



PSL LIMITED

PSL Towers, 615 Makwana Road, Marol, Andheri (East), Mumbai - 400 059.
Telephone : 022-66447777 / 66447788 / 66447799 • Fax : 022-66447700
CIN: L67120DDI987PLC002395

May 28, 2019

To,

National Stock Exchange Limited Exchange Plaza, Plot No. C/1, G Block Bandra Kurla Complex Bandra East Mumbai – 400 051	Bombay Stock Exchange Limited 25 th Floor, Pheroze Jeejeebhoy Tower Dalal Street, Fort Mumbai – 400 023 Ref:
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Dear Sir / Madam,

SUB: PSL LIMITED – AUDITED FINANCIAL RESULTS FOR QUARTER AND YEAR ENDED 31ST MARCH 2019

Please note that Corporate Insolvency Resolution Process ("CIRP") has been initiated in respect of PSL Limited ("Corporate Debtor" or "The Company") under the provisions of Insolvency and Bankruptcy Code 2016 (IBC) by an order of Hon'ble National Company Law Tribunal (NCLT) dated 15th February 2019.

As per section 17 of the IBC 2016, the powers of the Board of Directors stand suspended and such powers shall be vested with me, Nilesh Sharma, Interim Resolution Professional (IBBI) Registration No. IBBI/IPA-002/IP-N00104/2017-18/10232.

In pursuance of Regulation 33(3)(d) of the SEBI (LODR), 2015, the listed entity is submitting annual audited standalone and consolidated financial results for the financial year, 2018-19 along with the audit report on Tuesday May 28, 2019. In this regard, I would like to bring the following to your kind notice and consideration:

- I. That the audited financial results of the company for the quarter and year ended 31.3.2019 were placed at a meeting of the Directors of PSL on its Board (powers suspended), Auditor and Finance and accounts – Head and the IRP held on 28.5.2019. Accordingly, the said financial results of the company have been approved by the IRP in consultation with the Directors, Auditors and Finance and Accounts - Head of the Company at the said meeting.
- II. The said results for the year ended March 31, 2019 primarily pertain to a period before February 15, 2019 (i.e. insolvency commencement date) wherein the management of the company was responsible for the affairs and day to day functioning of the company. The results have been approved by the IRP solely on the basis of and on relying on the information and representations given by the management of the company. The IRP has approved the said financials only to the limited extent of discharging the powers of the board of directors of the company which have been conferred upon him inter alia in terms of provisions of Section 17

Regd. Office : Kachigam, P. B. No. 25, Daman (UT) - 396 210, India
Tel.: (0260) 2242989, 2244496, 2244497 • Fax : (0260) 2241932
Website: www.pslimited.com

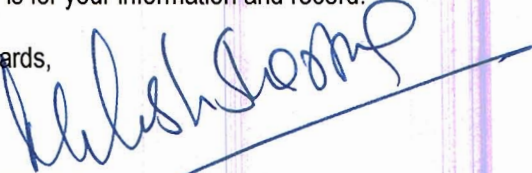


of the IBC 2016 and do not make any representations or issue any statements stating that the financial statements are true, complete and accurate in all respects.

- III. Further, as per Regulation 33(3) (d) of the SEBI (LODR), 2015, if the listed entity has subsidiaries, it shall, while submitting annual audited standalone financial results also submit annual audited consolidated financial results along with the audit report, it is to be noted that Interim Resolution Professional in his powers shall have control over management of the corporate debtor only and not on its subsidiary, associate or any other group company. In order to comply with the Regulations, I have obtained the financials for the subsidiary companies, which were made available to me. Hence standalone and consolidated audited financial results are being submitted with the stock exchange.

This is for your information and record.

Regards,


NILESH SHARMA

(Interim Resolution Professional)

PSL LIMITED

IBBI Reg.No.: IBBI/IPA-002/IP-N00104/2017-18/10232

(A company under Corporate Insolvency Resolution Process by NCLT order dated 15TH February 2019)

Enclosed:

1. Outcome of the meeting
2. Statement of standalone and consolidated audited financial results for the quarter/year ended on March 31, 2019
3. Assets & Liabilities as at March 31, 2019
4. Independent auditors Report on Quarterly Standalone and Consolidated financial result and year to date results of PSL Limited

(The address of the IRP registered with Insolvency and Bankruptcy Board of India is C-124, Lalpat Nagar I, New Delhi – 110024 and his email ID is nilesh.sharma@witworthipe.com)

PSL LIMITED

(UNDER CORPORATE INSOLVENCY RESOLUTION PROCESS)

Regd. Office: Kachigam, Daman & Diu - 396 210

Tel No. (0260) 2242989 FAX No. (0260) 2241932

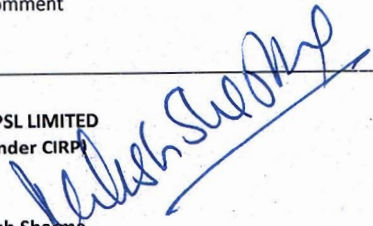
(Website : psllimited.com, Email: pslltdlegal@gmail.com) CIN : L67120DD1987PLC002395

