

EXPANDING HORIZONS

ANNUAL
REPORT 2009-2010





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DURING 2009-10, PUNJ LLOYD COMMISSIONED KUBER, ITS NEW PIPE-LAYING BARGE, CAPABLE OF LAYING PIPELINES IN WATER AT DEPTHS OF UP TO 150 METRES. KUBER IS THE ONLY WHOLLY OWNED INDIAN FLAG VESSEL THAT HAS THE CAPABILITY OF LAYING PIPELINES AT THIS DEPTH

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Chairman's Letter

THE CORPORATION

Dear Shareholder, When I last wrote to you, global economies were facing their worst recessionary nightmare since the Great Depression of the 1930s. As countries were trying to combat it by pumping in almost USD 3.5 trillion to stimulate demand, pundits were predicting that the slowdown would extend through all of calendar 2009 and maybe even the first half of 2010.

Fortunately, it did not happen quite that way. With an estimated growth of over 4% for 2009, global recovery did better than expected. The US economy has had three straight quarters of GDP growth since July-September 2009, and is definitely out of the recession. After closing 2009 at 8.7%, China is now solidly back to double-digit growth, with economists forecasting 10% growth in 2010. India's GDP growth for 2009-10 was 7.4%. Most experts believe that the country is set to achieve 8.5% in 2010-11.

There are, however, problem areas. Europe is a cause of concern. Greece needed a 750 billion assistance program, consisting of 440 billion loans from euro-zone governments, 60 billion from an EU emergency fund, and 250 billion facility from the International Monetary Fund. Even so, Greece is expected to have a GDP growth of -5% in 2010. Spain is also unlikely to be in positive growth territory. Portugal is vulnerable. And best that the euro area can hope for is around 1% GDP growth in 2010.

I, therefore, see growth in Asia, led by China, India, South Korea and Indonesia; in Latin

America, especially Brazil, Chile and Argentina; and in the USA and Canada. Middle East and North Africa also promise growth. But I don't see any positive impetus coming out of Europe in the next fiscal year.

For the year ended 31 March 2010, your Company's consolidated financial performance was as follows:

- + Revenues stood at Rs. 10,874 crore, compared to Rs. 12,002 crore in 2008-09
- + Operating Earnings before Interest, Depreciation and Taxes (Operating EBITDA) was Rs. 218 crore (Rs. 374 crore in 2008-09)
- + Profit after Taxes (PAT) reflected a loss of Rs. 108 crore vis-à-vis a loss of Rs. 225 crore in the previous year.

Your Company closed 2009-10 with a strong order book, a number of prestigious orders and some landmark equipment acquisitions. You will read about them in detail in the chapter on Management Discussion and Analysis. Here, let me share some of the highlights with you.

In the energy vertical, Punj Lloyd has won substantial contracts in all the geographies

where it is present. Your Company won its first offshore project in Thailand for platform compression facilities with a contract value of Rs. 574 crore. In Singapore, a Rs. 151 crore project for Jurong Lubes Terminal was also won during the year. In the Middle East, your Company won a Rs. 593 crore contract from Aramco Total Refinery and Petrochemical Company (SATORP) for its port tank farm project. And, in India, two orders for Mangalore Refinery totalling Rs. 785 crore and an order of Rs 320 crore from Nagarjuna Oil Corporation for the Cuddalore Refinery Project are among the ones that ought to be mentioned.

2009-10 was a breakthrough year for your Company in the power segment, where it won two large projects for Balance of Plant systems. The first was from Ind Barath (Utkal) Ltd. valued at Rs. 974 crore, for its 2 x 350 MW project at Orissa. The second is from Dhariwal Infrastructure Limited, for Rs. 1,023 crore, for their 2 x 300 MW thermal power plant at Chandrapur, Maharashtra.

Renewables is an area of focus for the future. I am delighted to inform you that your Company has won India's largest solar-based EPC contract, valued at Rs. 232 crore. This is a breakthrough project, not only for its size, but also for the fact that it envisages setting up solar-based water treatment plants across multiple districts in Bihar, which should solve the issue of severe groundwater contamination faced by India's rural population.

Your Company has been at the forefront of building infrastructure in India as well as overseas. 2009-10 has seen the award of a number of large contracts. The largest of them, valued at USD 1.27 billion, was awarded by the International Investment and Services Company, Economic and Social Development Fund, Libya, for commercial development. A further order of USD 414 million for utilities in three townships has also come from Libya. Your Company's subsidiary, Sembawang Engineers and Constructors, won a contract from Singapore's Land Transport Authority for building Mass Rapid Transport stations.

In India, the Bangalore Metro Rail project, which was won early in 2009-10, was further enhanced to eight Metro stations, for a total value of Rs. 308 crore. In April 2010, soon after the close of the financial year, your Company was awarded a Rs. 115 crore project for building and civil infrastructure of the new All India Institute of Medical Sciences at Raipur.

MR ATUL PUNJ • CHAIRMAN • PUNJ LLOYD GROUP



YOUR COMPANY WON ITS FIRST OFFSHORE PROJECT IN THAILAND FOR PLATFORM COMPRESSION FACILITIES WITH A CONTRACT VALUE OF RS. 574 CRORE

Winning large projects is one part; executing them well is critical. To execute complicated projects, your Company has always invested in specialised equipment and machinery. During 2009-10, Punj Lloyd commissioned *Kuber*, its new pipe-laying barge, capable of laying pipelines in water at depths of up to 150 metres. *Kuber* is the only wholly owned Indian flag vessel that has the capability of laying pipelines at this depth. With this acquisition, we hope to reduce the dependence of our Indian hydrocarbon clients on foreign flag vessels for pipe laying operations in deeper waters. *Kuber* will also open up offshore pipe-laying opportunities in the Middle East and the Far East.

The dispute between our subsidiary, Simon Carves Limited (UK) and SABIC, involving the EPC of the 400,000 tons per annum LDPE plant at Teesside in the United Kingdom, about which I had written to you last year, still remains.

Simon Carves was also involved in building the world's largest wheat based bio-ethanol plant for Ensus Limited. The project was successfully commissioned during the year. However, there were significant cost and time overruns, some of which was due to unlawful strikes and problems with a client-nominated equipment supplier. Ensus Limited has relied on its contractual right to recover liquidated damages of £ 23.1 million (Rs. 163 crore),



WINNING LARGE PROJECTS IS ONE PART. EXECUTING THEM WELL IS CRITICAL. TO EXECUTE COMPLICATED PROJECTS, YOUR COMPANY HAS ALWAYS INVESTED IN SPECIALISED EQUIPMENT AND MACHINERY

which have been fully provisioned in the books of accounts and hence has impacted your Company's consolidated profitability.

Punj Lloyd was a 19.43% shareholder in Pipavav Shipyard Limited — an investment of Rs. 349 crore that it had made three years ago. In 2009-10, your Company sold its entire stake gaining substantial returns, as you will read in the Management Discussion & Analysis later.

Economic forecasts put India's GDP growth for 2010-11 at 8.5%. What is more encouraging

is that a substantial part of this is expected to be fuelled by major investments in infrastructure. Therefore, I am optimistic of your Company's near and middle term growth and profitability prospects. To focus more sharply on this, we have put in place key organisational changes. I am confident that we have the order book, the execution skills and the managerial bandwidth to grow and leverage profitable growth opportunities where they may arise.

Let me conclude by thanking all our people, sub-contractors and other stakeholders for their support during the year. And to you for your support as a shareholder.

Atul Punj
CHAIRMAN

Corporate Information

REGISTRAR

Karvy Computershare Pvt Ltd
Plot No 17 – 24, Vittalrao Nagar
Madhapur, Hyderabad- 500 081

T + 91 040-4465-5000
F + 91 040-2342-0814

BANKERS

- + AXIS Bank
- + ABN Amro Bank N.V
- + Arab Bank plc, Bahrain
- + Andhra Bank
- + Abu Dhabi Commercial Bank, Abu Dhabi
- + Bank Muscat saog, Oman
- + Bank of India
- + BNP Paribas, Abu Dhabi
- + Canara Bank
- + Calyon Bank
- + Central Bank of India
- + CitiBank N.A
- + Development Credit Bank Ltd.
- + DBS Bank Limited
- + Deutsche Bank AG
- + Dhan Laxmi Bank Ltd
- + Doha Bank, Qatar
- + Emirates Bank International pjsc, Abu Dhabi
- + Export - Import Bank of India
- + Federal Bank
- + First Gulf Bank, Abu Dhabi
- + HDFC Bank Ltd.
- + HSBC Bank Middle East Limited, Dubai
- + ICICI Bank Limited
- + IDBI Bank Limited
- + Indian Bank
- + International Finance Corporation, Washington D.C
- + Indian Overseas Bank
- + IndusInd Bank
- + ING Vysya Bank
- + Jammu & Kashmir Bank Limited
- + Karur Vysya Bank
- + Life Insurance Corporation of India
- + Mashreq Bank psc, Dubai
- + Oriental Bank of Commerce
- + Punjab National Bank
- + Standard Chartered Bank
- + State Bank of India
- + State Bank of Bikaner and Jaipur
- + State Bank of Hyderabad
- + State Bank of Patiala
- + UCO Bank
- + Union National Bank, Abu Dhabi
- + United Bank of India
- + Vijaya Bank
- + Yes Bank Limited

S N P Punj

Chairman (Emeritus)

BOARD OF DIRECTORS

Atul Punj	Chairman
Naresh Kumar Trehan	Director
Sanjay Bhatnagar	Director
Niten Malhan	Director
Phiroz Vandrevala	Director
Luv Chhabra	Director (Corporate Affairs)
P K Gupta	Whole Time Director

AUDIT COMMITTEE

Naresh Kumar Trehan	Independent Director, Chairman of the Committee
Sanjay Bhatnagar	Independent Director
Niten Malhan	Non Executive Director
Phiroz Vandrevala	Independent Director

INVESTORS' GRIEVANCE COMMITTEE

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

REMUNERATION COMMITTEE

Naresh Kumar Trehan	Independent Director
Sanjay Bhatnagar	Independent Director
Niten Malhan	Non Executive Director

COMPANY SECRETARY

Dinesh Thairani

AUDITOR

S R Batliboi & Co. Chartered Accountants



Sabah Sarawak Gas Pipeline

MALAYSIA **ONGOING**



The pipeline extends

**521 KM, 36"
IN DIAMETER,
CUTS ACROSS
1800 STREAMS
AND RIVERS**

included engineering,
procurement, construction
and commissioning



The project valued at

**US\$ 599
MILLION IS
THE LARGEST
PIPELINE
PROJECT IN
MALAYSIA**

awarded by Petronas
Carigali Sdn Bhd to
Punj Lloyd



Safety records of

**8 MILLION
MAN HOURS
ACHIEVED**

without lost time injury



Without disturbing

**THE TRIBALS
WHO INHABIT
120 KM OF ROW**



Strategic Gas Pipeline

QATAR ONGOING



The project valued at

US\$ 800 MILLION IN QATAR IS THE LARGEST EPC PIPELINE PROJECT

undertaken by the company



A record number of

3400 PEOPLE, FROM 15 COUNTRIES

were mobilised to deliver this project, bringing their multicultural experience into play



Safety records of

6.8 MILLION MAN HOURS ACHIEVED

without lost time injury



Novation orders worth

US\$ 400 MILLION

were managed and administered by the company on behalf of Qatar Petroleum



Yemen Offsites and Utilities

YEMEN COMPLETED 2009



Punj Lloyd's first project in Yemen, and a part of

THE LNG TERMINAL OF 6.7 MMTPA CAPACITY

this project is a major stepping stone for the economic growth and investment of Yemen



A remarkable achievement

WAS THE ERECTION OF 135M DERRICK FLARE

the tallest industrial structure in Yemen



Punj Lloyd

CLOCKED 10 MILLION MAN HOURS

without lost time injury



Manpower at peak

OVER 3000 MULTICULTURAL WORKFORCE

including 360 Yemeni employees



Haldia Hydrocracker & Hydrogen Generation Units

INDIA **COMPLETED 2010**



Punj Lloyd becomes

THE FIRST INDIAN COMPANY

to successfully execute
a Hydrocracker Unit
from engineering to
commissioning on a
turnkey basis



The project took

39 MONTHS, 20 DAYS

to complete — setting a
new benchmark in India,
beating the previous best
by two weeks



Safety records of

12.9 MILLION MAN HOURS ACHIEVED

without lost time injury



A project where

370 MECHANICAL EQUIPMENT WEIGHING 7,500 MT

were erected inside an
operating refinery

2001 2010

Highlighted here are some key projects in our various verticals under the infrastructure sector, across the last decade.

INFRASTRUCTURE PROJECTS



UTILITIES

Changi Water Reclamation Plant
Singapore

BUILDING CAPACITY FOR SINGAPORE'S WASTEWATER TREATMENT FOR THE NEXT 100 YEARS

The 54 hectares, compact and covered wastewater treatment facility, is designed to handle 800 thousand cubic metres (with an ultimate capacity of 2.4million cubic metres) from homes, industries and businesses every day.



RAIL TRANSIT SYSTEMS

Punggol and Sengkang LRT Systems
Singapore

SINGAPORE'S SECOND AND THIRD LIGHT RAPID TRANSIT SYSTEM

Punggol and Sengkang LRT system consists of 29 above ground stations and 21 km track and a depot. We designed and built the system that formed an integral part of Singapore's plans for a world-class public transport system. The fully automated train operation and control system totally integrated the MRT systems with seamless transfer.



UNDERGROUND TUNNELS

MRT Circle Line C856
Singapore

WITHOUT DISTURBING THE CITY ABOVE

Tunneling in highly variable ground conditions – beneath a row of more than four decade old shops, public roads, residential housing and commercial blocks. Working in close proximity to power sub stations, high tension cables and existing viaduct structures.



ROADS & HIGHWAYS

Upgradation of Belgaum – Maharashtra Border Section of NH-4
Maharashtra, India

ONE OF INDIA'S MOST PRESTIGIOUS GOLDEN QUADRILATERAL PROJECTS

This included strengthening and widening the highway from two lanes to four/six lanes. Project was completed 5 months ahead of schedule.

Growing in scope and spread—a decade of change

2001 to 2010 was a decade of growth for Indian business. The BSE Sensex moved from 3,955 on 31 December 2000 to 17,528 on 31 March 2010. Ten years ago, a 4% GDP growth was considered satisfactory; today, 8.5% is considered moderate and we aspire to double digit GDP growth. In 2001, India was at best a big regional economic power; today, it is the second fastest growing large economy in

the world. India has made its presence felt on the world stage.

As with India, so with Punj Lloyd. Ten years ago, we were known as a pipeline and construction company. Today, we are an EPC major with our presence in energy, power, civil and infrastructure and most recently, renewables. Earlier, our operations were mainly in India and the Middle East.

Today we span South Asia, Asia Pacific, Europe, China, Middle East, Africa and the Caspian.

The next decade promises even greater growth, especially in the infrastructure and construction segments and especially among Asian and African economies. Punj Lloyd is poised to grow as well – the future is exciting; the future is growth.

Upgradation of NH-4, Belgaum- Maharashtra INDIA
National Highways Authority of India

Steel Storage Tanks for Water & Power ABU DHABI, UAE
Technip / Al Jaber Energy Services

Panaran Pemping Gas Pipeline INDONESIA
PT Perusahaan Gas Negara

Visbreaker Unit & Sulphur Block MANALI REFINERY, INDIA
Petrofac International Ltd / Chennai Petroleum Corp Ltd

Baku-Tbilisi-Ceyhan Crude Oil Pipeline TURKEY
Botas / BTC co / British Petroleum / ILF Consulting Engineers

2001

2002

Punj Lloyd's scope of work in the projects listed varies from delivery of complete EPC projects in some cases to awarded sections of mega projects in others.



INDUSTRIAL PARK

**Wuxi-Singapore
Industrial Park**
China

ONE OF CHINA'S HIGH-TECH INDUSTRIAL PARKS

A world-class, self contained and integrated development offering complete manufacturing environment for high tech industries with amenities like medical and child-care centres, sports and recreational facilities for the workers.



BUILDINGS

Medicity
Gurgaon, India

ONE OF INDIA'S LARGEST MULTI-SUPER SPECIALITY INSTITUTES

Built to international standards, the multispeciality hospital has a 19 storied OPD, two 18 storied IPD and nine storied OT.



LEISURE & HOSPITALITY

Hotel Four Seasons
Singapore

THE FIRST 6-STAR HOTEL IN SINGAPORE

This exclusive 21 storey, 280 room development consists of a reinforced concrete frame structure with a 5-storey podium block and 3-storey basement carpark.



AIRPORTS

Greenfield Airport
Sikkim, India

HIGH ALTITUDE AIRPORT

Airport at Pakyong in the foothills of the Himalayas will have the highest reinforced earth wall in the world, 80 m high and a runway of 1700 m with 90 m extensions, at each end

Upgradation of Hanumangarh-Ratangarh Road
RAJASTHAN, INDIA
RIDCOR

Upgradation of NH-31, Nalbari To Bijni
ASSAM, INDIA
National Highways Authority of India

Upgradation of NH-31, Guwahati-Nalbari (AS-4 & AS-5) ASSAM, INDIA
National Highways Authority of India

Jindal Power Plant
INDIA
Jindal Power Ltd.

