2080, Road 2825 Block 428  
Seef Tower Building, Al Seef  
Bab Al Bahrain  
Kingdom of Bahrain  
T +973 1756 4500  
F +973 1767 8500  
plme@punjlloyd.com

## AFRICA

### Punj Lloyd Ltd

P O Box No. 3119  
Goth Alshaal Alwahda Area  
Tripoli, Libya  
T / F + 218 21 5567 0123  
plme@punjlloyd.com

### Punj Lloyd Kenya Ltd

Plot No. 1870/VI/254/255/256  
Kalamu House, Westlands, Nairobi  
P O Box No. 47323-00100  
Nairobi, Kenya  
T +254 7887 11363  
plme@punjlloyd.com

## CASPIAN

### Punj Lloyd Kazakhstan LLP

Plot No. 7 "A"  
Atyrau Dossor Highway  
DSK Region, Atyrau 060000  
Republic of Kazakhstan  
T +7 7122 395 021/42  
F +7 7122 395 038  
plk@punjlloyd.com

### Punj Lloyd Kazakhstan LLP

Room No. 4-A-1, 4th Floor  
Turkmenbashi Shasly 54  
Ashgabat City, Turkmenistan  
T +971 5081 84492  
plk@punjlloyd.com



78 Institutional Area, Sector 32, Gurgaon 122 001, India  
T +91 124 262 0123 | F +91 124 262 0111  
info@punjlloyd.com

[www.punjlloydgroup.com](http://www.punjlloydgroup.com)

CIN: L74899DL1988PLC033314

# FORM A

1.	Name of the Company:	Punj Lloyd Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	Un-qualified / Matter of Emphasis  1) The auditors of the Company in their report have invited attention to deductions made / amount withheld by some customers aggregating to Rs. 53.91 crores which are being carried as trade receivables. These amounts are outstanding due to dispute with the customers and presently the ultimate outcome of these disputes is unascertainable, however since the Company is of the view that these amounts are recoverable, no provision is required against the same. 2) The auditors of the Company in their report have invited attention regarding recoverability of amounts aggregating to Rs. 733.98 crores which are subject matter of conciliation. Pending ultimate outcome of the matter which is presently unascertainable, no adjustments have been made in the accompanying financial statements. 3) As reported by the Independent auditors of the financial statements of The Company's branch in Thailand, we draw attention regarding recoverability of claims aggregating to Rs 389.86 crores. Pending ultimate outcome of the matter which is presently unascertainable, no adjustments have been made in the Company's financial statement.
4.	Frequency of observation	1) This Emphasis of matter is continuing since March 31, 2005. 2) This was subject matter of qualification in auditor's report since March 31, 2008 till March 31, 2012 and emphasis of matter during the year ended March 31, 2013. 3) This Emphasis of matter has come for the first time during the year ended March 31, 2014.
5.	<p>For Walker Chandiok &amp; Co LLP (Formerly Walker, Chandiok &amp; Co) Chartered Accountants Firm Registration No.: 001076N</p> <p>per David Jones Partner Membership No.: 098113</p> <p>Atul Punj Chairman DIN: 00005612</p> <p>For and on behalf of the Board of Directors of Punj Lloyd Limited</p> <p>J P Chalasani Managing Director and Group CEO DIN: 00308931</p> <p>Place: Gurgaon Date: May 20, 2014</p> <p>Naresh Kumar Trehan Chairman – Audit Committee DIN: 00012148</p> <p>P.N. Krishnan Director-Finance DIN:00003925</p>	