STATEMENT OF STANDALONE / CONSOLIDATED AUDITED FINANCIAL RESULT FOR THE QUARTER AND YEAR ENDED 31st March, 2019

S.No.	PARTICULARS	(Rs. in Crores)					
		STANDALONE			CONSOLIDATED		
		QUARTER ENDED		YEAR ENDED		YEAR ENDED	
		3/31/2019	12/31/2018	3/31/2018	3/31/2019	3/31/2018	3/31/2018
1	Income						
	(a) Revenue from Operations	16.06	28.60	19.33	80.12	48.85	215.93
	(b) Other Income	3.70	4.18	0.17	12.11	12.88	12.76
	Total income	19.76	32.78	19.50	92.23	61.73	228.69
2	Expenses						
	(a) Cost of materials consumed	0.78	8.01	(6.19)	15.57	6.96	65.49
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress &	(7.58)	9.51	0.12	(4.34)	(2.24)	(7.11)
	(e) Employee benefits expense	12.31	9.21	8.05	39.82	25.46	57.56
	(f) Finance Costs	-	-	0.13	-	0.13	59.05
	(g) Depreciation and amortisation expense	24.16	24.16	27.96	96.65	111.93	121.66
	(h) Other expenses	12.89	7.44	31.42	42.61	66.20	101.52
	Total expenses	42.56	58.33	61.49	190.31	208.44	398.17
3	Profit(Loss) Before exceptional and extraordinary items and tax (1-2)	(22.80)	(25.55)	(41.99)	(98.08)	(146.71)	(169.48)
4	Exceptional Items / Extraordinary items	-	-	-	-	-	-
5	Profit/(Loss) before tax (3-4)	(22.80)	(25.55)	(41.99)	(98.08)	(146.71)	(169.48)
6	Tax Expenses						
	(i) Current Tax	-	-	-	-	2.09	0.26
	(ii) Deferred Tax	-	-	6.05	-	6.05	6.07
7	Profit/(Loss) for the period (5-6)	(22.80)	(25.55)	(48.03)	(98.08)	(152.75)	(171.57)
8	Other Comprehensive Income net of tax						
	a) Items that will not be reclassified to profit or loss						
	b) Items that will be reclassified to profit or loss						
9	Total Comprehensive Income (8+9)	(22.80)	(25.55)	(48.03)	(98.08)	(152.75)	(171.57)
	Net Profit attributable to :						
	- Owners	(22.80)	(25.55)	(48.03)	(98.08)	(152.75)	(171.57)
	- Non-controlling interests	-	-	-	-	-	-
	Other Comprehensive Income attributable to :						
	- Owners	-	-	-	-	-	-
	- Non-controlling interests	-	-	-	-	-	-
	Total Comprehensive Income attributable to :						
	- Owners	(22.80)	(25.55)	(48.03)	(98.08)	(152.75)	(171.57)
	- Non-controlling interests	-	-	-	-	-	-
XVIII	Paid-up Equity Share Capital (Face Value of Rs. 10/- each)	124.93	124.93	124.93	124.93	124.93	124.93
XIX	Reserve excluding Revaluation Reserve	-	-	-	(2,529.24)	(2,431.15)	(2,866.08)
XX	(i) Earning Per Share						
	- Basic	(1.82)	(2.05)	(3.84)	(7.85)	(12.23)	(13.73)
	- Diluted	(1.82)	(2.05)	(3.84)	(7.85)	(12.23)	(13.73)

Signature
28-05-19

Signature
28.05.19

1	An application was filed by PSL LIMITED under Section 10 of Insolvency and Bankruptcy Code, 2016 read with Rule 7 of the Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules, 2016 before the Hon'ble NCLT Ahmedabad with a prayer to commence the Corporate Insolvency Resolution Process (CIRP) in respect of itself. The said application for initiation of Corporate Insolvency Resolution Process (CIRP), which was registered as C.P. (IB) No. 37/10/NCLT/AHM/2017, has been admitted by Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench, Ahmedabad (Hon'ble NCLT/Hon'ble Adjudicating Authority) vide its order dated. 15.02.2019. The Adjudicating Authority (NCLT) has appointed Mr. Nilesh Sharma, having IP Registration no. IBBI/IPA-002/IP-00006/2016-17/4 as "Interim Insolvency Resolution Professional" to carry OUT the functions as mentioned under Insolvency and Bankruptcy Code, 2016. Under the IBC proceedings the power of the Board were suspended with effect from 15.02.2019. The NCLT order also provided for a moratorium with effect from Feb 15.02.2019, till the completion of the Corporate Insolvency Resolution process (CIRP) or until it approves the resolution plan under section 1(1) or passes an order for liquidation of the company under section 33, whichever is earlier. Currently, the CIRP Process in the respect of the company is in progress
2	Under the Current CIRP process, the Interim resolution professional is in the process of inviting resolution plans, once plans are received they will be placed before CoC and thereafter before hon'ble NCLT for approval. Currently, various initiatives have been taken to improve the operation of company, increase its customer base, optimize plant utilization, improving operational efficiencies, and other cost control measures to improve the company's operating results and cash flows. Considering the same financial statements of the company are prepared on the going concern basis.
3	That the Audited Financial results of the company for the quarter and year ended 31.03.2019 were placed at the meeting of the Directors of PSL on its Board(Powers suspended), Auditors, Finance & Accounts -Head and the IRP held on 28.05.2019. Accordingly, the said Financial Results of the company have been approved by the IRP In consultation with Directors, Auditors and Finance & Accounts- Head of the company at the said meeting.
4	The financial results for the year ended March 31, 2019 primarily pertain to a period before February 15, 2019(i.e. Insolvency commencement date) wherein the management of the company was responsible for the affairs and day to day functioning of the company. The results have been approved by the IRP solely on the basis of and on relying on the information and representations given by the management of the company. The IRP has approved the said financials only to the limited extent of discharging the powers of the board of directors of the company which have been conferred upon him inter alia in terms of provision of section 17 of the IBC.
5	Effective 1st April, 2018 the Company has adopted IND AS 115 " Revenue from contract with customers" Based on the assessment done by the management, there is no material impact on revenue recognized during the quarter/year ended March 31st 2019.
6	The Company's main business is to manufacture steel pipes. Accordingly, the Company does not have more than one segment eligible for reporting in terms of relevant in accordance with IND AS 108 "Segment Reporting" issued by the Institute of Chartered Accountants of India.
7	Since the lenders of the company have treated their outstanding dues from Company to them as NPAs, the Company has not provided interest amounting to Rs. 434.54 crores during the current year, (Rs. 107.15 crores for the quarter ended 31.3.2019) in its books of accounts during the quarter/year under review.
8	A closing Inventory of Rs .26.20 crores (valued at realisable value as on 31.03.2019)excludes disputed (currently under Arbitration process) amount of Rs.17.07 Crores on account of work in process being an under construction building at coimbatore(the company was doing construction work on this building for one of its client)
9	Figures for the quarter ended March 31, 2019 and the corresponding quarter ended in the Previous year as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the relevant financial year. Also
10	Since the company has subsidiaries and step down subsidiaries, in compliance of clause 33(3)(b) of SEBI (LODR) standalone as well as consolidated results for the quarter and year ended 31st March 2019 have been stated in the above statement.
11	The figures for the previous period / year have been regrouped wherever necessary to conform to the current year's classification.
12	The Company has incurred net losses during the quarter/year ended as well as in the previous year and its net worth is fully eroded. However, the financial statements of the Company have been prepared on a going concern basis as per comment given in para 2.
Place: Mumbai Date: 28/05/2019 For PSL LIMITED (under CIRP)  CK Goel Director For PSL LIMITED (under CIRP)  Nilesh Sharma Interim Resolution Professional In the matter of PSL LTD IBBI Reg. No.: IBBI/IPA-002/IP-N00104/2017-18/10232	