Raigarh Thermal Power
INDIA
Jindal Power Ltd.

Petroleum Storage Expansion (Phase 5)
PULAU BUSING, SINGAPORE
PB Tankers Ltd.

Onshore Gas Development (Phase III)
ABU DHABI, UAE
GASCO / Eastern Bechtel Co Ltd.

South Sumatra-West Java Gas Pipeline (Phase II)
INDONESIA
PT Perusahaan Gas Negara

Uran Trombay Jawahardeep Oil Pipeline
INDIA
Oil and Natural Gas Corp Ltd.

Elevated Viaduct for Delhi Metro
INDIA
Delhi Metro Rail Corporation

Peciko Onshore Development (Phase 4)
INDONESIA
TotalFinaElf E&P Indonesia

LNG Storage Tanks for Receiving Terminal
HAZIRA, INDIA
Hazira LNG Pvt Ltd./Shell Global Solutions Int. BV

Baku-Tbilisi-Ceyhan & South Caucasus Pipeline, GEORGIA
Spie Capag - Petrofac International Ltd

Dahej-Vijaipur Gas Pipeline
INDIA
Gas Authority of India Ltd./ Engineers India Ltd.

Upgradation of NH 54, Silchar to Balachera
ASSAM, INDIA
National Highways Authority of India

Large & Small Bore Pipelines
KAZAKHSTAN
Tengizchevroil/PFD International LLC (Parsons/Fluor Daniel JV)

Gas Export Capacity Increase Pipeline
OMAN
Petroleum Development Oman LLC

Low Temperature LPG Storage Tank
INDIA
Reliance Industries Ltd., India

2003

2004

2005

2001 2010

Highlighted here are some key projects in our various verticals under the oil and gas sector, across the last decade.

OIL & GAS PROJECTS



PETROCHEMICALS

300ktpa LDPE plant
Thailand

OUR 36TH HIGH PRESSURE POLYETHYLENE PLANT

Constructed for PTT Polyethylene Company Ltd, this plant will incorporate Basell Lupotech T technology.



RENEWABLES

Water Treatment Plants
Bihar, India

LARGEST SOLAR BASED EPC CONTRACT IN INDIA

Design, construction and commissioning of 850 water treatment plants across the state of Bihar, completely solar powered



TANKS & TERMINALS

LNG Storage tanks for Receiving Terminal
Hazira, India

ONE OF INDIA'S THREE LARGEST LNG TERMINALS

Construction of 2 LNG storage tanks each of 160,000 m³ capacity (83.6 m dia and 49 m ht). The 770 MT roof was airlifted in a record time of 1 hr 38 mins – the fastest air lift of a dome roof of such proportions in India.



PIPELINES

Baku-Tbilisi-Ceyhan Crude Oil Pipeline
Georgia, Turkey

THE PIPELINE OF THE CENTURY

The pipeline traverses Georgia at Tbilisi and ends at Ceyhan in Turkey. Workforce from 11 nationalities was employed. Besides protecting 30 archaeological sites within the ROW, Punj Lloyd restored River Zamanti and its 600 m flood plain.

Utilities and Offsites for LNG Plant

YEMEN Yemen LNG Co Ltd./Yemgas
(JV of Technip France, JGC corp and Kellogg Brown & Root)

LNG Storage Tank Expansion, Dahej

INDIA Ishikawajima-Harima Heavy Ind. Co. Ltd.,
Japan / Petronet LNG Ltd.

Tunu Field Development / South Utility Platform

INDONESIA
TotalFinaElf E&P Indonesia

Lalsot to Kota Highway Project

INDIA
RIDCOR (Road Infrastructure Development Co. of Rajasthan Ltd.)

Hydrocracker & Hydrogen Generation Unit

INDIA
Indian Oil Corp Ltd./ Lurgi India Co Ltd.

Fuel Systems

QATAR
New Doha International Airport/Bechtel (PMC)

Bulk Liquid Products Terminal (Ph 3 Expansion)

SINGAPORE
Horizon Singapore Terminals Pte Ltd.

Offsite & Storage Facilities for Naphtha Cracker

PANIPAT REFINERY, INDIA

IOCL (Indian Oil Corporation)

Melita ElKhoms Tripoli Pipeline

LIBYA
Sirte Oil Company

Oil & Gas Export Pipelines

KAZAKHSTAN
Agip KCO

Initial Public Offering (IPO)

Acquired SempCorp Engineers & Constructors (now Sembawang Engineers & Constructors) and Simon Carves, UK.

LNG Storage and Regasification Terminal

INDIA
Ratnagiri Gas and Power Ltd.

Doha Urban Pipeline Relocation

QATAR
Qatar Petroleum

Dahej Uran Pipeline

INDIA
Gail Ltd.

Medicity-Multispecialty Hospital

INDIA
Global Health Pvt. Ltd.

Elevated Viaduct with Four Metro Stations

INDIA
Delhi Metro Rail Corporation

Bulk Liquid Storage and Blending Facility

SINGAPORE
Helios Terminal Corp Pte Ltd., Singapore

Chhabra Thermal Power

INDIA
Rajasthan Vidhyut Utpadan Nigam Ltd.

Multi-Product Pipeline

QATAR
Qatar Petroleum

Bayfront Station, MRT Line

SINGAPORE
Land Transport Authority

Sentosa Integrated Resort's substructure

SINGAPORE
Genting International

Heera Redevelopment Platform

INDIA
Oil and Gas Natural Corp Ltd

Wheat-Based Bio-Ethanol Plant

UNITED KINGDOM
The Ensus Group

Sulphur Block for Bina Refinery

INDIA
Bharat Oman Refineries Ltd.

Delayed Coker Unit & Coker LPG Merox Block

VADODARA REFINERY, INDIA
Indian Oil Corp. Ltd. / Toyo Engineering India Ltd.

OGC Pipeline

OMAN
Oman Gas Company

East West Gas Pipeline

INDIA
Reliance Gas Transportation & Infrastructure Ltd.

Uran-Trombay Gas Pipeline

INDIA
Oil and Natural Gas Corp Ltd.

2006

2006 continued

2007



REFINERIES

Sulphur block at Bina Refinery
Madhya Pradesh, India

INDIA'S FIRST SULPHUR BLOCK IN A GRASSROOT REFINERY

The work involves 22500 m³ of concreting coupled with 2400 MT of structural work. A total of 230 equipment were sourced from vendors across India, USA, France, Italy, Singapore, UAE, among others.



POWER

1000 MW Jindal Power Plant
Chhattisgarh, India

ONE OF INDIA'S FIRST INDEPENDENT MEGA POWER PLANTS

Civil, structural and architectural work including area grading, bored cast-in-situ piling, concreting, roads and culverts, drains, earth-work, fabrication and erection of structural steel work at Tamnar, Dist. Raigarh.



OFFSHORE

Heera Redevelopment Platform
Mumbai, India

THE FIRST INDIAN COMPANY TO EXECUTE AN OFFSHORE INSTALLATION OF THIS MAGNITUDE

Includes a gamut of offshore facilities including 4 wellhead platforms, 50 km rigid submarine pipeline, 10 km flexible pipeline, 20 km of composite cables and replacement of 30 year old single buoy mooring system.



ONSHORE

Onshore Oilfield Waha Oil Company
Libya

DRILLING TO DEPTHS OF 5000 M, OUR ONSHORE RIGS HAVE STRUCK OIL IN LIBYA

For one of the major oil and gas producers in Libya, testing the tenacity of our manpower in difficult and diverse terrain.



Best Infrastructure Company

at the NDTV Profit Business Leadership Awards



First Generation Entrepreneur of the Year Award

awarded to Chairman Atul Punj at the India Business Leader Awards, 2008 by CNBC TV 18

Integrated Resort's Casino, Theatres & Retail Arcade SINGAPORE

Marina Bay Sands Pte Ltd.

Motor Spirit Quality Upgradation INDIA

Indian Oil Corp Ltd./Lurgi Ltd.

Coal Fired Thermal Power Project INDIA

GVK Power (Govindwal Sahib) Ltd.

Fuel Oil Terminal KALIMANTAN, INDONESIA

PT Shell Indonesia

Strategic Gas Transmission Project QATAR

Qatar Petroleum, Qatar

Sabah Sarawak Gas Pipeline MALAYSIA

Petronas Carigali Sdn Bhd



Global Ranking in ENR

as one of the top international and top global contractors.



Infrastructure Excellence Award

in association with CNBC TV 18 in the Oil & Gas category for the Dahej-Vijaipur Gas Pipeline.



Outstanding Contribution in Engineering (P&M)

awarded to Chairman Atul Punj at the Chemtech Awards



Gold Award in Construction Sector

for Outstanding Achievement in Safety Management by Greentech.

Sikkim Airport Project INDIA

Airports Authority of India

Bangalore Metro Rail Project INDIA

Bangalore Metro Rail Corporation Ltd.

MRT Stations SINGAPORE

Land Transport Authority

Port Tank Farm

SAUDI ARABIA

Saudi Aramco Total Refinery & Petrochemical Company



Infrastructure Company of the year

at Essar Steel Infrastructure Excellence Awards 2010 in association with CNBC TV 18

Gas Gathering Package

ABU DHABI

Abu Dhabi Gas Development Company Ltd.

Vertical Construction Contract, Cuddalore Refinery, INDIA

Nagarjuna Oil Corporation Ltd.

Process Unit and Offshore Facilities

INDIA

Engineers India Ltd. / Mangalore Refinery & Petrochemical Ltd.

Hyderabad Vijayawada Expressway, NH 9 INDIA

GMR Hyderabad Vijayawada Expressways Private Ltd.

Ind-Barath Energy Thermal Power Project INDIA

Ind-Barath Energy (Utkal) Ltd.

Solar-Powered Water Treatment Plants INDIA

Public Health Engineering Dept (Govt of Bihar)

Thermal Power Project

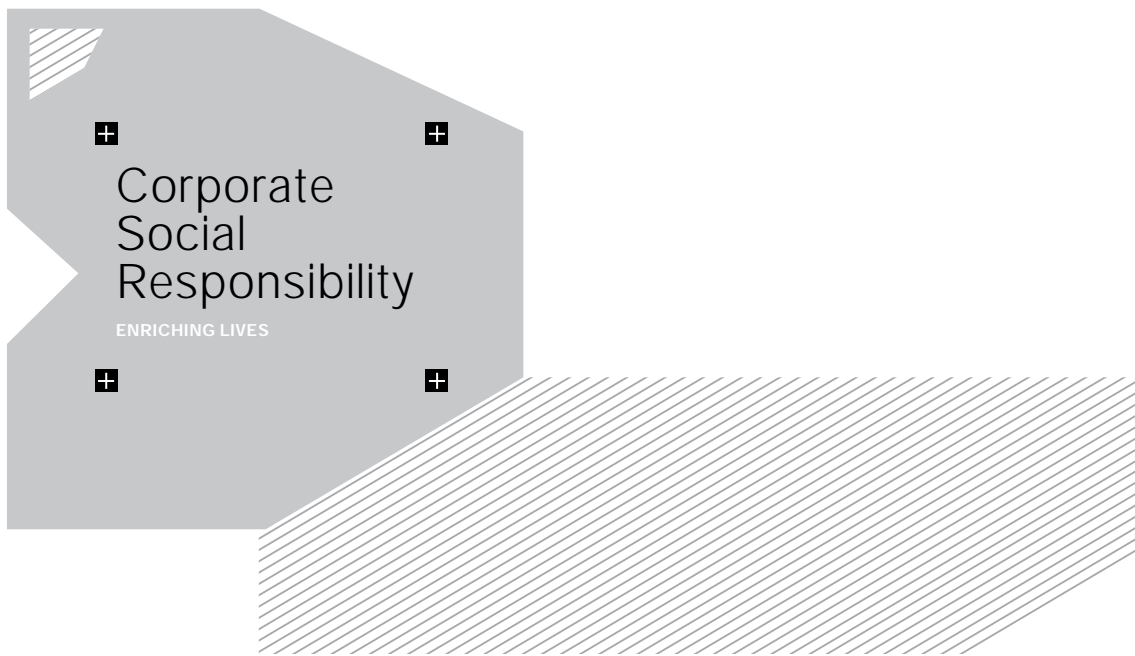
INDIA

Dharialw Infrastructure Pvt Ltd., Kolkata

2008

2009

2010



In Punj Lloyd, Corporate Social Responsibility is focused on enhancing the lives of the local community. This takes shape by way of providing better employment opportunities, teaching new skills and in general, creating a better quality of life for the people with whom the Company interacts.

Improving infrastructure, building roads, providing water facilities and organising free medical check-up camps are part of the initiatives; in some of which the Company has partnered with non profit organizations like YP Foundation, Artistes Unlimited and Pratham. The Company's own initiative, Dayawanti Punj Model School in Uttar Pradesh, has benefited over a thousand children, bringing in world class education to Sitamarhi and its adjoining areas. And Punj Lloyd's 'Life Enrichment Programme', which has brought in a 'life first' culture to the thousands of workers that the Company engages, either directly or indirectly, at its various project sites, deserves special mention.

THE LIFE ENRICHMENT PROGRAMME

Punj Lloyd undertook the Life Enrichment Programme to improve the lives, health and safety conditions of workers, not only at their workplace, but also in their living quarters and their personal lives. Started three years ago in February 2007, the programme aimed at creating an enabling environment to holistically

improve worker health and lifestyle, improve morale and create a mutually beneficial work environment. This was achieved through access to life-transforming workshop sessions motivating each individual associated with the specific site project to demonstrate the highest professional and personal conduct on site both during and off work. The overall programme was structured in a manner that it is:

- + Feasible
- + Creates ownership
- + Addresses people from different geographical locations and with different cultural backgrounds.

Approximately 6,500 people were addressed in project sites at Gurgaon, Panipat, Haldia and Baroda. In addition, some 2,500 peripheral participants were also influenced by the programme – comprising management staff, support staff and contract labour. The project, jointly funded by Punj Lloyd and by the International Finance Corporation (IFC), targeted medical check up and treatment of the workers through mobile clinics, on-site clinics and hospital referrals. Health awareness and sensitisation programmes were

LIFE ENRICHMENT PROGRAMME, PHASE II PROJECT WORK SITES AND WORKERS COLONIES

LOCATION	Naphtha Cracker site Panipat Refinery	Hydrocracker Unit Haldia Refinery	Delayed Coker LPG Merox Unit Vadodara Refinery
DURATION	9 months (August 2008 to May 2009)	11 months (October 2008 – December 2009)	12 months (February 2009 – March 2010)

LIFE ENRICHMENT PROGRAMME

ACTIVITIES	RESULTS
HIV counselling (pre and post), HIV voluntary testing, condom usage demonstration, condom distribution, establishment of condom depots at various locations in the site, HIV awareness through street plays, workshops, trainings, video shows, puppet shows, quiz.	Increased awareness about HIV. Increased condom usage. Reduction in sex with sex workers. Increased voluntary testing
Training in first aid	Increased awareness about diseases
One - to - Group communication about diseases, their causes and prevention	Significant reduction in the incidence of illness
Mobile clinic providing comprehensive health care services including treatment and support for diseases like malaria, dental health care and common ailments. Awareness camps on oral health care, tuberculosis, swine flu etc.	Reduction in self spending on medical treatment
Cleaning of labour colonies, fumigation, sampling of drinking water, food testing	Decreased incidence of water borne diseases, malaria/dengue and others
Recreational activities like yoga, volleyball, football, carom and badminton	Feeling of wellbeing among workers, relaxation and feeling of being re-energised
Celebration of National Safety Day, AIDS Day, TB Day, Oral Health Care Day	Increased awareness to these issues and commitment on part of management and workers to sustain the initiative

undertaken through 60 street theatre shows. Long standing health problems, dental health, surgical conditions and treatment of ailments were attended to on a regular basis, along with addressing 'at-risk' sexual behaviour and mechanisms to prevent AIDS.

The project has made impressive strides. Its approach of putting the ownership of action on mentors, ambassadors, peer coordinators and peer educators, created from among the workforce in all sites has yielded remarkable results in ensuring knowledge and behaviour changes in health seeking practices, abstaining from at-risk sexual conduct and establishing

healthy living conditions, including sanitation and hygiene. With an improvement in the workers' health and lifestyle, morale improved, productivity increased and absenteeism reduced. Safety conditions were pressed into action as a way of life, resulting in drastically reducing incidents and accidents on the worksites and improved labour practices – something that was appreciated by external statutory authorities. Above all, work progressed in an atmosphere of caring, concern and camaraderie. Improved interpersonal relationships among the workers and between management and workers broke regional

HIGHLIGHTS

1600 DENTAL
TREATMENTS DONE AT
ORAL HEALTH GUARD
MOBILE CLINIC

165 SPECTACLES
WERE GIVEN
TO WORKERS DURING
EYE CAMP FOR POOR
EYESIGHT

324 CASES OF
REFERRAL
TREATMENT

300 WORKERS
BENEFITTED
FROM YOGA

11 HYDROCELE
OPERATIONS

barriers and ensured better communication, with its consequent positive fallout on productivity.

The approach adopted by Life Enrichment promises to be a pioneering attempt at industry response not just to HIV/AIDS but to medical health facilities for construction workers, where young semi-skilled and unskilled workers come face to face with the human face of Punj Lloyd Group, ushering in an era of humanistic corporate culture.