PSL LIMITED
(under corporate insolvency Resolution Process)
Regd. Office: Kachigam, Daman & Diu - 396 210

STATEMENT OF AUDITED ASSETS & LIABILITIES AS AT 31st MARCH, 2019

NOTES : 1

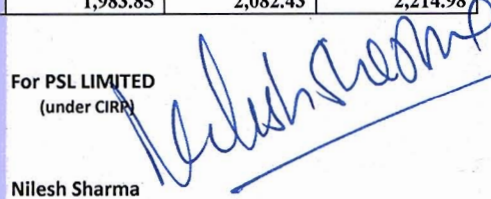
(Rs. In Crore)

Particulars	STANDALONE		CONSOLIDATED	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
ASSET				
(1) Non Current Assets				
(a) Property, Plant and Equipment	1,226.84	1,326.66	1,379.94	1,504.71
(b) Capital Work-in-progress	-	-	73.00	77.61
(c) Other Intangible assets	0.00	0.00	0.00	0.00
(d) Financial Assets			-	-
(i) Investments	174.27	174.27	2.99	2.99
(ii) Loans	19.83	26.77	26.24	34.17
(e) Deferred Tax Assets (Net)	0.00	-	0.04	-
(f) Other Non-Current Assets	-	-	-	-
	1,420.94	1,527.70	1,482.21	1,619.47
(2) Current Assets				
(a) Inventories	26.20	20.67	61.07	48.36
(b) Financial Assets				
(i) Investments	-	-	0.29	0.29
(ii) Trade Receivables	9.53	6.59	59.27	58.28
(iii) Cash and Cash Equivalents	6.19	4.20	15.35	11.13
(vi) Loans	0.11	0.06	72.84	72.24
(c) Other Current Assets	408.03	424.64	391.40	405.20
	450.07	456.15	600.22	595.50
Total Assets	1,871.00	1,983.85	2,082.43	2,214.98
EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity Share Capital	124.93	124.93	124.93	124.93
(b) Other Equity	(2529.24)	(2431.16)	(2866.08)	(2664.92)
	(2404.31)	(2306.22)	(2741.14)	(2539.98)
Liabilities				
(2) Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	3,859.98	3,870.17	3,859.98	3,870.17
(ii) Trade Payables	263.56	263.56	263.56	263.56
(b) Provisions	13.87	12.76	13.87	12.76
	4,137.40	4,146.49	4,137.40	4,146.49
(3) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	0.00	-	537.22	468.02
(ii) Trade Payables (Current)	10.16	13.28	55.80	59.83
(iii) Other Financial Liabilities	0.29	0.29	0.29	0.29
(b) Other Current Liabilities	127.47	130.03	81.35	72.20
(c) Provisions	-	-	11.52	8.14
(d) Current Tax Liabilities (Net)	-	-	-	-
	137.91	143.59	686.17	608.47
Total Equity and Liabilities	1,871.00	1,983.85	2,082.43	2,214.98

For PSL LIMITED
(under CIRP)


CK Goel
Director

For PSL LIMITED
(under CIRP)


Nilesch Sharma
Interim Resolution Professional

In the matter of PSL LTD

IBBI Reg. No.: IBBI/PA-002/IP-N00104/2017-18/10232

PLACE : MUMBAI

DATE : 28/05/2019

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-
with Annual Audited Financial Results - Standalone**

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment)
Regulations, 2016]**

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) Rs in Crore	Adjusted Figures (audited figures after adjusting for qualifications) Rs in Crore
	1.	Turnover / Total income	92.23	92.23
	2.	Total Expenditure	190.31	190.31
	3.	Net Profit/(Loss)	(98.08)	(98.08)
	4.	Earnings Per Share	(7.85)	(7.85)
	5.	Total Assets	1871.00	1871.00
	6.	Total Liabilities	4275.31	4275.31
	7.	Net Worth	(2404.31)	(2404.31)
	8.	Any other financial item(s) (as felt appropriate by the management)	NA	NA

Audit Qualification (each audit qualification separately):

- a. Details of Audit Qualification: As per annexure – 1
- b. Type of Audit Qualification : Emphasis of matter
- c. Frequency of qualification: Repetitive (Since period ended 30th September, 2013)
- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:
As per Annexure – 2
- e. For Audit Qualification(s) where the impact is not quantified by the auditor:
 - (i) Management's estimation on the impact of audit qualification:
 - (ii) If management is unable to estimate the impact, reasons for the same:
 - (iii) Auditors' Comments on (i) or (ii) above:

III. Signatories:

FOR AND ON BEHALF OF

V. Parekh & Associates

Chartered Accountants

Firm Regn. No. 107488w



Rakesh V. Parekh - Partner

Membership No. 38615

Mumbai,

Dated: 28th May, 2019

FOR AND ON BEHALF OF PSL LIMITED

[Signature]
C K Goel
Director

MUMBAI,

DATED: 28TH MAY, 2019

[Signature]
(Nilesh Sharma)

Interim Resolution Professional

IBBI REG NO. IBBI/IPA-
002/IP/N0010/2017-18/10232

Interest**Auditors View:**

Since most of the banks which had extended financial facilities to the company have already treated the outstanding from the company as "Non-Performing Assets", they as a usual practice have discontinued making provisions of interest on such loss as accrued income in their books. In order to achieve the desired congruency on this issue the Company has also not provided for any interest amounting to Rs.434.54 Crores on such outstanding facilities for the period ended 31st March, 2019 due to various banks. Had the said interest been provided in the books in the normal course, the current year losses of Rs. 98.08 Crores would have risen to Rs. 532.62 Crores.

Management View:

This Amount is the interest on outstanding amounts due from company to its lending banks. Since said banks are not providing for the said interest in their books, to achieve the congruency company has also chosen not to provide the said interest.

Inventory**Auditors View:**

The closing inventory as on 31st March, 2019 of Rs. 26.20. Crores (valued at realizable value) excludes disputed Working In Progress of a Building at Coimbatore for Rs.17.07 Crores which is in arbitration stage.

Management View:

Management having taken a realistic view as decided that the inventory is to be taken at its relisable value. Accordingly the service of chartered engineer were availed for the purpose at different plant locations of the Company.