Management Discussion & Analysis

EVALUATING PERFORMANCE

Economic Overview

The World Economy >The global economy shrank by about half a percentage point in 2009. The effect was widespread – especially so in the Western economies, which shrank by over 3% in 2009. Even the Asian powerhouse economies reflected sharply reduced rates of growth – a modest 2.5% in 2009.

In 2010, the world's economies are poised for recovery, but with sharp regional disparities. While overall global output is expected to grow by 4.25% in 2010, advanced economies are predicted to grow at not more than 2.25%. Even the 2.25% growth comes with a caveat: the public debt situation of a number of economies, especially in Europe, will need to be managed and reduced if growth is to be sustained. Greece, Portugal and Spain are examples of how economic growth can be massively hurt by profligate public spending and debt policies – and other economies with fragile balance sheets should well heed the warning.

Emerging economies, on the other hand, are projected for over 6.25% growth. Among these, China and India are the major growth leaders. There is also an upward trend in the growth indicators of key Latin American countries. Sub-Saharan Africa also has weathered the global crisis, with robust recovery expected after the downturn¹.

INDIA

India's GDP for 2009-10 is now being estimated at 7.4% on the back of strong Q4 economic performance². India's GDP growth for 2010-11 is now being projected around 8.5%. Core industries and infrastructure services are showing signs of recovery. With the Government emphasising the need to focus on infrastructure (especially for roads, power and ports), this sector is expected to show significant signs of growth. Fifteen new oil and gas discoveries during 2009-10 have meant that domestic availability of oil and gas is also expected to improve. Government of India has also emphasised road-building activities as part of its infrastructure development initiatives³.

Industrial activity has also been improving consistently over 2009-10. The Index of

¹ Source: IMF, World Economic Outlook, Apr 2010

² Source: Ministry of Statistics, Government of India

³ Source: Economic Survey, 2009-10

1

COMMODITY PRICE CHANGES: APRIL 2010 VS. APRIL 2009

COMMODITY	30 APR 2009	30 APR 2010	% CHANGE
Copper (\$/tonne)	4,515	7,430	64.56
Zinc (\$/tonne)	1,408	2,285	62.29
Aluminium (\$/tonne)	1,430.50	2,255	57.64
Nickel (\$/tonne)	11,505	26,300	128.60
Lead (\$/tonne)	1,355	2,230	64.58
Crude (\$/barrel)	49.10	85.99	75.13
Steel HRC (Rs/tonne)*	46,500	42,500	(8.60)
Cement (Rs/50 kg)	245	255	4.08

Source: Business Standard 3 May 2010

+

A Commodity Price Trends 2009 -10



Industrial Production (IIP) quick estimate for March 2010 reflects a 13.5% growth over March 2009, with 10.1% growth in basic goods and 27.4% growth in capital goods ⁴.

There is, however, a flip side to the growth story. Commodity prices have been increasing steadily, with consequent impact on input prices, especially for organisations such as yours, which are dependent on commodity products for oil and gas, projects and infrastructure development – steel, cement and aluminium, among others. **(Chart A & Table 1)**.

The economic rebound in the infrastructure sector, especially in Asia and emerging economies, is encouraging; however, given the parlous state of the budgets of a number of countries in Europe, the optimism needs to be tempered with caution.

THE BUSINESS SEGMENTS

Punj Lloyd Ltd. ('Punj Lloyd' or 'the Company') operates in four major segments: Energy, Civil and Infrastructure, Power and Renewables.

Table 2 gives the figures.

ENERGY

Spread across India, the Middle East and the Asia Pacific region, the Energy vertical in Punj Lloyd is the most significant revenue earner for the Company, contributing 79% of the total revenues for the year ended 31 March 2010; the order backlog of Rs. 9,995.15 crore constitutes 36% of the total order backlog. The vertical comprises the following sub-segments: Process Plants, Pipeline and Tankage. **Table 3** details the revenue earnings and order backlog position for each of the sub-segments.

Process, Pipeline & Tankage

During the year, Punj Lloyd won the following significant contracts in each of the above segments:

- + Process**– The process segment won two major orders: one in India and one overseas. The first is the Engineering Procurement and Commissioning (EPC) contract, valued at Rs. 550.47 crore from Mangalore Refineries and Petrochemicals Limited (MRPL) for their Coke Drum Structure Package (Stage III). The second major order is valued at Singapore \$ 42.61 million (Rs. 151.17 crore) for the EPC of Jurong Strategic Study Project at Jurong Lubes Terminal Singapore for Exxon Mobil Asia Pacific Pte Ltd.
- + Pipeline**– Gas Authority of India Limited (GAIL) awarded the Company a Rs. 167.51 crore project for 43 km of pipelaying for its Dahej terminal along with associated facilities.
- + Tankage**– Propane/Butane/LPG Import Terminal Project at Ennore Tamil Nadu, for Indian Oil Petronas Pvt. Ltd. – valued at Rs. 275.80 crore. Additionally, this segment has also won, from Cairn Energy India Pty Ltd., an order for crude oil storage tanks

⁴ Source: Ministry of Statistics & Programme Implementation, CSO Release dated 12 May 2010

2

CONTRACTS REVENUES AND ORDER BACKLOG: BY BUSINESS SEGMENT

IN RS. CRORE

SEGMENTS	ENERGY	CIVIL & INFRASTRUCTURE	POWER	RENEWABLES	TOTAL
Total Revenue	8,163.86	2,017.17	144.57	—	10,325.60
% Share	79%	20%	1%	—	100%
Order Backlog	9,995.15	14,621.66	2,919.95	232.79	27,769.55
% Share	36%	53%	11%	1%	100%

SEGMENTS	PROCESS	PIPELINE	TANKAGE	TOTAL
Total Revenue	3,143.15	4,769.96	250.75	8,163.86
% Share	38%	59%	3%	100%
Order Backlog	6,654.09	2,774.32	566.74	9,995.15
% Share	67%	28%	6%	100%

at their Bhogat terminal (value: Rs. 160.45 crore).

On the execution side, some of the large projects that were won during previous years saw substantial progress in 2009-10. **Table 4** details some of the major projects being executed and under commissioning during the year.

Power

For Punj Lloyd, Power is a key business vertical. The company is a comprehensive solution provider for Thermal power plants in India, upto 660 MW. The company has moved up the value chain from being a construction player onto becoming a total solution provider for complete power plants on EPC Basis.

Thermal and Conventional Power

In 2009-10, the business portfolio of the power vertical has grown to five major projects. During

the year, the Company won the following orders:

- ✦ Partial balance of plant and civil work for a 2x350 MW thermal power project for Ind-Bharath Energy (Utkal) Limited at Jharsuguda Orissa; the value of the order is Rs. 947 crore.
- ✦ EPC for complete BOP systems including civil and structural work for the entire plant, erection, testing and commissioning services for boiler, turbine and generators for a 2x300 MW thermal power plant, near Chandrapur (Maharashtra); the customer is Dhariwal Infrastructure Private Limited, RPG Group company and the order is valued at Rs. 1,023 crore
- ✦ Execution of civil of BTG area unit 1,2 & 3 and structural work for all units for 6X600 MW valued at Rs. 177 crore for KSK Energy (through SEPCO) for their plant in Chhattisgarh.

As stated in last year's Annual Report, Punj Lloyd was executing the complete EPC for BOP package of the 2x250 MW Chhabra Thermal Power Project in Rajasthan; the second unit at Chhabra is under trial run. In the Govindwal Sahib Power Project in Taran Taran, the site work has commenced and the major equipment ordering is in progress – the order is valued at Rs. 1,005 crore. **Table 5** details the major power projects under execution and commissioning for 2009-10.

Nuclear Power

At the end of the Tenth Plan period, India's nuclear power capacity was 3,900 MW. The Eleventh Plan proposed to add another 3,380 MW of generation capacity to reach a total of 7,280 MW – however, as on 31 March 2010, the total installed capacity is 4,560 MW or about 3% of the total power generation⁵. Recognising that, over the medium and long term, India will need to expand its nuclear power generation capabilities, Punj Lloyd has entered into this segment.

Currently, the civil nuclear power issue is yet to be completely resolved; hence, major nuclear power projects have not as yet reached an advanced stage of planning or execution. In financial year 2010-11, Nuclear Power Corporation of India Limited (NPCIL) will

⁵ Source: Central Electricity Authority, 'Power Scenario at a Glance': Mar 2010

SEGMENT	PROJECT	CLIENT	CONTRACT VALUE
Process	Delayed Coker Unit	IOCL, Vadodara	682
	Sulphur Block for Bina Refinery Project	Bharat Oman Refinery, Bina	569
	Phase II of EPC 1 package for completion of balance of works of top of the Jetty services	Ratnagiri Gas & Power Pvt. Ltd.	247
	Motor Spirit Quality Upgradation	IOCL, Barauni	723
	EPC of Coke Drum Structure Package Phase III	MRPL, Mangalore	550
	Hydrogen Generation Unit and Hydrocracker Unit	IOCL, Haldia Refinery	1,278
Pipeline	EPC contract for pipeline: Darod to Jafrabad	Gujarat State Petronet Ltd.	238
	Heated and insulated gas pipeline: two projects	Cairn India Ltd	172
	48"X145.43km pipeline from Dahej terminal with associated facilities	Gas Authority of India Ltd	168
Tankage	Propane/Butane/LPG Import Terminal at Ennore Tamil Nadu	Indian Oil Petronas Pvt. Ltd.	276
	EPC of 4 Cryogenic tanks, 6 Mounded Bullets, 7 Spheres & 8 of Atmospheric Tanks for Naphtha Cracker Unit of IOCL, Panipat	Indian Oil Tanking Limited	362

announce the EPC Packages for 2 x 700 MWe Kakrapar Atomic Power Project Units 3 & 4 in Gujarat and for 2 x 700 MWe Rajasthan Atomic Power Project (RAPP) Units 7 & 8. Punj Lloyd intends to bid for these packages.

Even though this business segment is at a nascent stage, the Group's nuclear power initiatives had several achievements to their credit during the year, especially in achieving qualification status. Some of them are:

- + PL Engineering has been awarded a design engineering project by NPCIL involving engineering design and modelling of structures of nuclear power plants.
- + Punj Lloyd and PL Engineering have been qualified for Engineering Services Consultancy of Advanced Heavy Water Reactor for Bhabha Atomic Research Centre (BARC).
- + The Company has been qualified for consultancy services for refurbishing / renovation of APSARA Reactor Building for BARC.
- + Punj Lloyd and PL Engineering have been qualified for Engineering Consultancy & Project Management for RMP Haldia for Heavy Water Board (HWB).
- + PL Engineering is also qualified to bid for detailed engineering work of 2 x 700 MWe RAPP's Units 7 & 8 for NPCIL.
- + As an EPC contractor, Punj Lloyd has been qualified for UNCF project at Kalapakkam for HWB.
- + The Company has also been qualified for main plant civil work of 2 x 700 MWe RAPP's Units 7 & 8 for NPCIL.

To be able to rapidly scale up the business, Punj Lloyd is also discussing potential areas of mutual cooperation in nuclear power with global

primes – for business opportunities both in India and abroad.

Business Prospects and Growth Plans

2009-10 was witness to intense competition between global EPC players for the Indian oil and gas projects. This was primarily due to three reasons. First, an overall slump of EPC projects across the world, especially in the Gulf and Caspian markets. This brought in global players to book orders at extremely low bids, in order to fill order books and maintain operations. Second, new entrants in this business offered 'strategic entry prices' for projects, eager to secure a foothold in the Indian markets. And, finally, EPC players wanted to build up an unexecuted order backlog for the next three years – given that the rate of growth in India's refinery capacity is expected to slow down in the near future. In spite of this challenging scenario, Punj Lloyd has been able to bag substantial and prestigious orders in the Indian energy market, which is a testimony to its reputation, cost effectiveness and project execution skills. As the market grows in the medium term, the Company sees sufficient opportunities to grow this business in both volume and scope.

India has a total power generation capacity of approximately 159,400 MW, of which over 64% is thermal power and approximately 3% is nuclear power. The country currently faces an average power supply shortfall of 10.1%; in some states, the shortfall is as high as 24.4%⁶; thus, the potential for capacity enhancement on power projects in India is extremely high. As per the Central Electricity Authority assessment, approximately 44,000 MW of power generation will be established with a reasonable degree

of certainty by the end of the Eleventh Plan⁷. Various reforms and initiatives taken by the Government have made the environment more conducive for private sector participation in this energy sector.

In 2009-2010, Punj Lloyd has successfully positioned itself as an EPC player for setting up Balance of Plant for large power projects. The Company has significant advantages for developing business in this vertical: design capabilities, trained workmen, a large equipment base, complex project management skills and a high degree of focus on quality and safety of execution. Punj Lloyd not only wishes to be a player in the thermal power sector, but also pursue opportunities in combined cycle power plants across select global geographies. It would also like to look at opportunities to be a player for total engineered BOP for super critical thermal power plants. And, with work starting in the nuclear power generation space in India, the Company hopes that within the next two years, this business segment should be able to generate an order-book and revenues.

OFFSHORE

The offshore business of Punj Lloyd caters mainly to the upstream segment of oil and gas and is involved in pipe laying, EPC of offshore platforms and floating production systems. Consequent to the reorganisation in the Company and to impart greater focus on this business segment, the offshore business has been made into a separate global vertical within

⁶ Source: Central Electricity Authority, 'Power Scenario at a Glance': Mar 2010

⁷ Source: Year-end review: 2009, Ministry of Power

5

MAJOR PROJECTS UNDER EXECUTION AND COMMISSIONING IN INDIA: 2009-10: POWER

IN RS. CRORE

PROJECT	CLIENT	CONTRACT VALUE
Execution of partial Balance of Plant and civil work on a 2X350 MW Thermal Power Project in Orissa	Ind Bharath Energy (Utkal) Ltd.	947
Execution of civil of BTG area unit 1,2 & 3 and structural work for all units for 6X600 MW	KSK Power SEPCO	177
Engineering, supply, erection and commissioning of Balance of Plant, civil designs and work for 2X25 MW Chhabra Thermal Power Plant	Rajasthan Rajya Vidyut Utpadan Nigam Ltd	823
Design, EPC and testing of Balance of Plant for 2x270 MW Govindwal Sahib Power Project, Taran Taran, Punjab	GVK Power	1,005



PUNJ LLOYD BAGGED AN ORDER IN THAILAND, VALUED AT RS. 573.92 CRORE, FOR THE INSTALLATION OF THREE COMPRESSOR UNITS FOR THE PLATFORM COMPRESSOR STATION ON THE PTT RISER-OFFSHORE PLATFORM

the organisation, with operational responsibility across all geographies.

During 2009-10, the offshore segment of Punj Lloyd gained revenues of Rs. 216.04 crore with an order backlog of Rs. 619.45 crore.

Year 2009-10 was significant for having bagged a major order in Thailand. Awarded by PTT Public Company Limited (a Thailand state-owned oil and gas major), the order, valued at Rs. 573.92 crore, is for the installation of three compressor units for the platform compressor station on the PTT Riser Offshore Platform. The order was won against stiff competition from South East Asian and global EPC majors.

The other exciting development has been the commissioning of *Kuber* – the new pipe-laying barge that is 100% owned and operated by

Punj Lloyd. *Kuber* is capable of laying pipelines in water depths of 150 metres – the only Indian flag pipe-laying vessel of its kind. The addition of *Kuber* to Punj Lloyd's fleet now makes the Company capable of pipe-laying in the Western Offshore Oilfields in India (including Bombay High) and reduces the dependence on high cost foreign flag vessels for offshore pipe-laying activities. From the Company standpoint, *Kuber* also brings Punj Lloyd to the forefront of pipe-laying operations in the Middle East and Far East markets.

Substantial execution was also accomplished during the year. For the offshore EPC project for ONGC at Heera (valued at Rs. 1,289 crore), all four platforms having been installed. Production has started from two wellhead platforms and

the other two are ready for drilling by the client. The project has faced significant technology challenges that emanated from design issues (see: Disclosure on the Heera Project); however, the commissioning success has meant that a prime offshore client like ONGC now regards Punj Lloyd as an installation contractor rather than a sub-contractor of a project. In Indonesia, the US\$15 million South Utility Platform project for Tunu Field Development was installed, operationalised and handed over to the client, Total E&P Indonesia.

Due to the global economic slowdown, 2009-10 witnessed reduced investments in the energy sector. Though this has affected offshore operations including pipe-laying at a global level, the Indian market gives rise to optimism. ONGC has substantial plans for refurbishing its infrastructure. It plans to revamp the Bombay High North process platform, the process gas modules and the sub-sea pipeline at a cost of US\$1.3 billion, apart from which ONGC also plans field development in the B-22 and B-193 marginal fields' cluster, near South Bassein at the cost of US\$1.5 billion⁸. These tenders are expected to be rolled out and finalised during 2010-11 and offer Punj Lloyd substantial opportunities for growth in offshore. In this scenario, *Kuber* is an added advantage both from technical as well as commercial standpoints.

The average depth of water in the Gulf region is approximately 90 to 100 metres. Punj Lloyd's pipe-laying barges can operate very efficiently in these waters: hence, the Company is exploring business opportunities in this geography. The Middle East region offers potential – not only for projects but for hiring pipe-laying equipment, especially during the Indian monsoon when Indian offshore operations are halted.

On the process platform front, Punj Lloyd has proved its credentials in South East Asia with the successful installation and commissioning of the Tunu platform in Indonesia. The Company is now qualified to bid for wellhead platforms in shallow waters.

As an industry, offshore extraction of crude oil and natural gas is still evolving. Newer technologies for operating in deeper waters are being explored; as are floating production systems for 'stranded oil and gas'. Naturally, these sophisticated technologies for exploration

⁸ Source: <http://www.mydigitalfc.com/companies/ongc-seeks-bids-rs-14400-cr-pipeline-587>

GEOGRAPHIES	MENA	ASIA PACIFIC	INDIA	TOTAL
Revenue	194.53	1,114.21	708.43	2,017.17
% Share	10%	55%	35%	100%
Order Backlog	9,741.65	1,629.90	3,250.10	14,621.66
% Share	67%	11%	22%	100%

and production are expensive – but with oil prices reaching beyond US\$ 80 per barrel and gas prices at US\$ 4 per mbtu, these technologies, and the consequent business opportunities, start looking more attractive. The challenge, however, will be to find cost-competitive solutions for this demand – and Punj Lloyd is excited to be part of this.

CIVIL & INFRASTRUCTURE

In the Punj Lloyd Group, the Civil & Infrastructure business is carried on in India and Middle East & North Africa (MENA) through Punj Lloyd Ltd., whereas Sembawang Engineers and Constructors Pte Ltd. (SEC) and its subsidiary, Sembawang UAE are entrusted with projects in South East Asia and MENA regions. **Table 6** gives the segment's revenues and order backlog details.

India Operations

Punj Lloyd's Civil and Infrastructure business segment had two large wins during the year. The first one, of which brief mention was made in last year's Annual Report, was the award of three contracts, valued at Rs. 308 crore, for the construction of eight key stations of the Bangalore Metro rail project, with Bangalore Metro Rail Corporation (BMRC) as the client. The second big win was in the highways business. In January 2010, GMR/Punj Lloyd joint venture won a contract from NHAI. Punj Lloyd will be undertaking 2/3rd of the work awarded by the SPV GMR Hyderabad Vijayawada Expressways Private Limited valued at Rs. 1,105 crore on 116.5 km of National Highway No 9, where the Company will be widening the highway from two to 4/6 lanes along with 38 km of service roads, building two major and 32 minor bridges, underpasses and retaining walls. The delivery period for this project is 27 months and work has started from April 2010. In addition to these two big wins, the Company has also won a

contract (valued at Rs. 44 crore) from Delhi State Industrial and Infrastructure Development Corporation (DSIIDC) for the addition and alteration to 34 schools; the project is expected to be completed by December 2010.

Apart from winning major projects, the vertical has been on track with project execution of its order backlog from previous years. In Libya, the Company is executing an EPC and project management assignment for two major zones of Tripoli city (contract value Rs. 2,058 crore). As reported earlier, Punj Lloyd was also involved in the construction of the multi-speciality 'Medicity' in Gurgaon; this has now been completed as on 31 March 2010. Punj Lloyd was awarded a contract to create a parking facility for the 2010 Commonwealth Games in Delhi (contract value Rs. 304 crore). The project is on schedule; however, given that Punj Lloyd has been awarded additional work in this project, the completion date has been extended till July 2010. A revised completion schedule has been finalised for the Dighi port (contract value Rs. 350 crore); the project is now slated for completion by November 2011. The Sikkim Airport project valued at Rs. 264 crore, on which work is ongoing, is one of the most challenging projects and will involve provision of the world's highest reinforced earth structures of 80 m height. On the Delhi Metro project, work on the Mundka line has been completed in December 2009. Punj Lloyd is now exploring additional opportunities for further projects in the Bangalore Metro project and the Chennai Metro project, where Sembawang has already been qualified for the underground portion of the work.

Punj Lloyd's Indian operations in the Civil & Infrastructure space generated revenues of Rs. 708.43 crore during the year; as on 31 March 2010, the order backlog was Rs. 3,250.10 crore.

Disclosure on the Heera Project

As stated in last year's Management Discussion & Analysis, during the execution phase of the Heera project, it was discovered that there was considerable variation between the structural design specified by the client and the actual work that needed to be done if the project were to be successfully executed.

The company had to modify the design furnished by the client. This has resulted in delay in completion with additional cost and risk. The Company has prepared a claim for additional costs and is now in the process of issuing an arbitration notice to ONGC in pursuance of its claims.

Growth Plans

If India's GDP is to grow at double digits, investment in infrastructure (road, ports, highways and airports) becomes incontestable. In fact, the current government has already proposed that investment in key infrastructure should be doubled to US\$ 1,000 billion during the 12th Five Year Plan (2012-2017)⁹. With annual growth for passenger traffic projected at 12%-15%, and between 15% - 18% for cargo traffic, roads and highways are projected for US\$ 78.50 billion of investment in the Eleventh Plan¹⁰. This scale and diversity of infrastructure implementation cannot fructify without public-private partnership; this has already been underscored by the government through its offering of a capital subsidy that is competitively determined through the bidding process.

In the roads sector, several high traffic stretches already awarded to private companies on a 'Build Own Transfer' (BOT) basis – in fact, two successful BOT models are already in place – the annuity model and toll model with grant. Punj Lloyd has been pursuing opportunities in this sector and now wishes to become a BOT player in road infrastructure, on a very selective basis, keeping in mind traffic and other risks on such projects. With the National Highways Authority of India (NHA) opening zonal offices manned by senior people and the land acquisition processes being accelerated, there are positive indicators that there will be increasing thrust to build up India's road network – and Punj Lloyd is excited to be an active player in this space.

On the railways front, the two dedicated freight corridors are awaiting funding: from the World Bank and Asian Development Bank for the Eastern Corridor and from Government of Japan through a Special Terms of Economic Partnership (STEP) loan for the Western Corridor. The total project cost of these two corridors is expected to be in the region of Rs. 40,000 crore and is expected to be completed by 2017 (See **Table 7**)¹¹. With Punj Lloyd's reference work in the Metro Rail projects

at Delhi and Bangalore, the Company is poised to compete with global players for the railways projects when they fructify.

Punj Lloyd is also exploring project opportunities in building industrial and civil structures in the nuclear power segment. After the Company's successful execution of the Medicity project, it has, in April 2010, won a contract valued at Rs. 115.21 crore for the construction of an All India Institute of Medical Sciences (AIIMS) medical college and hostel complex at Raipur. Six such institutes are planned across India, which offers Punj Lloyd opportunities in this area. Civil and structural work for the steel sector (where, for example, Bokaro Steel Plant is going in for expansion) also offers scope for further business development.

SEMBAWANG ENGINEERS & CONSTRUCTORS PTE. LTD., SINGAPORE (SEC)

For SEC, 2009-10 has been, in spite of the global turmoil, a year of positives. During the year, the company completed challenging assignments, among which were the Marina Bay Sands project and the Resorts World Sentosa project. The Bayfront station, which is part of Singapore Land Transport Authority's Downtown Line Stage 1, was substantially completed during the year and is expected to achieve closure in 2010-11. SEC also won another contract from the Land Transport Authority for the Botanic Gardens and Stevens stations for Downtown Line 2. The repeat order, valued at Singapore \$ 378 million (Rs. 1,263.00 crore) demonstrates the customer's faith in SEC's execution skills.

During the year, SEC earned total income of Rs. 1,219.74 crore (Singapore \$ 368.04 million). The order backlog stands at Rs. 9,672.55 crore.

As stated in the previous year's Annual Report, the company has been active in scouting for business opportunities in the Middle East region. During 2009-10, Sembawang UAE (a 100% subsidiary of SEC) won three mega projects for commercial and residential development, with a total value of Rs. 5,904.00 crore (US\$ 1.27 billion) although these projects have been stalled by systemic funding delays.

SEC's core strengths lie in engineering and construction of infrastructure projects: accommodation and housing, railways, hospitals, airports, water treatment plants, power, mining and ports. To leverage these and to take into account the realities of the post-recession global economic scenario, SEC has been geographically realigned into two focus regions: South East Asia and North Africa. A new office has been opened in Hong Kong. The organisation structure and manpower has been optimised to enable the entity to deliver greater efficiencies at optimum costs.

SEC believes that, in the near future, it will be able to exploit business opportunities in South East Asia and Africa in four major sectors: education, hospitality, mining, health and water.

SIMON CARVES

Simon Carves Limited, UK (SCL)

Simon Carves Limited is an Engineering, Procurement and Commissioning (EPC) solutions provider for process industry, with special emphasis on polymers and

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DEDICATED FREIGHT CORRIDOR: PHASES

PHASE	SECTION	YEAR
Western Corridor		
Phase I	Rewari – Vadodara: 920 kms	2009- 16
Phase II	Vadodara – JNPT: 430 kms	2010- 17
Phase III	Rewari – Dadri: 140 kms	2010- 17
Eastern Corridor		
Phase IA	Sonenagar –Mughalsarai	2009- 16
Phase IB	Mughalsarai – Khurja: 710 kms	2010-16
Phase II	Khurja – Ludhiana (Dandarikalan)	2011-17

⁹ Source: Speech by Prime Minister, Conference on 'Building Infrastructure: Challenges & Opportunities' by Planning Commission, 23 March 2010: quoted in Deccan Herald: <http://www.deccanherald.com/content/59579/govt-says-spend-infrastructure-sector.html>

¹⁰ Source: <http://infrastructure.gov.in/highways.htm>

¹¹ Source: DFCCIL website

The Sabic Teesside LDPE Plant Dispute

In February 2006 the Company entered into a contract for the design, procurement and construction of a low density polyethylene production plant. The Contract price was £135 million but this was increased by agreement to £155.8 million, with a scheduled completion by 5th December 2008.

In November 2008, the customer terminated Simon Carves' employment under the Contract prior to the scheduled completion date. The Company remains in dispute with the client over this action.

The Ensus Project

In October 2006, SCL entered into an EPC contract to design, build and commission the world's largest wheat-based bio-ethanol plant. The company experienced significant delays and difficulties in closing out this project, mainly due to the quality and delivery of work by sub-contractors, unlawful strikes and problems with a customer-nominated key equipment vendor. This monumental challenge for the company has been surmounted with significant support from Punj Lloyd and the project has reached both Take Over and Beneficial Operation. The plant is now generating revenue for the client, producing both ethanol and DDGS (a high protein animal feedstock).

The customer, however, has relied upon its contractual right to recover liquidated damages of £23.1M from SCL, despite SCL's best efforts to deliver this project against adverse conditions.

petrochemicals, chemicals, nuclear power and renewables (especially bio-fuels).

During 2009-10, the company's major projects under execution were as under:

- + **Process Design Package (PDP)** – LPDE Plant – Saudi Arabia involving the delivery of the PDP for ExxonMobil's client in Saudi Arabia. The PDP has been completed and SCL is in the final review and sign off stage of this project.
- + **Process Design Package (PDP)** – LPDE Plant – Saudi Arabia working for one of the United States' premier multi-national chemical companies. This project is new to SCL's order book and SCL will be providing the PDP for this US/Middle East Joint Venture.
- + **Engineering Services** – Canada - involving the development of debottlenecking study for one of the Company's long-standing clients. The Company will provide a total installed cost estimate to our Client for a number of options to seek to improve process throughput of the plant.
- + **Teesside Bio-ethanol Plant** – this project involved EPC and commissioning of a 1,100 Kilolitres /day bio-ethanol manufacturing facility, which is one of the largest of its type in the world. The 'take over' of the plant was achieved on 17 January 2010; beneficial operations started on 25 March 2010. The plant is now progressing towards completion of the performance testing regime.
- + **LDPE Plant** – This project is a joint venture between SCL and Daelim to deliver EPCC of a 300,000 TPA LDPE facility. SCL is now supporting the close out of the in-field commissioning activities.

During the year, a strategic review of the company's business was undertaken in order to refocus on its core strengths. Staff strength has been focused on the core business and has, therefore, been suitably optimised.

SCL has a strong heritage and pedigree in engineering and procurement services in the LDPE, renewables and nuclear sectors. Going forward, the company wishes to concentrate on these areas and sectors, where the thrust will be in providing front-end engineering services, basic and detailed engineering services and procurement support to clients. Simultaneously, SCL will leverage EPC opportunities for the Punj Lloyd Group, without entering into the execution of EPC projects, thus leveraging both its core competence and Group synergies.

The company is exploring opportunities in the Middle East for detailed engineering and procurement assignments in the petrochemicals and process sector. Similarly, it wishes to leverage its 130-year heritage and brand recognition in nuclear engineering for decommissioning projects in Europe, where there is significant potential. In the nuclear field, SCL also wishes to engage in instrumentation maintenance, with a partner, where its design strengths would be best utilised.

In 2009-10, Simon Carves generated revenues of Rs. 312.13 crore (£ 45.58 million).

PL Engineering (PLE)

2009-10 was a good year for PL Engineering (earlier known as Simon Carves India Limited) – the design and engineering arm of the Punj Lloyd Group. In spite of a global slowdown, the company grew its topline by approximately 35% over last year to reach Rs. 108 crore (vis-à-vis Rs. 80 crore during 2008-09), with a headcount of 650 employees at its facilities in Gurgaon and Hyderabad.

PL Engineering's major source of revenue in the past came from design and engineering projects in oil and gas. Over the recent past, however, the company has been focusing on diversifying into other areas, especially the power sector. These efforts have started bearing results: PL Engineering has now been pre-qualified for supplying design and engineering solutions to Bhabha Atomic Research Centre (BARC), Nuclear Power Corporation of India Limited (NPCIL) and the Heavy Water Board, Department of Atomic Energy, Government of India. The company has also been awarded a design engineering project by NPCIL involving engineering design and modelling of structures of nuclear power plants. With this breakthrough, PLE expects significant work in the nuclear power sector from both government and private sector clients involved in civil nuclear power programs in India and abroad.

On the thermal power front, PL Engineering is in the process of developing capabilities in 'Balance of Plant' (BOP) and 'Main Plant' engineering, where it can first execute in-house design and engineering needs and then go on to pitching for and obtaining third party assignments. PL Engineering has also put in place a core team to develop capabilities in the 'Roads and Infrastructure' sector, which offers great business opportunities especially in India.

SEGMENT	PROJECT	CLIENT	CONTRACT VALUE
Tankage & Terminal	EPC of 16 new tanks, reconstruction of 2 tanks on existing foundation, refurbishment of 2 tanks and civil foundation of 5 tanks	Exxon Mobil / Foster Wheeler – Worley Parsons JV	SGD 84.75 million
Process	Mechanical work of ARU, SRU (offsites) & co-generation units, tankage MOGAS blending & berth loading facilities	Exxon Mobil Asia Pacific Pte. Ltd.	SGD 40.24 million
	Singapore aromatics refinery revamp: civil, structural, electrical and instrumentation	Exxon Mobil / Foster Wheeler – Worley Parsons JV	SGD 74.27 million
	EPC of 300 kta Low Density Polyethylene Plant	PTT Thailand	US\$ 125.30 million
	EPC of Jurong Strategic Study Project at Jurong Lubes Terminal Singapore	Exxon Mobil Asia Pacific Pte Ltd	SGD 42.61 million
Power	EPC of Adaro 2X30MW Coal Fired Power Plant project	PT Makmur Sejahtera Wisesa	€ 52.24 million
Pipeline	Sabah Sarawak Gas Pipeline Project: 500 KM pipeline and compressor station: including additional variation order received	Petronas Carigali Sdn Bhd	US\$ 598.75 million
Offshore	Detailed design, engineering, procurement, fabrication of 3 compressor modules, testing, installation of modules on existing process complex, pre-commissioning and commissioning	PTT Thailand	US\$ 124 million

Geographical expansion is also something on which the company is focusing. The company has expanded its operations from India to Middle East and Canada; it is now targeting the US markets. North Africa, especially Libya, is also expected to show high business potential, more so as and when the Middle East economies recover from the downturn.

In addition to its 'traditional' business segments of design and engineering, the company is also looking to unlock the business potential of developing and deploying eLearning and Blended Learning solutions for the Engineering, EPC, Oil & Gas and other relevant domains, using its existing knowledge base. As a first step, it has put in place a team to develop e-learning / smart content for the oil and gas sector, which can be used for internal training as well as sold to other companies and technical universities for their training and education programmes.

The company has, during 2009-10, reached an inflection point in its business path. A large number of projects in which PL Engineering had done the design and engineering work are now reaching the commissioning stage: among them five process plants and three large

pipelines are worthy of mention. The successful commissioning of these projects will create a large 'reference book' for the company to aggressively pursue clients in various segments and geographies. Allied with its edutainment initiative and significant inroad into product design space, the company is expected to generate greater revenues and profits in the near future.

THE GEOGRAPHIES

ASIA PACIFIC

In addition to India, Punj Lloyd's presence across the Asia Pacific region spans across four countries: Singapore, Indonesia, Malaysia and Thailand.