Trade Receivable**Auditors View:**

a. The breakup of Company's Sundry Debtors amounting to Rs. 9.53 Crores as on 31st March, 2019 is as follow:

Less than Six Months Rs.6.29 Crores

More than Six Months Rs.3.24 Crores

b. The Company has not produced confirmation of balances from sundry debtors confirming the amount outstanding as on 31st March 2019. In the absence of adequate evidence and information made available to us



supporting the recoverability of this amount, we are further unable to comment on the financial impact of this matter on the profit / loss for the year ended 31st March 2019.

Management View:

The Company has already circulated the letters to debtors for confirmations the balance as well as release the outstanding balances at the end of the year on 31.03.2019, but still company has not received any response from debtors, so Company has shown the balance receivable from debtors as per the prescribed format.

FOR AND ON BEHALF OF

V. Parekh & Associates

Chartered Accountants

Firm Regn. No. 107488w



Rasesh V. Parekh
Rasesh V. Parekh - Partner

Membership No. 38615

Mumbai,

Dated: 28th May, 2019

FOR AND ON BEHALF OF PSL LIMITED

C K Goel
C K Goel
Director

MUMBAI,

DATED: 28TH MAY, 2019

Nilesh Sharma
(Nilesh Sharma)

Interim Resolution Professional

IBBI REG NO. IBBI/IPA-
002/IP/N0010/2017-18/10232

AUDITOR'S REPORT

To,

The Interim Resolution Professional (IRP)

In the matter of PSL Limited,

IBBI Reg. No.: IBBI/IPA-002/IP-N00104/2017-18/10232

1. The Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") by an order dated 15th February, 2019 admitted the Corporate insolvency Resolution Process ("CIRP") consequent upon an application filed by PSL Limited u/s 10 of IBC Code and appointed Mr. Nilesh Sharma as the Interim Resolution Professional ("IRP") in term of the Insolvency and Bankruptcy Code, 2016 ("Code") to manage the affairs of the Company as per the provisions of the Code. The CIRP is ongoing.
2. As per Section 134 of the Companies Act, 2013, the financial statements of the Company are required to be authenticated by the chairperson of the board of directors, where authorized by the board or at least two directors, of which one shall be the managing director or the CEO (being a director), the CFO and the Company Secretary where they are appointed.
3. We have audited the accompanying Statement of Standalone Financial Results of **PSL LIMITED** ("the Company") for the year ended 31st March, 2019 being submitted by the Company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No.CIR/CFD /CMD/15/2015 dated November 30, 2015 & SEBI Circular No.CIR/CFD/FAC/62/2016 dated July 05, 2016.
4. This Statement, which is the responsibility of the Company's Management and taken on record at the meeting of PSL on its Board (power suspended) and the interim resolution professional held on 28th May, 2019, has been compiled from the related standalone Ind AS financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder ('Ind AS') and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone Ind AS financial statements.
5. 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 Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, 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 Statement in order to



design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

Emphasis of Matter:

- i. It is noticed that currently the Company is only doing job work at Vizag, Varsana, Jaipur and Chennai plants for its clients and during the period under report the turnover of the Company has increased as compared to previous quarters.
- ii. As a consequence, to acute financial stress being faced by the Company in recent years, the Company's net worth has been eroded due to accumulated losses. Keeping in view the current status of company's operations it is likely that the accumulated losses are further enhanced creating a further adverse impact on it's net worth.
- iii. The financial statement has been prepared on a going concern basis notwithstanding the fact that the Company's net worth is eroded. The financial performance of the Company had deteriorated substantially. The manufacturing cost has gone up. There is inadequacy of demand. The Company continues to deal with a range of uncertainties. The interest amount exceeded its operating income. The Company is not able to service its debts.
- iv. The Company is undergoing Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency & bankruptcy Code, 2016 (Insolvency Code) in terms of Order dated. 15th February 2019 passed by Hon'ble NCLT, Ahmedabad Bench. In terms of Section 20 of Insolvency code, the management and operations of the Company are being managed by Interim Resolution Professional (IRP).
- v. These events cast significant doubt on the ability of the Company to continue as a going concern under the present circumstances. The appropriateness of the said basis is inter-alia dependent on the Company's ability to infuse requisite funds for meeting its obligations (including statutory liabilities and those in respect of contracts entered into for purchase of goods and assets), rescheduling of debt/other liabilities and resuming normal operations.
- vi. The company has not carried out detailed assessment of the useful life of Company's assets and hence depreciation has not been adjusted, as per the notification to Schedule II of the Companies Act, 2013. We are therefore unable to comment on the impact on statement of Profit & Loss Account.
- vii. It has been observed that the Company is unable to deposit the provident fund amount with PF authorities in time, as a result of which Rs. 2.18 Crs is the amount which yet to be deposited.
- viii. Actuarial valuation certificate has not been obtained for gratuity and other post-employment benefits.
- ix. The Company has reported a Net Loss of Rs. 98.08 Crores for the year ended on 31st March, 2019 as against the net loss of Rs. 152.75 Crores for the previous year ended on 31st March, 2018. During the year the loss is largely due to the depreciation.
- x. Since most of the banks which had extended financial facilities to the company have already



treated the outstanding from the company as “Non-Performing Assets”, they as a usual practice have discontinued making provisions of interest on such loss as accrued income in their books. In order to achieve the desired congruency on this issue the Company has also not provided for any interest amounting to Rs. 434.54 Crores on such outstanding facilities for the year ended 31st March, 2019 due to various banks. Had the said interest been provided in the books in the normal course, the current year losses of Rs. 98.08 Crores would have raised to Rs. 532.62 Crores.

- xi. Sometime back Kandla Port Trust had cancelled the lease of different plots at Kandla leased by them to the company due to non-payment of their heavy invoices for bills for compensation and had also taken physical possession of the land. However, on the company approaching Gujarat High Court and Hon’ble High Court having granted stay of Kandla Port Trust orders the Company has not provided for any liability that may arise on this account.

xii. **Inventory:**

- a. The closing inventory as on 31st March, 2019 of Rs. 26.20 Crores (valued at realizable value) excludes disputed Working In Progress of a Building at Coimbatore for Rs.17.07 Crores which is currently in arbitration stage.
- b. The Company has done physical inventories on 31st March, 2019 and they have certified the realizable value as on 31st March, 2019 on physical / saleable ground.

xiii. **Operations Maintenance and Management Agreement with Jindal Tubular (India) Limited.**