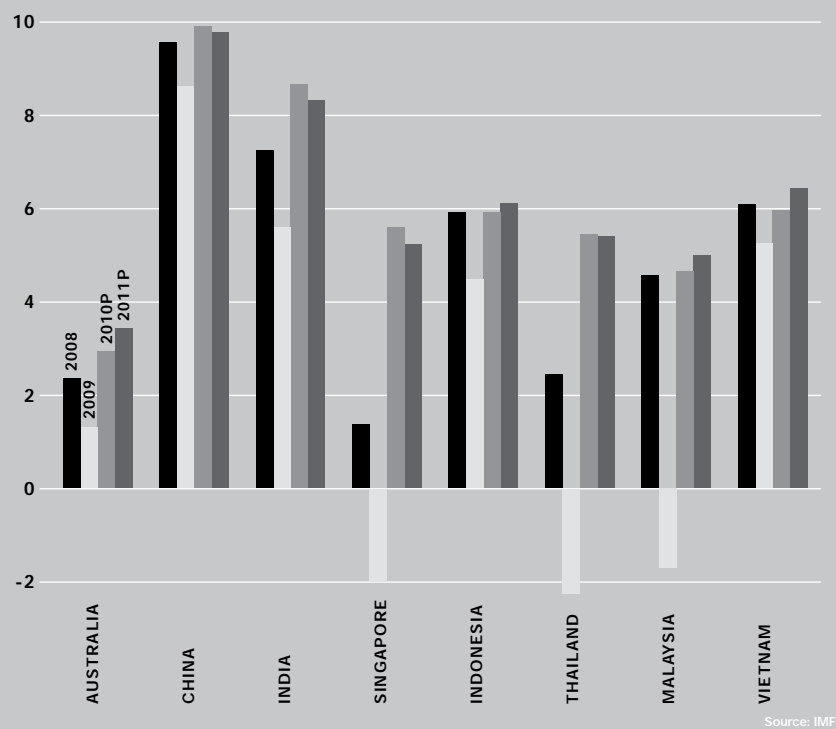
The economic downturn of 2008 and the first half of 2009 that was felt globally had its negative impact on the Asian economies as well; however, most of these countries (with the notable exception of Japan) have recovered from the slump far faster than the Western world.

During 2009-10, Punj Lloyd bagged its first offshore project in Thailand, with the award of a contract from PTT Public Limited Company,

valued at Rs. 574 crore, against stiff competition from multi-national contractors, especially from Korea and Singapore. The project envisages installing three compressor units for the platform compressor station on the PTT Riser Offshore Platform at water depths of up to 80 meters in the Gulf of Thailand. Punj Lloyd has substantially completed the turnaround work in a live refinery that was awarded by Exxon Mobil (contract value US\$ 86 million); the project is expected to be completed by the end of the second quarter of 2010-11. In addition, the client has awarded a further contract (for Singapore \$ 46 million) for the Jurong Strategic Study Project for their Lube Oil Terminal at Jurong. In Indonesia, the South Utility Platform for the Tunu Field development project (contract value US\$ 15 million) has been completed and handed over to the client, as has been the tankage project for Shell (US\$ 22 million). The ADARO project for EPC of 2X30 MW Coal Fired Power Plant at Tanjung Tabalong Indonesia (contract value Euro 52.24 million) is on schedule, with the site work having commenced and engineering and procurement activities at an ongoing stage. In Malaysia, the Petronas Carigali pipeline project (original contract value US \$ 500 million) has



B | Selected Asian Economies — GDP Growth



commenced; the Company has received an additional US\$ 98 million variation order, increasing the scope of the project. **Table 8** gives details of the projects awarded and under execution for this region during 2009-10.

Asia's GDP is projected to grow by 7% in both 2010 and 2011. The ASEAN-5 economies –

Indonesia, Malaysia, Philippines, Thailand, and Vietnam – are projected to grow by 5½ percent in 2010. Among the ASEAN-5, the Indonesian economy has proved to be remarkably resilient and is expected to accelerate to 6% percent in 2010 (See **Chart B**)¹².

In the Asia Pacific region, especially in South East Asia, the hydrocarbon industry bears great promise over the next three years. Oil majors have planned significant investments in all hydrocarbon segments – upstream, midstream and downstream – and with it, the business opportunities for Punj Lloyd appear positive.

From a country-specific perspective, Indonesia and Malaysia are expected to provide substantial opportunities in power plants, mining, gas processing plants and storage terminal projects. In Vietnam, there are promising projects in the refining and offshore segments, given that the country intends to create energy self sufficiency. Australia and Papua New Guinea also are countries where Punj Lloyd wishes to make its presence felt – especially in the Liquefied Natural Gas (LNG) in Australia and offshore pipelines in Papua New Guinea.

The Asia Pacific region has traditionally been a profitable one for Punj Lloyd and the near-term future of the Company in this region looks bright. Punj Lloyd's physical presence, a large pool of skilled manpower, cost competitiveness and the confidence that multiple clients have gained in the Company's track record of successful execution are expected to be key drivers of future growth, thus keeping Asia-Pacific in the forefront of the Company's business plans.

In spite of the economic slowdown in the Asia Pacific region, Punj Lloyd has performed well during 2008-09, with all its projects under execution being profitable and 'cash flow positive'. **Table 9** lists some of the region's headline projects of 2009-010.

¹²Source: IMF

9

CONSOLIDATED LIST OF PROJECTS: AWARDED AND UNDER EXECUTION FOR 2009-10: ASIA PACIFIC

PROJECT	CLIENT	CONTRACT VALUE
Turn around work in a live refinery	Exxon Mobil / Foster Wheeler – Worley Parsons JV	US\$ 86 million
Tank farm project: EPC of four tanks including terminal piping and pumping facility, bunkering, fire fighting, civil and building, electrical, instrumentation and utility works	Shell	US\$ 22 million
Sabah Sarawak Gas Pipeline Project: 500 KM pipeline and compressor station	Petronas Carigali Sdn Bhd	US\$ 598 million
South Utility Platform for the Tunu Field Development TP11S / EPSC5 Project. * Project completed in 2009	Total E&P Indonesia	US\$ 15 million

The Exxon Mobil refinery site at Singapore, where Punj Lloyd is working on three construction packages, is also on schedule.

Future Prospects and Growth Plans

Despite the second half of 2008-09 and the first quarter of 2009-10 reflecting relatively bleak economic indicators, the overall Asia Pacific region has growth potential for Punj Lloyd. Though there has been a slowdown and some projects have been delayed, no major project has been cancelled, either by sovereign entities or by large multinationals. The Company is also planning projects and exploring business opportunities in new territories. Given Punj Lloyd's track record in the region of successfully bidding for, winning and executing large projects, the Company feels that its prospects of gaining and executing profitable business during the next financial year are good.

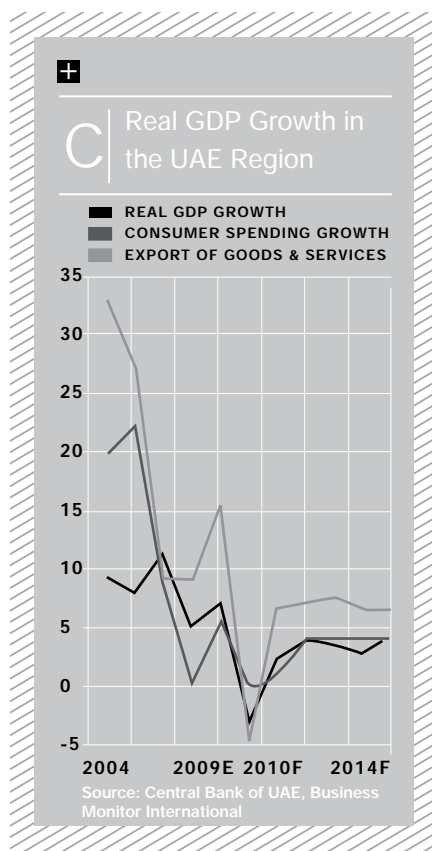
The Company feels that Malaysia presents significant opportunities in offshore pipeline installation work. Punj Lloyd has, therefore, set up a full fledged business development office in Kuala Lumpur. The Company has also made considerable progress to gain opportunities in Thailand, Vietnam and Papua New Guinea.

In this region, Punj Lloyd would explore three areas of business: (a) offshore platforms; (b) construction of power plants on an EPC basis and (c) large material handling projects.

THE MIDDLE EAST, NORTH AFRICA & CIS

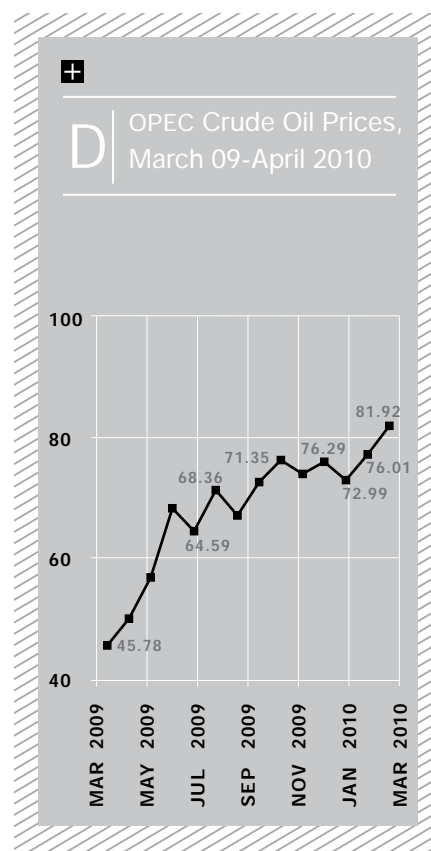
Middle East & North Africa (MENA)

Punj Lloyd's presence in the Middle East and North Africa spans the United Arab Emirates, the Kingdom of Saudi Arabia, Qatar, Oman, Yemen and Libya.



The global economic crisis of 2008-09 impacted the financial performance of companies in the Middle East quite severely. Consequently, oil companies deferred their investment plans – which, in turn, impaired business opportunities in the region¹³.

From Q4 of 2009-10 onwards, however, the economies have been improving and so has the potential for EPC projects, especially in the energy and infrastructure sectors. The challenge in this region, however, remains the fierce competition between global EPC contractors, especially those from South East Asia. Global



EPC contractors have taken on EPC contracts even to cover fixed costs.

2009-10 was a year in which Punj Lloyd Group not only executed its existing order book, but acquired substantial orders in North Africa, including a breakthrough set of three orders for Sembawang Engineers and Constructors (SEC), totalling US\$ 1.2 billion. The landmark projects acquired during the year in this geography are detailed in **Table 10** below.

¹³ Source: www.meed.com

10 LIST OF PROJECTS AWARDED IN 2009-10: MIDDLE EAST & NORTH AFRICA

SEGMENT	PROJECT	CLIENT	VALUE
Civil & Infrastructure	Commercial and residential developments for three townships	International Investment and Services Company, Economic & Social Development Fund, Libya	US\$ 1.27 billion
	Utilities in three townships	Housing and Infrastructure Board, Libya	US\$ 414.42 million
Tankage & Terminals	EPC for port tank farm: Jubail Export Refinery project	Saudi Aramco Total Refinery & Petroleum Co (SATORP) / Dayim Punj Lloyd	US\$ 246.87 million
Process Plants	EPC for NGL project	Abu Dhabi Gas Industries, Abu Dhabi	US\$ 39.82 million





HYDROCARBONS AND INFRASTRUCTURE WILL REMAIN THE AREAS FOR GROWTH AND FOCUS FOR PUNJ LLOYD IN THE MENA REGION. THE MIDDLE EAST REGION IS EXPECTED TO GROW AT AROUND 3.7% OVER 2011 TO 2014

In addition to gaining new orders, execution of orders received during previous years is progressing apace. The first phase of the US\$ 800 million Qatar Petroleum refinery project is expected to be commissioned during May 2010. The Qatar pipeline projects have been completed and the multi-product pipeline is expected to be commissioned shortly; the Ethylene pipeline for Ras Laffan Olefins project (US\$ 45 million in contract value) has been commissioned and handed over. The Doha Urban Pipeline has been commissioned and handed over. In Libya, the Melita-Tripoli section of the pipeline and compressor station project has been mechanically completed and the pipeline commissioning is expected to be completed shortly; the mechanical completion and commissioning of the compressor station is expected in 2010-11. In Yemen, the Yemgas LNG project (Contract value US\$ 69 million) was successfully completed during the year.

Hydrocarbons and infrastructure will remain the areas for growth and focus for Punj Lloyd in the MENA region. The Middle East region is expected to grow at around 3.7% over 2011 to 2014, mainly through government infrastructure and energy spends. In spite of the slowdown, estimates say that there are approximately 1,300 projects in progress, with a consolidated value of US\$ 418 billion across the commercial, retail, hospitality, residential education and healthcare sectors. UAE, through Union Railways, has announced plans for a pan-Gulf railway network, including a high-speed link between Dubai and Abu Dhabi; also, construction on the Dubai metro has recommenced; and work on Dubai Airport's third terminal is expected to be closed in 2012¹⁴.

The energy sector has also started to look positive. There has been a steady increase in the cost per barrel of oil for the past thirteen months leading to April 2010; as on 21 April 2010, the OPEC basket of crude price was US\$ 82.01 (see **Chart D**)¹⁵. Domestic gas consumption has been positive due to industrial expansion, conversion to gas-fired power, and the need for gas injection at oil fields – hence, gas production is expected to rise significantly.

The potential for nuclear power in the region is also increasing, especially as oil reserves start depleting and the regional governments start

¹⁴ Source: <http://www.meamonitor.com/file/88081/why-demographics-matters.html>

¹⁵ Source: OPEC website

The Pipavav Stake Divestment

On 29 March 2010, Punj Lloyd agreed to divest, subject to the satisfaction of certain conditions precedent, 129,360,538 fully paid up equity shares of Rs. 10/- each of Pipavav Shipyard Ltd. representing 19.43% of the paid up share capital of Pipavav Shipyard Ltd to SKIL Shipyard Holdings Pvt Ltd. for an aggregate consideration of Rs. 656.46 crore.

Punj Lloyd had invested a sum of Rs. 350 crore in Pipavav Shipyard Limited (PSL), which is the holding company of Pipavav Shipyard, approximately three years ago.

The Company feels that, as a growth strategy, there is greater need to focus on its core business areas. Also, investment decisions of the Company are continuously monitored and evaluated in terms of return to shareholder and shareholder interests and a divestment at this point in time was, in the opinion of the management, not only strategically appropriate but also generated substantial returns on the Company's original investment cost.

And though the Company has divested from Pipavav Shipyards, the potential for partnership remains, especially for suitable offshore programmes.

switching to nuclear alternatives to power the region's infrastructure and industrial growth and to become self sufficient in power generation.

Punj Lloyd is well established to leverage these growth opportunities. The Company has established its presence and track record in the MENA region. With the new offshore barge *Kuber* having been commissioned, offshore pipe-laying upto a depth of 100 metres can be executed – which is ideal for Gulf projects. The Company is aggressively exploring business opportunities in new countries, especially in sub-Saharan Africa and Syria. Business opportunities in the Gulf and North Africa are expected to grow – in infrastructure, hydrocarbons and nuclear power – and the Company hopes to be a significant partner in the regional growth plans.

The CIS

The Company has been present in Kazakhstan, where it has been executing the laying of the pipeline from the onshore processing facility at Caspian Pipeline Consortium pumping station; this project is expected to be completed by the end of Q3 2010-11. Due to the overall economic slowdown and the drop in energy prices from the second half of 2008-09 to the first half of 2009-10, project spends in the region have not taken off. With the increase in energy prices over the last seven months, projects in the hydrocarbon sector, especially from the Kashagan and Karachaganak oil fields, look promising. With the completion of the Caspian Pipeline project, Punj Lloyd will have a strong reference point in the Caspian region for business building activities.

DEFENCE

India is expected to spend at least \$80 billion in the next six years for capital acquisitions to modernise its weaponry with the armed forces. The Government has stated that its defence expenditure, currently at 2.5% of its Gross Domestic Product (GDP) is expected to substantially increase in line with its economic growth and its push for self-reliance in the defence sector¹⁶. Nearly 70% of India's defence equipment is imported and the Government is emphasising on increasing the indigenisation levels with greater co operation between the public and private sector.

Punj Lloyd is establishing itself as a credible original equipment manufacturer with focus on state of the art technology. The objective is to indigenously develop genuine force multipliers that will contribute to providing a decisive edge to the Indian Armed Forces. The Group is developing capability and infrastructure which can be effectively leveraged for defence programs.

LAND SYSTEMS

Punj Lloyd and its subsidiaries are licensed to manufacture guns, rockets, artillery missile systems, electro optical systems, FCS, C3I systems and power packs associated with armoured fighting vehicles. The Company's dedicated greenfield defence manufacturing and integration facility at Malanpur, Gwalior is under construction. The plant (on 65 acres of land) is expected to become fully operational by Q1 2011 and will be used for the potential manufacture, assembly, upgrade and maintenance, repair and overhaul (MRO) of land systems, such as artillery, air defence, armoured vehicles, rockets and missile systems. The Company also intends to manufacture and assemble small arms - the product line will potentially include rifles and carbines, anti-material rifles and their accessories and hand held rocket launchers.

The Group is a partner to ST Kinetics for two Indian Army programs, namely the Ultra Light Howitzer and Towed Howitzer. The Towed Howitzer trials are expected to commence this summer.

DEFENCE AVIATION

Punj Lloyd, through its associate company, Air Works, has access to runway and hangar facilities near Bangalore and is capable of handling Airbus/ Boeing platforms. The Group is pursuing opportunities where potential exists for retrofit and integration of sub systems onto defence aircraft platforms.