- a. Although company’s three plants earlier handed over to Jindal Tubular (India) Limited (JTIL) in mid 2015 were returned to the company during September to November, 2016, JTIL has yet to return to the company one Pipe Mill having capacity of 75000MT, one IPC plant having capacity of 18000Sqr Meter and other spares and consumable shifted by it contrary to the provisions of their agreement with the company.
As per the advice of Edelweiss, JTIL is transferring Rs 0.098 Crores after deducting tax of Rs 0.002 Crores every month to Company’s bank account, though there was no agreement for the same.
- b. Jindal Tubular (India) Limited has claimed Non legacy and legacy payment from PSL amounting to Rs.4.37 Crores. The Company has not accepted their claim and the accounts are under reconciliations.
- c. The Excise Department has issued following notices to the company directing to show cause as to why the Cenvat credit taken on the capital goods and machineries removed from the factory premises of notices under the provisions of Rule 3(5A)(a), Rule 2 and Rule 4(5)(a)(ii) of Cenvat Credit Rules, 2004, should not be demanded and recovered under Section 11A with interest u/s 11AA and penalty u/s 11AC of the Central Excise Act, 1944 read with Rule 14 of the Cenvat Credit Rules, 2004

Sl. No.	Show Cause Notice	Amount in Rs Crores
1.	Varsana 1	0.72/-
2.	Varsana 2 Coating	4.86/-
3.	Varsana 2 Pipe Mill	5.52/-
	Total	11.10/-



The Company has submitted that the allegations made in the show cause notices are not correct in law as well on facts. The matter is pending before the appellate authority.

xiv. **Settlement with JSW**

The Company has created pari passu charge with respect to immovable property of the Company in favour of JSW and CDR lenders by way of mortgage by deposit of title deeds in favour of IDBI Trusteeship Services Limited.

xv. **Lender Banks' Balance Confirmation as on 31st March, 2019**

We have been informed by the officials of the company that although the company has requested its various bankers to issue their confirmation letters confirming the balances with respect to various Bank Accounts/Bank Guarantee/Letter of Credit/Corporate Guarantee given by company for its subsidiaries company as on 31st March, 2019 but the same have not yet been received the said confirmations. Pending the receipt of balance confirmations, book balances as on 31st March, 2019 have been taken in the accounts of the Company.

xvi. **Sundry Debtors:**

- a. The break up of Company's Sundry Debtors amounting to Rs. 9.53 Crores as on 31st March, 2019 is as follows: -

Less than Six Months	Rs. 6.29 Crores
More than Six Months	Rs. 3.24 Crores

- b. The Company has not produced confirmation of balances from sundry debtors confirming the amount outstanding as on 31st March 2019. In the absence of adequate evidence and information made available to us supporting the recoverability of this amount, we are further unable to comment on the financial impact of this matter on the profit / loss for the year ended 31st March 2019.

xvii. **Trade payable & Loans and Advances:**

In the absence of pending confirmation of balances from Trade Payables, Trade receivable and Other Loans & Advances as on 31.03.2019, provision for any adverse variation in the balances is not quantified.

xviii. **Dues to Micro and Small Suppliers:**

This information is not provided by the Company.

- xix. **Impairment of Assets:** The Management has not carried out evaluation of impairment of assets and no provision for impairment has been recorded, as required by Indian Accounting Standard.

xx. **Investment in Subsidiaries:**

A. Foreign Subsidiaries:

- i) PSL FZE (Sharjah) (Step down Subsidiary of Pipeline Systems Limited, Mauritius, (Subsidiary of the Company)).
- a) The Company had invested Rs. 141.63 Crores in a wholly owned subsidiary namely Pipeline Systems Limited Mauritius which in turn had invested AED 1,50,000 in PSL FZE being its subsidiary. However due to cumulative losses in the subsidiary, the aforesaid investment is



eroded.

The Company has not provided for the diminution in the value of investment as per Indian Accounting Standard issued by institute of Chartered Accountants of India.

PSL Limited has also not provided for amounts due from PSL FZE being doubtful of recovery on account of losses incurred by PSL FZE.

- b) The shareholding of PSL FZE, Sharjah held by PSL Limited indirectly through the above said Company, amounting to 100% of the Equity Share Capital of the Company have been pledged in favour of National Bank of Oman S.A.O.G. acting as Security Agent of ICICI Bank Limited, Bahrain.
 - c) During the year PSL FZE has incurred loss of 40.703 Million AED. The Company was not able to make the payment on due date of installment due to the banks. The bank balance confirmations were not available.
 - d) PSL FZE has executed a project received from SWCC. Bank of Baroda has given guarantee in favour of State Bank of India, Bahrain to issue performance guarantee in favour of the client to the extent of USD 4.5 million. This is contingent liability of PSL FZE as on 31-3-2019.
 - e) A creditor namely Petromac, Abudhabi-UAE has filed a suit for his dues of USD 2.26 million. The matter is sub-judice.
 - f) PSL has given Corporate Guarantee covering facilities sanctioned by lender bankers for working capital outstanding of 114.96 Million AED against Plant & Machinery, assignment of receivable and inventory as the security and the subordination of unsecured loans advances by PSL Ltd. and assets on pari passu basis with one of the banker.
 - g) Term Loan 154.89 million AED - The Term Loan due to ICICI Bank, Bahrain is secured by charge on the fixed asset of PSL FZE and Corporate Guarantee issued by PSL Limited.
- ii) PSL USA INC (USA), PSL NA LLC (USA) (Step down Subsidiary)
- a) The Company had invested Rs. 130.34 Crores in a wholly owned subsidiary namely PSL USA Inc. Due to cumulative losses in the stepdown subsidiary the value of investment is eroded.
 - b) Due to continuous losses suffered by the company's step-down subsidiary namely PSL North America LLC, it was directly affecting the financial position of PSL USA Inc. (the holding Company of PSL North America LLC). The Company voluntary petitioned for relief under chapter XI of the Title 11 of United States code were filed in United States Bankruptcy court for the district of Delaware.

B. Indian Subsidiaries:

i) PSL Infrastructure and Ports Private Limited

- Total investment in PSL Infrastructure and Ports Private Limited is Rs. 28.21 Crores.
- The company was awarded the construction of Jetty at Kandla Port. Till date the company has incurred construction Expenses of Rs. 65.11 Crores.
- Due to restrictions imposed by CDR package of PSL Ltd, the parent company, could not inject/ contribute funds for the construction of the jetty.