RENEWABLES

Though fossil fuels still remain the primary source of energy needs, the use of non-hydro renewable energy technologies (solar, wind, geothermal, bio-energy, etc) is witnessing the fastest rate of growth at a global level. According to available data, the share of

¹⁶ Source: www.defencetalk.com

non-hydro renewables in total global power output is expected to rise from 2.5% in 2007 to 8.6% in 2030¹⁷. Some of this is due to a world-wide desire to reduce carbon emissions; however, in some geographies (especially India, the Gulf region and North Africa), investment in renewable energy sources is expected to considerably supply the need for additional power.

India's National Solar Mission has a target of deploying 20,000 MW of solar power in the country by 2022. In the first phase, Government of India intends to foster 1,000 MW of grid-connected (33 kV and above) solar plants, 100 MW of roof top and small solar plants connected to the low tension/11 kV grid and 200 MW of capacity equivalent from off-grid solar applications in the first phase of the Mission (till March 2013) – for which approximately US\$ 950 million has been approved¹⁸.

Punj Lloyd Group has a strategic mission to be a leading global developer of renewable based turnkey integrated development and sustainable solutions and to provide assurance of power from clean energy sources. The Group is already one of the leading process contractors in the design and construction of bio-fuel facilities and the new initiative, through Punj Lloyd Delta Renewables Ltd. (PLDR) is an extension of the Group's thrust into this sector. In the renewables segment, PLDR is looking at two areas. The first is a 'pure play in power generation through solar PV and solar thermal power plants. The second is to create distributed water treatment and desalination plants, especially at the rural level, which would use solar energy as their power source.

Solar power can be generated through two major technologies – through Photovoltaic Cells (PV) and through Concentrating Solar Power (CSP). PLDR plans to work with developers for the full project cycle: from feasibility to execution. It wishes to develop, engineer and execute renewable energy based projects across the world within the power, building and infrastructure sectors. Initially focusing on solar energy, the company later wishes to expand into other renewable energy areas.

As a first step, PLDR has won and is executing a project for 100 KWp rooftop solar panels to be installed in 34 residential towers of the Commonwealth Games Village in Delhi. Expected to be completed by August 2010, these would provide for electricity in the common lighting areas of the Towers. PLDR will

also be providing the solar street lights within the Commonwealth Games Village area. Punj Lloyd is executing – for Punjab Energy Development Agency (PEDA) – a solar energy project of 50 KWp in Ludhiana, which would feed into the local electricity grid.

In April 2010, immediately after the closure of financial year 2009-10, Punj Lloyd won India's largest solar-based EPC contract for rural India. It encompasses the setting up of 850 solar-powered water treatment plants for the removal of arsenic and fluoride across multiple districts in Bihar. Awarded by Public Health Engineering Department of the Government of Bihar, the solar water treatment plants, will resolve the severe groundwater contamination, resulting in many types of diseases including skin and lung cancer. The combined solar power generation for these plants will be greater than 1.3 MW and will accelerate the target fulfilment of the National Solar Mission. Valued at Rs. 232 crore, the order will be executed by PLDR.

Apart from the size and prestige of the order, which are substantial in themselves, the project emphasises the three aspects where the renewables thrust of the Punj Lloyd Group is focused: on rural distribution of sustainable energy and the creation of potable water infrastructure. These are areas of concern not only in India, but across large parts of the world – especially in Africa and the Middle East. These geographies are also where Punj Lloyd has a strong presence – hence, the growth potential of this business is expected to be high in the medium term.

MATERIAL PROCUREMENT

Material acquisition in Punj Lloyd is in two parts: (a) commodity purchases; i.e. bulk buying of commodities such as steel, cement, piping and consumables; and (b) engineering purchases, where specific custom designed and engineered equipment is purchased for projects.

Although commodity prices can and do affect material acquisition strategies, a great challenge lies in procuring engineered equipment: especially so, given its complexities in design, the paucity of qualified vendors and the tight execution timelines. Besides, such engineered equipment/ packages constitute upto 65% of total spend in a typical EPC project. To manage this, Punj Lloyd looks at three focus areas: (a) the vendor's competence and track record for delivering complex engineered goods on time

and within budget; (b) the current order book of the vendor (and, therefore, the probability that an order would be executed on or before time); and (c) the vendor's interest in participating in the order process. Creating an appropriate level of competition among short-listed vendors for such equipment, therefore, is one of the strategies that are used for price optimisation. Also, given that some vendors are common irrespective of segments (EPC, Power, Pipelines, Offshore, Tankage, etc), there are opportunities to leverage 'scale of purchase' efficiencies.

Internally, the function was streamlined to maximise process and operational efficiencies by creating horizontal self-dependent teams. These teams focus on material acquisition for four specialised segments: EPC, Tankage, Power and Pipeline & Offshore. Further, cement, steel, pipes, fittings and general consumables have been given separate focus in the procurement function.

To increase purchasing efficiencies even more, Punj Lloyd is undertaking several initiatives. The Company has consolidated and appraised the performances for their entire vendor list including sub-contractors. Materials Management System including proper Item Codification has already started. The Company is planning to procure certain materials by way of e-procurement. Also, the procurement function closely interacts with design departments in order to understand how material requirement variations between the first estimate and the final design can be minimised. The Company is, in addition, exploring opportunities to create Memorandums of Understanding with selected vendors in order to reduce the delivery time and cost.

PEOPLE

As a business enabler, Punj Lloyd's people practices are geared towards delivering three corporate objectives:

- + Identify and induct the most appropriate human talent – based on long-term business plans
- + Develop the competencies and skill sets of the entire people force – work force and management alike – and synchronise these with long term business objectives

¹⁷ Source: World Energy Outlook, 2009

¹⁸ Source: India's Solar Power Mission



THIS YEAR, PUNJ LLOYD SUCCESSFULLY LAUNCHED AN INITIATIVE CALLED 'CHINTAN' TO TAKE STOCK OF LESSONS LEARNT FROM THE COMPLETED PROJECTS, TO IMPROVE PROJECT PROFITABILITY, TO IMPROVE BIDDING EFFICIENCY AND TO ENHANCE OPERATIONAL EXCELLENCE

- + Ensure that existing people within the organisation have a clearly defined growth and business delivery path, based on their competencies, delivery potential, previous track record and appetite for growth. To achieve these three objectives, the Company, during the year has put into place key organisational changes.

HR ACTIVITIES

- + **Chintan** – a journey towards Operational Excellence. This year, Punj Lloyd successfully launched an initiative called 'CHINTAN' to take stock of lessons learnt from the completed projects, to improve project profitability, to improve bidding efficiency and to enhance operational excellence.

'Chintan' was an interactive session where all stake holders of the Punj Lloyd Group business operations – Strategic Business Units, Project Services, Business Development, Management and PLE shared their perspective, debated, challenged and suggested ideas for improvement.

- + Some of the key deliverables from this initiative were company's revised and updated procedures, processes and standards in line with current market conditions; such as Productivity standards, Execution models, Vendor and Sub-contractor management process, Project control process, Lean construction methods and Punj Lloyd Project Management Manual.

+ The University Liaison Programme (ULP)

Punj Lloyd is one of the largest recruiters, especially in its areas of operations. With the dual objectives of attracting quality people and also establish the Punj Lloyd brand in campuses, the Company initiated a University Liaison Programme (ULP). The ULP serves as a platform for Punj Lloyd and the campuses to share views, experiences and expectations of both the Company and academia and thus bridge the divide between professional knowledge and practical experience. During the first such interaction, in 2009-10, twenty five of India's leading engineering colleges and business schools converged at the Company's Gurgaon offices, where Company officials

and senior academics from institutions such as the Indian Institute of Management (Kolkata), the Indian School of Business (Hyderabad), Management Development Institute (Gurgaon), BITS Pilani to share views and work out a roadmap of closer integration between industry and academia.

- + **Campus Recruitment** The year's campus recruitment initiative (where Punj Lloyd recruits graduate engineer trainees and management trainees from premier educational institutions across India) also reflected an enthusiastic response – around 2,450 students expressed their interest to make Punj Lloyd their initial 'organisation of choice'. Of these students, 300 trainees were selected. In addition, 7 management graduates from premier management institutes in India were also inducted into the Company during the year.
- + **Development Centres** The Company has, during earlier years, institutionalised a 'Balanced Scorecard' system for aligning corporate objectives with individual objectives and then further analysing the competencies needed for individuals to integrate the two. In 2009-10, this initiative was further extended to develop the Leadership Competency framework, which now reflects the leadership character and need of Punj Lloyd. To build the leadership pipeline, the Company has identified its 'high potential' employees and is working with them through Assessment and Development Centres to enhance, accelerate and plan their capability development and design Individual Development Plans for their career growth within the organisation. During the near future, these plans will focus on developing middle management teams around operational excellence and business orientation.

Punj Lloyd Ltd. had 11,268 people as on 31 March 2010; the Group's headcount number is 14,811. Industrial relations remained cordial and there were no disruptions of work due to any industrial relations issue.

HEALTH, SAFETY AND ENVIRONMENT

As a leading EPC organisation, Punj Lloyd takes its health, safety and environment obligations and considerations very seriously, so much so that HSE objectives form an integral part of the

overall corporate strategy. Punj Lloyd aims to protect people's health, ensure zero injuries and avoid or minimise any environmental impact that can occur due to its operations.

The Company is committed to achieving these goals through a structured HSE management system that has been put in place and is being followed in letter and spirit as well as is rigorously monitored for continuous improvement.

Punj Lloyd considers it a responsibility to its stakeholders to clearly stipulate measures and policies that can be proposed to third parties and are in line with global benchmarks.

The following HSE initiatives were undertaken during the year under review.

- + When risk assessment is carried out, proactive 'accident control measures' are factored into the scope in order to mitigate human accident and damage to property.
- + Designs and layouts for offices and camp accommodation have been standardised based on IFC guidelines.
- + 'Near miss' reporting initiatives have been successfully implemented to report more 'near miss'; analysis of all near miss are conducted and counter-measures developed; these are, in turn, circulated to all project sites so that lessons learnt are widely disseminated and safety practices are enhanced.
- + On the environment front, standard Punj Lloyd waste management guidelines are being implemented across all project sites.
- + Safety equipment (e.g. safety helmets, safety shoes, etc) for Punj Lloyd employees and subcontractors have been standardised and are in place.
- + Comprehensive training programs were regularly conducted to ensure strict adherence to safety procedures. These are conducted by both in-house trainers as well as by outside HSE experts.

During the year, Punj Lloyd had no fatal accidents.

INFORMATION TECHNOLOGY

2009 has been the year when Punj Lloyd has been adapting IT to play an increasingly strategic role in the business process by providing cutting-edge technologies needed to create value and competitive advantage. These range from advanced sales force automation, engineering design and collaboration tools,

to initiatives that support global distributed working. In Punj Lloyd, IT also helps to ensure the sustainability of its various businesses through effective controls for regulatory compliance and enhanced information security systems. The major initiatives during the year can be grouped under the following categories.

- + **Leveraging Technology** – Major initiatives in this area have been launched across the Company, focusing on creating value through business process reengineering. The objective is to seamlessly synchronise systems to best-in-class business processes, thereby improving controllership and data quality. Initiatives in areas like eSourcing provide a platform for global distributed procurement; whereas iExpenses is used by Punj Lloyd employees to book expenses online, thereby reducing administrative time and transactions cost.
- + **Consolidation** – As a step forward in consolidating group IT infrastructure, Data Centre resources of all entities are being aggregated at one place. Storage Area Network (SAN) has been implemented across Group Offices to consolidate corporate and project data onto a central repository. This will link up with the ongoing Knowledge Management initiative. Newer technologies like virtualisation for desktops and servers are being piloted to identify efficiencies and to move towards a 'green data centre' environment.
- + **Disaster Recovery** – The Group has a comprehensive Disaster Recovery Plan closely linked with a Business Continuity Plan. The Singapore and India data centres act as fall back sites for disaster management and provide for quick Recovery Time of Operations for all critical applications.
- + **Knowledge Management** – After successful implementation of a pilot for knowledge management software, the Group has embarked on a full fledged implementation, which is expected to go live in Sembawang Singapore by the end of second quarter of 2010-11. Simultaneously, evaluation for other departmental processes across the group like Marketing, Estimation, Procurement, Engineering and Contracts is in progress.
- + **Security** – Punj Lloyd has upgraded its Corporate Office network by adopting industry best practices and best of breed

technologies. This provides the corporate office enhanced perimeter security on a fail safe mode and helps in Data Centre consolidation and providing high availability of the systems. To enhance data security, a Data Loss Prevention solution has been implemented. This provides adequate IT controls to reduce current risk of loss of sensitive commercial and technical data through mail and internet by employees. IT Systems & Security Audits based on ISO 27001 ISMS Standard are conducted regularly and assessment report is used to trigger new initiatives to upgrade appropriate IT and business controls.

+ Unified Communications – An MPLS solution is in final stages of implementation across Punj Lloyd offices across the globe. Once completed, all regional offices in UAE, Singapore, Hyderabad, UK and project sites in India would have dedicated voice and data connectivity to the head office in Gurgaon. To provide a flexible and secure communication platform for mobile users secure communication links have been established for data transmission using identity-based access to corporate networks. Newer technologies are being examined and piloted to see how data exchange with remote sites can be improved.

+ Cost Leadership – The Group is closely working with vendors to establish a Shared Services Centre in Gurgaon. As a first step, key process areas like HR Management Systems, Accounts Payables and Travel & Telecom have been selected for implementation and proving the shared service concept. The primary aim is to bring in best practices, processes and cost efficiencies through standardisation and by benchmarking against industry standards. These systems are scheduled to go live by end of second quarter of the current year.

RISK

RISK STRUCTURE

Given the geographical spread, business segments in which the Company operates, the complexity of the projects and the time needed to close out a project, a structured risk management process is not just a desirable: it often can spell the difference between business and financial success on one side and failure and financial liabilities on the other. Punj Lloyd's



PUNJ LLOYD LTD. HAD 11,268 PEOPLE AS ON 31 MARCH 2010; THE GROUP'S HEADCOUNT NUMBER IS 14,811

business involves elements of engineering, design, commercial, sourcing, employee, safety, environmental and compliance and its concomitant risks; hence, the ability to identify and manage risks is crucial. The Company's risk management system and procedures tries to balance people, process and technology to ensure that the risk portfolio is balanced towards revenue and profit maximisation.

During the year, the Company realigned its risk organisation structure to reflect the changes in the group structure. A three tiered risk structure has been created for swifter flow of risk information and decision making. Risk management teams are responsible for managing and reporting of risks to senior management – each of whom have clearly defined roles in terms of timely identification, mitigation and optimisation of risks.

Punj Lloyd's risk management process revolves around three stages of project lifecycle: Sales Decision Process, Bidding and Estimation Process and Project Execution Process. Involvement of people depends on the complexity and perceived quantum of risk involved at each stage. Quantitative and qualitative thresholds are defined to ensure that complex projects are subjected to a rigorous risk management process. The Company has defined a risk universe and identified various risks as part of risk register. For each risk, tolerances, timings, ownership and guidance are provided to value or manage uncertainty. Roles, responsibilities, risk review mechanisms etc are defined in Risk Manual. Value at risk is worked out using internationally accepted simulation modelling. Execution risks are identified and monitored around cost breakdown and risk classification structure to provide early warning

signals. Risk reviews are carried out monthly by senior management and quarterly by the Board of Directors.

MAJOR RISKS

Currency Risk

Punj Lloyd has two types of currency risks: (a) foreign currency translation risk – where the profitability of the Company may be impacted at the point of consolidation due to the differential rates between booking foreign currency at the time of contract and the conversion rate at the year end; and (b) exposure to foreign currency by way of contracts. Part of this is hedged by taking forward contracts to reduce the risk of volatility, whenever contracts are entered into for procurement or services in a currency different from the 'base currency'.

Commodity Risk

Through Q3 and Q4 of 2009-10 and the first quarter of the current year, major commodity prices have been rising, backed by the uptick in global economic performance. The average price of West Texas crude has risen 32% during the year – from US\$ 59.52 per barrel to US\$ 78.67 per barrel; the price in mid April 2010 has reached US\$ 84.92 per barrel – with consequent price implications on other petro-products such as bitumen. According to the World Bank, its steel products index has been moving up from 215.5 in Q1 2009-10 to 211.5 in Q4 2009-10 with the March closing index at 220.2; average steel rebar prices have increased from US\$ 450 per MT in Q1 of 2009-10 to US\$ 546 in Q4 of 2009-10 (with the closing

prices in March 2010 touching US\$ 578 / MT). Copper prices have increased by 55% over the year: from US\$ 4,663 / MT in Q1 2009-10 to US\$ 7,232 / MT in Q4 2009-10; with the March 2010 prices at US\$ 7,463 / MT¹⁹. In March 2010, cement prices in India were increased by as much as Rs 12 per bag to offset the excise duty hikes and increase in diesel prices²⁰. What poses even greater challenges from the risk management perspective is the sharp volatility in prices.

Punj Lloyd addresses this in two ways. Part of the risk is covered by escalation clauses built into contracts where the customer commits to pay a certain amount on account of the increase in material costs. At the same time, the Company actively explores opportunities for making 'fixed price purchase contracts' as well as build in execution efficiencies to offset the cost implications of increased input prices.

FINANCIAL PERFORMANCE

Table 11 summarises the financials of Punj Lloyd Ltd for the year ended 31 March 2009.

STANDALONE FINANCIALS

Sales for 2009-10 grew by 3.86% - from Rs. 6,851.99 crore to Rs. 7,116.70 crore. At the same time, total income from ordinary activities increased by 4.18% to reach Rs. 7,203.06 crore (Rs. 6,913.88 crore in 2008-09). Operating Earnings before Interest, Depreciation and Taxes (Operating EBITDA), excluding extraordinary income, however, decreased from Rs. 761.92 crore in the previous year to Rs. 470.63 crore; mainly on account of a 36.59% increase in material costs (from Rs. 2,381.76 crore to Rs. 3,252.24 crore). Operating cash profit for

the standalone entity was consequently lower (from Rs. 605.95 crore in 2008-09 to Rs. 234.28 crore in 2009-10). Profit after Taxes (PAT) of the standalone entity was higher by 14.42% (Rs. 367.40 crore vs. Rs. 321.10 crore), on account of exceptional income of Rs. 311.09 crore that the Company gained through the sale of its stake in Pipavav Shipyard (see: 'The Pipavav Stake Divestment').

On an annualised basis, Punj Lloyd as a standalone entity had a basic earning per share (EPS) of Rs. 11.42 vis-à-vis Rs. 10.58 in 2008-09.

CONSOLIDATED FINANCIALS

For the year 2009-10, Punj Lloyd Group reported consolidated revenues of Rs. 10,447.83 crore, compared to Rs. 11,876.08 crore in 2008-09, a drop of 12.03%; total income has also reduced from Rs. 11,976.30 crore in 2008-09 to Rs. 10,538.79 crore. Consolidated operating EBITDA for the year stood at Rs. 218.34 crore vis-à-vis Rs. 373.54 crore in 2008-09. The PAT figure for 2009-10 reflected a loss of Rs. 116.26 crore (loss of Rs. 224.69 crore for 2008-09). The losses include a one-time charge of Rs. 162.95 crore (₹ 23.1 million) that was provided in the books of accounts due to liquidated damages levied by Ensus Limited on Simon Carves Ltd. (see: The Ensus Project: Page 23).

As on 31 Mar 2010, Punj Lloyd, at a consolidated level, has a total debt of Rs. 4,455.44 crore, compared to Rs 3,559.22 crore a year earlier. Of the total debt, secured loans have reached Rs. 3,982.75 crore as on 31 March 2010 (Rs. 2,988.87 crore on 31

¹⁹ Source: The World Bank: Pink Sheet, Apr 2010

²⁰ Source: The Economic Times, 2 Mar 2010

PARTICULARS	SUMMARISED FINANCIALS: PUNJ LLOYD LTD.: STAND-ALONE AND CONSOLIDATED			
	2009-10	2008-09	2009-10	2008-09
Sales / Income from Operations	7,116.70	6,851.99	10,447.83	11,876.08
Total Income from Ordinary Activities	7,203.06	6,913.88	10,538.79	11,976.30
Operating Earnings before Interest, Depreciation and Taxes	470.63	761.92	218.34	373.54
Operating Cash Profit	234.28	605.95	(74.35)	163.04
Operating Profit Before Taxes	101.60	486.47	(301.37)	(14.04)
Profit After Tax	367.40	321.10	(116.26)	(224.69)

Note: Previous year's figures have been re-grouped, where necessary



March 2009); the corresponding figures for the unsecured loans are Rs. 472.69 crore and Rs 570.34 crore, respectively.

INTERNAL CONTROLS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal controls commensurate with its size and business operations to ensure the following:

- + Timely and accurate recording of financial transactions and adherence to applicable accounting standards
- + Optimum utilisation and safety of assets
- + Compliance with applicable laws, regulations, listing agreements and management policies
- + An effective management information system and reviews of other systems

There are well defined and documented procedures, policies and authority guidelines for each business unit. The Company's Oracle based ERP ensures uniformity of systems and processes, and thereby internal controls, for all functions. The Company has also implemented an IT based Statutory Compliance tracking tool

to monitor compliance with applicable laws and regulations at various project sites and at the Head Office.

The Internal Audit Division conducts audits across the Company throughout the year to test check the internal control system, reports observations to the Audit Committee and tracks the compliance status of the audit observations. Project reviews are also carried out by the Internal Audit team as a part of internal control process.

FUTURE OUTLOOK

After having gone through one of the worst recessionary phases in memory, economies across the world are starting to look up. As global demand picks up, the demand for energy and infrastructure is also expected to grow, especially in emerging Asian economies.

Punj Lloyd's business segments specifically address these areas of burgeoning demand: oil and gas, petrochemicals, civil and infrastructure, power and renewables. Also, the Company operates in potentially high growth geographies: Asia, Africa and the Middle East.

The positive economic sentiments of Q4 2009-10 and Q1 2010-11 is reflected in Punj Lloyd's order book. On the date of this report, the Company has an order book of Rs. 27,770 crore, representing over two and a half years of 2009-10 revenue. Not only have these orders been generated in Punj Lloyd's 'traditional' areas of expertise, even the newer business segments have won significant contracts – India's largest solar-based EPC contract is a noteworthy example. The quality of these orders is also impressive: most of Punj Lloyd's clients are either global majors or sovereign companies.

As it goes forward, Punj Lloyd is optimistic about its future growth prospects.

CAUTIONARY STATEMENT

The management of Punj Lloyd Ltd. 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.

Directors' Report

TWENTY SECOND ANNUAL REPORT

Your Directors present the Twenty Second Annual Report for the year ended 31 March 2010:

FINANCIAL RESULTS			IN RS. CRORE
PARTICULARS	2009-10	2008-09	
Total Revenue	7541.60	6955.62	
Profit Before Interest, Depreciation & Tax (PBITD)	809.17	803.65	
Less: Interest	263.80	189.39	
Gross Profit	545.37	614.26	
Less: Depreciation	132.68	119.48	
Profit Before Tax (PBT)	412.69	494.78	
Less: Provision for Taxation including Deferred Tax Charge	45.29	173.68	
Profit After Taxation (PAT)	367.40	321.10	
Add: Profit Brought Forward	648.47	423.98	
Transfer from Foreign Exchange Translation Reserve	-	(2.11)	
Transfer from Foreign Project Utilised Reserve	0.75	3.65	
Surplus Available for Appropriation	1016.62	746.62	
Appropriation			
Particulars	2009-10	2008-09	
Dividend on Equity Shares	4.99	9.10	
Corporate Tax on Dividend	0.82	1.55	
Amount transferred to General Reserve	40.00	50.00	
Amount transferred to Debenture Redemption Reserve	60.00	37.50	
Profit carried to Balance Sheet	910.81	648.47	
TOTAL	1016.62	746.62	

CAPITAL STRUCTURE

During the year under review, the share capital of your Company was changed/ altered by further allotments as under:

- + 7,03,320 equity shares of Rs. 2/- each to employees under ESOP 2005 and ESOP 2006 of the Company.
- + 2,79,00,920 equity shares of Rs. 2/- each were allotted to Qualified Institutional Buyers under Chapter XIII A of SEBI (DIP) Guidelines, 2000 as amended from time to time.

DIVIDEND

The Directors recommend a dividend of 7.5% on equity shares, i.e. Re. 0.15 per share and Rs. 40 crore has been transferred to General Reserve.

OPERATIONS REVIEW

Total Revenue of your Company rose by 8.4% from Rs. 6,955.62 crore in FY 2008-09 to Rs. 7,541.60 crore in FY 2009-10. The profit before interest, depreciation and tax (PBITD) has increased marginally from Rs. 803.65 crore in FY 2008-09 to Rs. 809.17 crore in FY 2009-10.

During the year, the unsecured loans of your Company have decreased to Rs. 95.67 crore from Rs. 567.97 crore. The secured loans have increased during the year from Rs. 2,369.88 crore to Rs. 3030.70 crore owing to, inter-alia, the additional working capital required for execution of various new projects being undertaken by the Company. During the year, the Company issued Secured Redeemable Non Convertible Debentures amounting to Rs. 600 crore.

The Profit Before Tax (PBT) has decreased by 16.59% from Rs. 494.78 crore in FY 2008-09 to Rs. 412.69 crore in FY 2009-10 and the Profit After Tax (PAT) has increased by 14.42% from Rs. 321.10 crore in FY 2008-09 to Rs. 367.40 crore in FY 2009-10.

BUSINESS REVIEW

A detailed business review is being given in the Management Discussion and Analysis section of the Annual Report.

SUBSIDIARY COMPANIES AND JOINT VENTURES

During the year, the Hon'ble High Court of Delhi has approved the scheme of arrangement for demerger of Internet Service Provider (ISP) Division on a going concern basis into Spectra ISP Networks Pvt. Limited (formerly known as PL Engineering Pvt. Ltd.), a wholly owned subsidiary of the Company.

During the year, 12 new subsidiaries/ step down subsidiaries were added; these are Punj Lloyd SKIL Marine Systems Ltd., Punj Lloyd Delta Renewables Pte. Ltd., Punj Lloyd Delta Renewables Pvt.Ltd., Delta Solar (Bangladesh) Ltd., Buffalo Hills Ltd., Technodyne Engineers Ltd., Sembawang Caspi Engineers & Constructors LLP, Sembawang Libya General Contracting & Investment Company, Sembawang Australia PTY Ltd., Sembawang Hong Kong Ltd., Sembawang Securities Pte Ltd., and Sembawang Equity Capital Pte Ltd. and one step down subsidiary viz. Sembawang JTCI (China) Pte Ltd. ceased to be subsidiary of the Company.

During the year, the Company acquired 128,150 equity shares of Spectra Punj Lloyd Limited, constituting 2.56% of the paid up capital, thereby making it wholly owned subsidiary of the Company.

On an application by the Company under section 212(8), the Central Government has, vide its letter No. 47/371/2010-CL-III dated 13 May 2010, exempted the Company from attaching copy of Balance Sheet, Profit and Loss Account and other documents in respect of its subsidiaries for the year ended 31 March 2010.

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 is attached to this report.

Annual accounts of subsidiary companies and the related detailed information will be made available to the holding and subsidiary company investors, seeking such information. Copies of the annual accounts of the subsidiary companies are available for inspection by any investor at the Registered Office as well as the Corporate Office of the Company between 11.00 am to 1.00 pm on all working days.

During the year, the Company executed a share purchase agreement with SKIL Infrastructure Limited ("SKIL") and SKIL Shipyard Holding Private Limited ("SKIL Shipyard"), the other promoters of Pipavav Shipyard Limited ("PSL"), pursuant to which the Company had agreed to sell an aggregate of 12,93,60,538 equity shares of Rs.10 each of PSL, representing 19.43% of the issued share capital of PSL on the date of the Agreement, to SKIL and SKIL Shipyard.

Pursuant to the terms of the share purchase agreement these shares have been sold to the buyers at an aggregate consideration of Rs. 656.40 crore.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

The Company places high priority upon health, safety and environment at work. Safe work environment across all project sites of the Company is established and sustained through united efforts and rigorous monitoring. The focus of the Company is to eliminate unsafe behaviour and processes to proactively improve safety and health conditions. Environmental management is promoted by managing our operations in a responsible way. Our key environmental monitoring parameters are fuel efficiency, spill prevention and waste management. A note on HSE practices and initiatives is included in Management Discussion and Analysis.

DIRECTORS

Dr. Naresh Kumar Trehan and Mr. Sanjay Gopal Bhatnagar are liable to retire by rotation at the ensuing Annual General Meeting. Necessary resolutions for re-appointment of Dr. Naresh Kumar Trehan and Mr. Sanjay Gopal Bhatnagar is being included in the notice convening Annual General Meeting.

During the year, Mr. Vimal Kishore Kaushik ceased to be Managing Director and Director of the Company. Mr. Phiroz Vandrevalla resigned as director of the Company and was subsequently co-opted as additional director on the Board and his term of office is expiring at the ensuing Annual General Meeting. Necessary resolution for his appointment as Director liable to retire by rotation is being included in notice convening Annual General Meeting pursuant to a notice received under

Section 257 of the Companies Act, 1956.

Mr. Scott R. Bayman ceased to be a Director of the Company with effect from 2 July 2010.

Brief resumes of the Directors being appointed/ re-appointed, as required by Clause 49 of the Listing Agreement, are furnished in the explanatory statement to the Notice convening ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- + That in the preparation of the annual accounts, the applicable accounting standards have been followed;
- + 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;

- + That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- + That the Directors have prepared the annual accounts for the year ended 31 March 2010 on a 'going concern' basis.

EMPLOYEE STOCK OPTION PLAN

S.NO.	PARTICULARS	ESOP 2005	
		17 NOV 2005	10 MAY 2006
1	Total No. of options granted	3,217,445	771,040
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)	
3	Number of options vested	3,217,445	462,576
4	Number of options exercised	1,011,108	10,132
5	Total no. of shares arising as a result of exercise of options	1,011,108	10,132
6	Number of options lapsed	1,216,943	452,550
7	Number of options forfeited	Nil	Nil
8	Variation in terms of options	None	None
9	Money realized by exercise of options (Rs. '000)	127,400	2,391
10	Total No. of options in force as on 31 March 2010	989,394	308,358
11	Grant to Senior Management		
	Number of options	1,850,545	352,935
	Vesting period	4 Yrs	4 Yrs
12	Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during the year	Mr. V. K. Kaushik*, Options granted - 200,000	Mr. Pradeep Kulshrestha, Options granted - 40,000
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

*Ceased to be in employment w.e.f. 16 December 2009

ESOPS

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 Plan 2006 of the Company as on 31 March 2010 are given below.

During the year, an aggregate of 7,03,320 equity shares of Rs. 2/- each were issued pursuant to exercise of options under Punj Lloyd Employee Stock Option Plan 2005 and

Employee Stock Option Plan 2006, resulting in dilution of EPS by 0.012.

CORPORATE GOVERNANCE

The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges forms part of this Annual Report. The certificate of the auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the stock exchanges is attached to the report.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed Management Discussion and Analysis forms part of the Annual Report.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the accounting standard (AS-21), consolidated financial statements, are attached and form part of the Annual Report and Accounts.

ESOP 2006				
30 OCT 2006	27 SEP 2007	30 MAY 2008	30 MAR 2009	22 JAN 2010
1,491,050	30,000	40,000	30,000	30,000
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)
894,630	18,000	4,000	3,000	Nil
213,685	Nil	Nil	Nil	Nil
213,685	Nil	Nil	Nil	Nil
457,125	Nil	20,000	Nil	Nil
Nil	Nil	Nil	Nil	Nil
The remuneration committee had in its meeting held on March 30, 2009 revised the period of exercise of stock option s 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 option s 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 option s from 18 months to three years.	None	None
33,006	Nil	Nil	Nil	Nil
820,240	30,000	20,000	30,000	30,000
1,002,800	30,000	40,000	30,000	30,000
4 Yrs	4 Yrs	4 Yrs	4 Yrs	4 Yrs
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
Nil	Nil	Nil	Nil	Nil

ACCOUNTS AND AUDIT

The Auditors, M/s S. R. Batliboi & Co. will retire at the conclusion of the twenty second Annual General Meeting and being eligible, have offered themselves for re-appointment vide their letter dated 18 May 2010. The observations of the Auditors have been fully explained in Note 5, 6 and 11 in Annexure II to the Abridged Financial Statements and also Note 11, 17 and 31 in Schedule M to the complete set of Financial Statements.

INTERNAL CONTROL SYSTEM

The Company's internal control system is commensurate to the size and nature of its business and it:

- + Ensure timely and accurate financial reporting in accordance with applicable accounting standards;
- + Ensure optimum utilization, efficient monitoring, timely maintenance and safety of assets;
- + Compliance with applicable laws, regulations, listing agreements and management policies;
- + Effective management information system and review of other systems.

The Company has an Oracle based ERP System across business units and all processes like Procurement, Inventory Management, Vendor Payments, Accounts Receivable, Fixed Assets and Financial Accounting are on this platform. Punj Lloyd's subsidiaries Sembawang Engineering and Constructors-Singapore and Simon Carves UK have been brought on to Oracle ERP. This will bring in greater uniformity, swift exchange of information and alignment of business units in different geographies.

The Company has also started implementation of 'Documentum' a Document Management system that is capable of data storage, versioning, metadata, security, indexing, retrieval capabilities and is a step towards improved knowledge management with latest available technologies.

For test checks on the Internal Controls, the Internal Audit Division conducts audits across the Company throughout the year, reports the observations to the Audit Committee and tracks the compliance status of the audit observations. Data Analytics through Computer Assisted Auditing Techniques (CAAT) has been made an integral part of Internal Audits. Project reviews

covering various aspects of project are carried out by the Internal Audit team as part of internal control on a regular basis.

FIXED DEPOSITS

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

PERSONNEL

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees), Rules, 1957, as amended, the names and other particulars of employees are set out as an annexure to the Directors' Report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

CONSUMPTION OF ENERGY AND FOREIGN EXCHANGE 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. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT

We wish to express our gratitude and appreciation for the valuable support and cooperation received from our customers, business associates, banks, financial institutions, shareholders, various statutory authorities and agencies of Central and State Governments. We place on record our appreciation of the contribution made by employees at all levels.