- Consequent upon the Kandla Port authorities having given a notice to this company for cancellation of the agreement, the company has initiated arbitration for its claim on Kandla Port Authorities. Although the arbitrators have awarded Rs 15 Crs in favor of the company, the Kandla Port Authorities have challenged the award in commercial court at Gujrat in Rajkot.

ii) PSL Corrosion Control Services Limited.

The total Revenue for the year stood at Rs. 108.33 Crores against previous year of Rs.79.19 Crores. The Net Profit before tax is Rs. 7.51 Crores against previous year of Rs. 0.84 Crores.

iii) PSL Gas Distribution Private Limited

The company was incorporated on 31st December 2010 and has not commenced any business activity.

xxi. **Major Legal Matters:**

- a. Initially five complaints were filed by two banks Syndicate Bank and Kotak Mahindra Bank Ltd. under the relevant provisions of Negotiable Instruments Act but after the order of Addl. Sessions Court of Bombay, one complaint has been scrapped with respect to some of the Directors and matters are now pending for disposal. These matters are still pending in 16th/63rd MM Court, Andheri, Mumbai and the next date of hearing are fixed. Next date of Syndicate Bank hearing on 10.06.2019 & Kotak Mahindra Bank is on 18.07.2019.

- b. Five Petitions have been filed before the High Court of Gujarat at Ahmedabad challenging compensation Bill raised by Kandla Port Trust (KPT) in respect of five plots of land of PCD-I unit located in East of NH No. 08A, Kandla Road, Gandhidham and two petitions w.r.t. two plots of land of PCD-II in Plot No. 5&6 in Block D, Sector 12, Gandhidham. Stay has been granted in favour of Company with regard to 5 of the 7 plots. Interim orders earlier passed by the court restraining KPT from implement in the compensation bills continue to operate. The matters are pending High Court (Cut off).

c. **Company's petition against Andhra Pradesh Industrial Infrastructure Corporation (APIIC)**

Having felt aggrieved by the decision of APIIC to resume the possession of two plots earlier allotted by it to the company has filed writ petitions in Hyderabad High Court challenging APIIC's decision. While the Hon'ble High Court having examined the company's grievance has granted a stay in company's favour, the matter is still pending for final adjudication.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

6. Except the matters described in Emphasis of matters, which may have an adverse effect on the functioning of the Company, In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by



Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016', and

- ii. gives a true and fair View in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and Total comprehensive income and other financial information of the Company for the year ended 31st March, 2019.
7. The Statement includes the results for the Quarter ended 31st March, 2019 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

**FOR AND ON BEHALF OF
V. PAREKH & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN. NO. 107488W**



Rajesh V. Parekh

**MUMBAI,
DATED: 28TH MAY, 2019**

**RAJESH V. PAREKH - PARTNER
MEMBERSHIP NO. 38615**

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-
with Annual Audited Financial Results - Consolidated**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	228.69	228.69
	2.	Total Expenditure	398.17	398.17
	3.	Net Profit/(Loss)	(171.57)	(171.57)
	4.	Earnings Per Share	(13.73)	(13.73)
	5.	Total Assets	2082.43	2082.43
	6.	Total Liabilities	4823.57	4823.57
	7.	Net Worth	(2741.41)	(2741.41)
	8.	Any other financial item(s) (as felt appropriate by the management)	NA	NA

II. Audit Qualification (each audit qualification separately):

- a. Details of Audit Qualification: As per annexure – 1
- b. Type of Audit Qualification : Emphasis of matter
- c. Frequency of qualification: Repetitive (Since period ended 30th September, 2013)
- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: As per annexure – 2
- e. For Audit Qualification(s) where the impact is not quantified by the auditor:
 - (i) Management's estimation on the impact of audit qualification:
 - (ii) If management is unable to estimate the impact, reasons for the same:
 - (iii) Auditors' Comments on (i) or (ii) above:

III. Signatories:

FOR AND ON BEHALF OF

V. Parekh & Associates

Chartered Accountants

Firm Regn. No. 107488w

Rasesh V. Parekh - Partner

Membership No. 38615

Mumbai,

Dated: 28th May, 2019

FOR AND ON BEHALF OF PSL LIMITED

C K Goel
Director

MUMBAI,

DATED: 28TH MAY, 2019

(Nilesh Sharma)

Interim Resolution Professional

IBBI REG NO. IBBI/IPA-
002/IP/N0010/2017-18/10232



Interest

Auditors View:

Since most of the banks which had extended financial facilities to the company have already treated the outstanding from the company as "Non-Performing Assets", they as a usual practice have discontinued making provisions of interest on such loss as accrued income in their books. In order to achieve the desired congruency on this issue the Company has also not provided for any interest amounting to Rs.434.54 Crores on such outstanding facilities for the period ended 31st March, 2019 due to various banks. Had the said interest been provided in the books in the normal course, the current year losses of Rs. 171.56 Crores would have risen to Rs. 606.10 Crores.

Management View:

This Amount is the interest on outstanding amounts due from company to its lending banks. Since said banks are not providing for the said interest in their books, to achieve the congruency company has also chosen not to provide the said interest.

Inventory

Auditors View:

The closing inventory as on 31st March, 2019 of Rs. 61.07. Crores (valued at realizable value) excludes disputed Working In Progress of a Building at Coimbatore for Rs.17.07 Crores which is in arbitration stage.

Management View:

Management having taken a realistic view as decided that the inventory is to be taken at its reliable value. Accordingly the service of chartered engineer were availed for the purpose at different plant locations of the Company.



A handwritten signature in blue ink, appearing to be "S. S.", located below the auditor's stamp.

A handwritten signature in blue ink, appearing to be "Q. S.", located to the right of the first signature.

Trade Receivable
Auditors View:

a. The breakup of Company's Sundry Debtors amounting to Rs. 59.26 Crores as on 31st March, 2019 is as follow:

Less than Six Months	Rs.24.42 Crores
More than Six Months	Rs.34.84 Crores

The Company has not produced confirmation of balances from sundry debtors confirming the amount outstanding as on 31st March 2019. In the absence of adequate evidence and information made available to us supporting the recoverability of this amount, we are further unable to comment on the financial impact of this matter on the profit / loss for the year ended 31st March 2019.

FOR AND ON BEHALF OF
V. Parekh & Associates

Chartered Accountants
Firm Regn. No. 107488w



Rasech V. Parekh - Partner
Membership No. 38615

Mumbai,

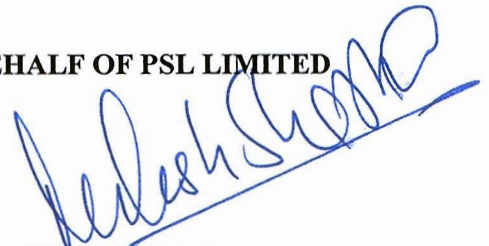
Dated: 28th May, 2019

FOR AND ON BEHALF OF PSL LIMITED


C K Goel
Director

MUMBAI,

DATED: 28TH MAY, 2019


(Nilesch Sharma)

Interim Resolution Professional

IBBI REG NO. IBBI/IPA-
002/IP/N0010/2017-18/10232

AUDITOR'S REPORT

To,
The Interim Resolution Professional (IRP)
In the matter of PSL Limited
IBBI Reg. No.: IBBI/IPA-002/IP-N00104/2017-18/10232

1. The Hon'ble National Company Law Tribunal, Ahmedabad ("NCLT") by an order dated 15th February, 2019 admitted the Corporate insolvency Resolution Process ("CIRP") consequent upon an application filed by PSL Limited u/s 10 of IBC Code and appointed Mr. Nilesh Sharma as the Interim Resolution Professional ("IRP") in term of the Insolvency and Bankruptcy Code, 2016 ("Code") to manage the affairs of the Company as per the provisions of the Code. The CIRP is ongoing.
2. As per Section 134 of the Companies Act, 2013, the financial statements of the Company are required to be authenticated by the chairperson of the board of directors, where authorized by the board or at least two directors, of which one shall be the managing director or the CEO (being a director), the CFO and the Company Secretary where they are appointed.
3. We have audited the accompanying Statement of Consolidated Financial Results of **PSL LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the year ended 31st March, 2019 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
4. This Statement, which is the responsibility of the Company's Management and taken on record at the meeting of PSL on its Board (power suspended) and the interim resolution professional held on 28th May, 2019, has been compiled from the related standalone Ind AS financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder ('Ind AS') and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone Ind AS financial statements.
5. 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 Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, 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 Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

Emphasis of Matter:

- i. It is noticed that currently the Company is only doing job work at Vizag, Varsana, Jaipur and Chennai plants for its clients and during the period under report the turnover of the Company has increased as compared to previous quarters.
- ii. As a consequence, to acute financial stress being faced by the Company in recent years, the Company's net worth has been eroded due to accumulated losses. Keeping in view the current status of company's operations it is likely that the accumulated losses are further enhanced creating a further adverse impact on it's net worth.
- iii. The financial statement has been prepared on a going concern basis notwithstanding the fact that the Company's net worth is eroded. The financial performance of the Company had deteriorated substantially. The manufacturing cost has gone up. There is inadequacy of demand. The Company continues to deal with a range of uncertainties. The interest amount exceeded its operating income. The Company is not able to service its debts.
- iv. The Company is undergoing Corporate Insolvency Resolution Process (CIRP) under the provisions of Insolvency & bankruptcy Code, 2016 (Insolvency Code) in terms of Order dated. 15th February 2019 passed by Hon'ble NCLT, Ahmedabad Bench. In terms of Section 20 of Insolvency code, the management and operations of the Company are being managed by Interim Resolution Professional (IRP).
- v. These events cast significant doubt on the ability of the Company to continue as a going concern under the present circumstances. The appropriateness of the said basis is inter-alia dependent on the Company's ability to infuse requisite funds for meeting its obligations (including statutory liabilities and those in respect of contracts entered into for purchase of goods and assets), rescheduling of debt/other liabilities and resuming normal operations.
- vi. The company has not carried out detailed assessment of the useful life of Company's assets and hence depreciation has not been adjusted, as per the notification to Schedule II of the Companies Act, 2013. We are therefore unable to comment on the impact on statement of Profit & Loss Account.
- vii. It has been observed that the Company is unable to deposit the provident fund amount with PF authorities in time, as a result of which Rs. 2.18 Crs is the amount which yet to be deposited.
- viii. Actuarial valuation certificate has not been obtained for gratuity and other post-employment benefits.
- ix. The Company has reported a Consolidated Net Loss of Rs. 171.56 Crores for the year ended on 31st March, 2019 as against the net loss of Rs. 209.35 Crores for the previous year ended on 31st



March, 2018.

- x. Since most of the banks which had extended financial facilities to the company have already treated the outstanding from the company as “Non-Performing Assets”, they as a usual practice have discontinued making provisions of interest on such loss as accrued income in their books. In order to achieve the desired congruency on this issue the Company has also not provided for any interest amounting to Rs.434.54 Crores on such outstanding facilities for the year ended 31st March, 2019 due to various banks. Had the said interest been provided in the books in the normal course, the current year losses of Rs. 171.56 Crores would have raised to Rs. 606.10 Crores.
- xi. Sometime back Kandla Port Trust had cancelled the lease of different plots at Kandla leased by them to the company due to non-payment of their heavy invoices for bills for compensation and had also taken physical possession of the land. However, on the company approaching Gujarat High Court and Hon’ble High Court having granted stay of Kandla Port Trust orders the Company has not provided for any liability that may arise on this account.
- xii. **Inventory:**
 - a. The closing inventory as on 31st March, 2019 of Rs. 61.07 Crores (valued at realizable value) excludes disputed Working In Progress of a Building at Coimbatore for Rs.17.07 Crores which is currently in arbitration stage.
 - b. The Company has done physical inventories on 31st March, 2019 and they have certified the realizable value as on 31st March, 2019 on physical / saleable ground.
- xiii. **Operations Maintenance and Management Agreement with Jindal Tubular (India) Limited.**
 - a. Although company’s three plants earlier handed over to Jindal Tubular (India) Limited (JTIL) in mid 2015 were returned to the company during September to November, 2016, JTIL has yet to return to the company one Pipe Mill having capacity of 75000MT, one IPC plant having capacity of 18000Sqr Meter and other spares and consumable shifted by it contrary to the provisions of their agreement with the company.

As per the advice of Edelweiss, JTIL is transferring Rs 0.098 Crores after deducting tax of Rs 0.002 Crores every month to Company’s bank account, though there was no agreement for the same.
 - b. Jindal Tubular (India) Limited has claimed Non legacy and legacy payment from PSL amounting to Rs.4.37 Crores. The Company has not accepted their claim and the accounts are under reconciliations.
 - c. The Excise Department has issued following notices to the company directing to show cause as to why the Cenvat credit taken on the capital goods and machineries removed from the factory premises of notices under the provisions of Rule 3(5A)(a), Rule 2 and Rule 4(5)(a)(ii) of Cenvat Credit Rules, 2004, should not be demanded and recovered under Section 11A with interest u/s 11AA and penalty u/s 11AC of the Central Excise Act, 1944 read with Rule 14 of the Cenvat Credit Rules, 2004



Sl. No.	Show Cause Notice	Amount in Rs Crores
1.	Varsana 1	0.72/-
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3.	Varsana 2 Pipe Mill	5.52/-
	Total Rs.	11.10/-

The Company has submitted that the allegations made in the show cause notices are not correct in law as well on facts. The matter is pending before the appellant authority.

xiv. **Settlement with JSW**

The Company has created pari passu charge with respect to immovable property of the Company in favour of JSW and CDR lenders by way of mortgage by deposit of title deeds in favour of IDBI Trusteeship Services Limited.

xv. **Lender Banks' Balance Confirmation as on 31st March, 2019**

We have been informed by the officials of the company that although the company has requested its various bankers to issue their confirmation letters confirming the balances with respect to various Bank Accounts/Bank Guarantee/Letter of Credit/Corporate Guarantee given by company for its subsidiaries company as on 31st March, 2019 but the same have not yet been received the said confirmations. Pending the receipt of balance confirmations, book balances as on 31st March, 2019 have been taken in the accounts of the Company.

xvi. **Sundry Debtors:**

- a. The break up of Company's Sundry Debtors amounting to Rs. 59.26 Crores as on 31st March, 2019 is as follows:

Less than Six Months Rs. 24.42 Crores
More than Six Months Rs. 34.84 Crores

- b. The Company has not produced confirmation of balances from sundry debtors confirming the amount outstanding as on 31st March 2019. In the absence of adequate evidence and information made available to us supporting the recoverability of this amount, we are further unable to comment on the financial impact of this matter on the profit / loss for the year ended 31st March 2019.

xvii. **Trade payable & Loans and Advances:**

In the absence of pending confirmation of balances from Trade Payables, Trade receivable and Other Loans & Advances as on 31.03.2019, provision for any adverse variation in the balances is not quantified.

xviii. **Dues to Micro and Small Suppliers:**

This information is not provided by the Company.

- xix. **Impairment of Assets:** The Management has not carried out evaluation of impairment of assets and no provision for impairment has been recorded, as required by Indian Accounting Standard.

xx. **Investment in Subsidiaries:**

A. Foreign Subsidiaries:



i) PSL FZE (Sharjah) (Step down Subsidiary of Pipeline Systems Limited, Mauritius, (Subsidiary of the Company)).

a) The Company had invested Rs. 141.63 Crores in a wholly owned subsidiary namely Pipeline Systems Limited Mauritius which in turn had invested AED 1,50,000 in PSL FZE being its subsidiary. However due to cumulative losses in the subsidiary, the aforesaid investment is eroded.

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PSL Limited has also not provided for amounts due from PSL FZE being doubtful of recovery on account of losses incurred by PSL FZE.

b) The shareholding of PSL FZE, Sharjah held by PSL Limited indirectly through the above said Company, amounting to 100% of the Equity Share Capital of the Company have been pledged in favour of National Bank of Oman S.A.O.G. acting as Security Agent of ICICI Bank Limited, Bahrain.

c) During the year PSL FZE has incurred loss of 40.703 Million AED. The Company was not able to make the payment on due date of installment due to the banks. The bank balance confirmations were not available.

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ii) PSL USA INC (USA), PSL NA LLC (USA) (Step down Subsidiary)

f) The Company had invested Rs. 130.34 Crores in a wholly owned subsidiary namely PSL USA Inc. Due to cumulative losses in the stepdown subsidiary the value of investment is eroded.

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a) PSL USA INC (USA), PSL NA LLC (USA) (Step down Subsidiary)

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- Total investment in PSL Infrastructure and Ports Private Limited is Rs. 28.21 Crores.

- The company was awarded the construction of Jetty at Kandla Port. Till date the company has



incurred construction Expenses of Rs. 65.11 Crores.

- Due to restrictions imposed by CDR package of PSL Ltd, the parent company, could not inject/ contribute funds for the construction of the jetty.
- Consequent upon the Kandla Port authorities having given a notice to this company for cancellation of the agreement, the company has initiated arbitration for it's claim on Kandla Port Authorities. Although the arbitrators have awarded Rs 15 Crs in favor of the company, the Kandla Port Authorities have challenged the award in commercial court at Gujrat in Rajkot.

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The company was incorporated on 31st December 2010 and has not commenced any business activity.

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Next date of Syndicate Bank hearing on 10.06.2019 & Kotak Mahindra Bank is on 18.07.2019.
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Having felt aggrieved by the decision of APIIC to resume the possession of two plots earlier allotted by it to the company has filed writ petitions in Hyderabad High Court challenging APIIC's decision. While the Hon'ble High Court having examined the company's grievance has granted a stay in company's favour, the matter is still pending for final adjudication.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

6. Except the matters described in Emphasis of matters, which may have an adverse effect on the functioning of the Group, 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 separate financial statements and the other financial information of subsidiaries referred to in paragraph 5 below, the Statement:

- i) includes the results of the following entities:



- PSL Limited- the Parent Company
- PSL Corrosion Control Services Limited- Subsidiary
- PSL Gas Distribution Private Limited- Subsidiary
- PSL Infrastructure and Ports Private Limited- Subsidiary
- Pipeline Systems Limited* - Subsidiary

*Amount includes results of its subsidiary namely PSL FZE Sharjah incorporated under the laws of UAE

- ii) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016', and
 - iii) gives a true and fair View in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the consolidated net loss and consolidated Total comprehensive income and other financial information of the Company for the year ended 31st March, 2019.
7. We did not audit the financial statements of subsidiaries included in the consolidated financial results, whose financial statements reflect total assets of Rs. 479.75 Crores as at 31st March 2019, total revenues of Rs. 135.81 Crores, total net profit after tax of Rs. (73.48) Crores and total comprehensive income of Rs. (73.48) Crores for the year ended on that date, as considered in the consolidated financial results. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**FOR AND ON BEHALF OF
V. PAREKH & ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM REGN. NO. 107488W**



Rajesh V. Parekh

**Rajesh V. PAREKH - PARTNER
MEMBERSHIP NO. 38615**

**MUMBAI,
DATED: 28TH MAY, 2019**