For and on Behalf Of The Board

Atul Punj

CHAIRMAN

Place: Gurgaon

Date: 3 July 2010

Particulars of employees required under section 217(2a) of the Companies Act, 1956 read with the companies (particulars of employees) rules, 1975 and forming part of the Directors' Report for the year ended 31 March 2010.

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
Employed through out the year								
1	Abdulla Saeed Aqeel Al Hajrasi	Public Relations Manager (Public Relations)	3,777,750	HSC	16	23-Jun-04	37	Military Hospital
2	Abhay Kumar Nandurkar	Dy General Manager (QA/QC)	3,227,614	B E Production	18	3-Sep-08	41	Indian Oil Tanking Ltd.
3	Abhijit Ghoshal	SR, G M (Industrial Civil Construction)	3,059,228	BE (Civil)	36	1-Jun-06	63	D S Constructions Ltd.
4	Abhilash Sivanandan	QC Inspector	2,847,000	Diploma - Computer Appl.	7	4-Mar-09	33	Global Petro Project Services Ag (Saipem)
5	Abhishek Jain	Dy Manager (Electrical)	2,532,188	B Tech Electrical	7	29-Mar-09	29	Gammon India Ltd.
6	Adarsh Soni	President (Turnkey and Composite Construction)	3,831,070	BE (Chem), MBA	43	15-Oct-07	66	Mrpl
7	Aditya Vij	President (Defence)	9,601,375	CA, MBA	19	12-Jan-09	52	General Motors
8	Ajay Kumar Yadav	Dy General Manager (Plant & Equip)	2,802,658	Diploma Mech Engg.	16	4-May-03	39	Gammon India Ltd.
9	Akhil Kumar Gupta	Vice President (Industrial Civil Construction)	4,210,321	BE (Civil)	26	10-Feb-99	51	Iron International Ltd.
10	Alok Kumar Chaturvedi	General Manager (Project)	3,155,298	B E Mech	18	15-Jul-98	43	Usha Group
11	Amit Jain	General Manager	2,717,050	B.E. (Civl, M.E. (Environment Engg.))	19	19-Jun-00	42	Rpg Tran. Ltd.
12	Amit Kaura	Vice President (Pipeline)	10,072,500	B E Mech	22	13-Dec-93	44	Chambal Fertilizers & Chemicals Ltd.
13	Amit Roy	Vice President (Marketing)	4,436,250	B Tech Mech (IIT)	35	24-Sep-08	56	D S. Construction Ltd.
14	Anang Pal Malik	Sr General Manager (Procurement)	3,148,125	B Tech - Mech	36	10-Aug-06	57	Kamal Engineer Corporation
15	Anurag Rajwanshi	General Manager (Construction)	3,531,375	BE - Civil	23	1-Nov-07	46	Malikah Group, Qatar
16	Arun Kumar Dorai	Manager (Construction)	2,737,500	B E Mech	19	14-Dec-08	43	Technip Ltd.
17	Arup Roy	General Manager (Field Engineering)	3,226,965	B SC - Civil	41	24-Apr-06	61	Oman Steel Co.
18	Asghar Ali	President (External Relations)	5,114,515	BA (H)	34	7-Feb-08	62	Ashok Leyland
19	Ashok Kumar Gupta	Vice President (Turnkey and Composite Construction)	4,441,513	BE (Elect.)	37	21-Jun-89	60	Electrical Cost. Co.
20	Ashok Kumar Mohanty	Sr General Manager (Administration)	5,477,394	PGD Labour Law & Personal Mgmt.	29	5-Sep-89	52	Descon Engineering Ltd.
21	Atul Jain	President & CEO (Region Head - MEA & CIS)	15,700,673	B E Chem.	26	9-Jun-82	49	Punj Lloyd Group
22	Atul Waman Lande	Sr General Manager (Engineering)	5,694,000	B E Mech	22	15-Jul-07	43	L&T-Chiyoda Ltd.
23	Avinash Mehrunkar	Dy Manager (QA / QC)	3,624,450	BE - Mech	20	12-May-06	43	Saudi Arabian Fabrication Metal Industries, Saudi Arabia
24	B S Kapur	President (Industrial Civil Construction)	5,751,716	BE (Civil), ME	41	2-Jan-09	64	Simplex Infra. Ltd.
25	Basab Acharya	General Manager (Pipeline)	2,563,789	B.E. (Elect.)	19	16-Mar-93	42	Wilken Auto Pvt Ltd.
26	Bharat Kaul	Sr General Manager (Project)	5,975,200	B Tech Mech	15	20-May-02	39	Kirloskar Aaf Ltd.
27	Bhaskar Rao Pawar	Manager (Commissioning)	6,570,000	Mtech - Process Engg & Design	21	1-Apr-09	45	L&T
28	Bibhuti Bhusan Mallick	General Manager (Construction)	3,168,482	B E Mech	15	21-Nov-05	41	Dodsai Limited
29	Bosco Theikanath Bobby	Manager (Procurement)	3,695,625	B E Mech	13	23-Jan-09	36	Occidental of Oman
30	Dinesh Thairani	Group Head (Legal and Secretarial)	4,238,606	FCS , LLB	20	1-Mar-94	45	Rama Paper Mills Ltd.
31	Gnan Chandra Srikonda	General Manager (Contracts)	3,044,100	B. Tech (Civil), (IIT)	39	20-May-08	63	Suez - Tractebel Engineering.
32	Gokben Karaasian	Vice President (Marketing)	4,734,002	MBA	14	13-Oct-08	38	Celbi Ground Handling Inc
33	Gora Chand Basu	Exec.V.P. (Tankages)	4,390,023	BE (Civil)	36	8-Jan-96	61	Bridge & Roof Co (I) Ltd.
34	H K Kaul	Executive President (Offshore)	8,115,072	BE (Elect.)	44	19-Jul-05	66	Engineers India Ltd.
35	H K Suresha	Sr Manager (Contracts)	3,531,375	PGPPM	12	18-Feb-08	34	Rock-On Alliance Sdn Bhd

Particulars of employees required under section 217(2a) of the Companies Act, 1956 read with the companies (particulars of employees) rules, 1975 and forming part of the Directors' Report for the year ended 31 March 2010.

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
36	Iqbal Nadir Zaidi	General Manager (Project)	6,433,125	B E Mech	22	10-Jun-08	46	Bharat Petroleum Corporation
37	Jagdishchandra Parmar Dushyant	Dy Planning Manager (Planning)	2,463,750	B E Mech	11	18-Jan-09	33	Onshore Construction Company Pvt. Ltd.
38	Joseph Lennis Noronha	Dy General Manager (QA/QC)	3,558,750	B E Mech	30	18-Mar-06	46	Gulfar Engineering & Contracting L.L.C., Oman
39	K L Saha	Vice President (Offshore)	4,187,781	BE (Mech)	32	15-Dec-07	54	Pt Pebosea
40	Kalathiparambil Pappu Haritharan	Manager (QC)	3,969,375	IRCA (UK)-OMS-Lead Auditor course from BVQI	23	11-May-07	48	Construction Technical Services, Muscat
41	Kamal De	Manager (Engineering)	3,531,375	B E Mech	14	15-Nov-07	37	Posco Engineering & Construction
42	Kantilal Pankhania	Manager (Designing)	4,475,813	Architect	39	19-Jul-08	51	Jp Kenny Ltd.
43	Kartar Singh	Vice President (Estimation)	2,505,137	BE (Civil)	25	12-Dec-05	50	Bechtel India Pvt Ltd.
44	Kawajeet Singh	General Manager (Projects)	2,850,454	B E - Civil	22	25-May-05	45	Alstrom Proj. I Ltd.
45	Kishore Vaid	Vice President (Marketing)	2,692,066	BE (Mech)	30	29-Oct-03	53	Bechtel India Pvt Ltd.
46	Krishna Kumar Saha	Vice President (Project)	7,602,068	BE - Civil	26	1-May-94	51	Neo Parishrutan Pvt. Ltd.
47	Lalit Kumar Sati	Manager (Commissioning)	4,653,750	Diploma- Industrial Electronics	28	20-Jan-09	48	Ipedex
48	Loren Moses King Ili	Head (Marketing)	14,371,875	MBA	34	1-Apr-09	51	Parsons Fluor Daniel Jv, Kazakhstan
49	Luv Chhabra	Director (Corporate Affairs)	19,782,948	B. Tech, MBA	33	1-Jul-01	54	Kec International Ltd.
50	Madhu Varma Kanumuri	Sr Manager (HR / Admin)	4,462,125	MA	16	6-Dec-08	39	Dodsall Ltd.
51	Mahendra Kumar Warma	Manager (Construction)	3,011,250	BE - Civil	19	9-Feb-09	41	Essar Pmc Ltd.
52	Maresh Pandey	SR. GM (Industrial Civil Construction)	2,827,988	BE (Civil)	29	12-Apr-07	49	D S Constructions Ltd.
53	Manohar Keru Gavade	Engineer (Design Engineer)	4,380,000	BE - Electrical	12	11-Feb-09	32	Warley Parsons, Nigeria
54	Marciano Merlo	Manager (Engineering)	7,095,600	Electric engineer	18	9-Nov-06	48	Parsons Fluor Daniel Jv, Kazakhstan
55	Marco Tombari	Project Director (Project)	15,521,250	Diploma - Civil	39	15-Oct-08	62	Mott Macdonald, Oman
56	Mohd Nazmul Hoda	Sr Engineer (Civil)	3,011,250	BE - Civil	12	11-Feb-09	31	Wood Group Engineering India Pvt. Ltd.
57	Nimesh Ranjan Das	Sr General Manager (Project)	4,710,000	BE - Civil	41	1-Apr-06	65	Engineers India Ltd.
58	Nishchal Kumar	Sr General Manager (Marketing)	4,964,263	B E Mech	19	2-Apr-96	40	Chambal Fertilizers & Chemicals Ltd.
59	P Premkumar	Vice President (Finance and Accounts)	2,717,000	MSc, PGD	25	6-Oct-08	47	Sbi
60	Paul Criag Birch	Group President (HR)	15,746,806	PGD (IR and Labour Law)	24	9-Jul-07	54	Siemens Ltd.
61	Prabhu Dayalan	Dy Manager (Procurement)	2,874,375	BE Electrical	12	7-Feb-09	33	Toshiba Plant System & Services Corporation
62	Pradeep Kulshrestha	EXEC.V.P. (Industrial Civil Construction)	5,269,005	BE (Civil), M.E.	30	19-Aug-98	53	Iron International Ltd.
63	Pramod Kumar Mittal	VICE PRESIDENT (Finance and Accounts)	2,690,651	CA	22	14-Dec-99	50	Kailash Sircutural Ltd.
64	Pratima Ram	President (Finance and Accounts)	5,402,691	M.A.	36	28-Jan-08	60	Sbi
65	Prinalad Kumar Khare	Vice President (Projects)	2,640,935	BE (Mech), ME	36	8-Mar-00	58	Hyundai Engg. & Const.Co.Ltd
66	Raj Singh Tanwar	General Manager (HR)	7,746,815	PGDM HR	12	7-Feb-08	33	Eicher Engineering Solution
67	Rajeev Gupta	Addl General Manager (Construction)	3,440,804	B E Mech	15	16-May-95	39	Na
68	Rajesh Khajanchi	Addl General Manager (Finance and Accounts)	5,426,075	CA	15	2-May-05	40	Jindal Saw Ltd.
69	Rajiv Kumar Gupta	Addl General Manager (Project)	2,834,408	Bsc	25	31-Oct-07	48	Colonel General Staff With Indian Army

Particulars of employees required under section 217(2a) of the Companies Act, 1956 read with the companies (particulars of employees) rules, 1975 and forming part of the Directors' Report for the year ended 31 March 2010.

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
70	Rajneesh Kamboj	QC Inspector (Quality)	2,929,125	B.Tech - Mech	13	27-Feb-09	35	Jsc "Oggc Kazstroy Service", Kazakhstan
71	Raju Kaul	President (Finance and Accounts)	6,831,327	CA, MBA	27	3-Aug-00	50	Rpg Transmission Ltd.
72	Rakesh Kumar Gautam	General Manager (Project)	2,737,500	Diploma Mech Engg.	31	13-Dec-06	53	Al Hassan Oman
73	Rakesh Syal	Sr General Manager (Project)	5,902,725	B E Mech	26	1-Mar-02	47	Alpine Non Ferrous Foundry, Canada
74	Rakhee Gupta	Manager (HR)	3,156,220	B A	10	12-Mar-08	37	Manpower Inc.
75	Rama Mohan Reddy Padakula	Manager (Engineering)	2,532,188	M Tech Structures	6	14-Jan-09	31	Foster Wheeler India Ltd.
76	Ramanand Shukla	Sr Advisor (HSE)	2,607,917	Diploma Mech Engg.	27	28-Mar-07	49	Gulf Petrochemical Services And Trading Lic
77	Ramanijit Singh Chadha	Exec.V.P. (Special Projects)	3,536,146	B TECH (Mech), MBA	29	14-Sep-81	50	Punj Lloyd Group
78	Ravi Kiran	Addl. General Manager (Offshore)	3,384,467	BE (Mech), PGDBA	17	24-Nov-08	39	J Ray McDermott Middle East Inc (Dubai)
79	Ravindra Kansal	President & CEO (Region Head - MEA & CIS)	15,965,888	B E Chem.	28	22-Nov-05	50	lob Ltd.
80	Robert Anthony Allen	President (Plant and Equipment)	14,230,374	B.E. (Mech), B.E. (Elect.)	34	1-Apr-09	57	Hcc
81	Rohit Singh	General Manager (Electrical)	3,564,835	B.Tech - Electrical	28	24-Jul-07	52	Ispat Industries Ltd.
82	S C Sachdeva	Vice President (Industrial Civil Construction)	3,081,095	BE (Civil)	39	19-Jun-00	62	Somnath Builders
83	Sachindranath Biswas	Manager (Procurement)	4,516,875	B.Tech - Mech	27	21-Jan-09	49	Reliance Industries Ltd.
84	Sanjay Kumar Sinha	Sr Manager (Project)	3,582,820	Diploma - Industrial Safety	17	1-Nov-99	42	Dodsai Ltd.
85	Seshaphani Malayathi	Sr Manager (Engineering)	3,900,938	B Tech Mech	13	13-Jan-09	34	L & T Valdel
86	Sharwan K. Manocha	General Manager (Plant & Equipment)	3,936,657	Diploma Mech Engg.	39	19-Feb-02	60	Hindustan Times
87	Shibendra Nath Basu	Dy General Manager (Construction)	2,690,899	B Com	31	16-Jul-98	56	U.B. Engineering Ltd.
88	Shibi Emmanuel	Addl General Manager (Engineering)	6,296,250	M Tech Systems & Control Engg	20	11/16/2008	44	Dar Al Riyadh Consultants
89	Shyamal Chatterjee	Vice President (HR)	3,346,795	BE (Mech)	35	23-Jun-08	60	Bhel
90	Sidharath Tuli	President (HR)	7,170,955	Master of Mgmt. Studies	26	9-Jun-08	49	Heidelberg
91	Subhash Chander Vig	EXEC.V.P. (Power)	3,807,066	BE (ELEC)	19	11-Jun-07	63	Bhel
92	Subramaniam Sundaraman	Addl General Manager (Planning)	3,066,000	B E Mech	28	10-Nov-07	50	Arabian Benco Contracting Co., Jedha
93	Sudeep Sarkar	Sr Manager (Cost Control)	2,463,750	BE Civil	17	9-Sep-08	41	Tecnimont Icb Ltd.
94	Sunil Tiwari	President (ISD)	5,574,417	BE (COMP), MBA	30	12-Sep-08	55	Novartis Healthcare
95	Suresh Narasinha Vaidya	Dy General Manager (Contracts)	3,558,750	B E Production	16	2-Feb-09	38	Descor Engineering Ltd.
96	Swatantar Kumar Goyal	SR. GM (Industrial Civil Construction)	4,569,685	B.E.-Civil	26	22-Sep-95	49	Sikand Const. Projects
97	Syam Prasad Somavaram	Sr Engineer (Construction)	4,927,500	MSc - Welding Engg	13	29-Jan-09	45	Kito Enterprises Lic, Uae
98	Tabrez Mohammed Khan	Dy General Manager (Project)	3,879,969	B.Tech Mech	11	10-Aug-00	34	Na
99	Thomas Martin Reed	Project Director	12,592,500	Engineer	32	11-Dec-08	56	Parsons Fluor Daniel Jv, Kazakhstan
100	Uday Narshiv Shenoy	Manager (HSE)	5,201,250	Diploma - Intl. Health & Safety Mgmt	24	13-Jan-09	59	Gulf Petrochemical Services, Uae
101	Utpal Roy	Manager (QC)	2,463,750	Diploma Mech Engg.	29	3-Mar-06	48	Al Turki, Oman
102	V P Sharma	President (Offshore)	9,294,654	DIP (Mech)	25	1-Apr-08	48	Na
103	V.Mahalingam	Addl General Manager (Piping)	2,966,528	B E Mech	15	10-Jan-07	42	Suez - Tractebel Engineering.

Particulars of employees required under section 217(2a) of the Companies Act, 1956 read with the companies (particulars of employees) rules, 1975 and forming part of the Directors' Report for the year ended 31 March 2010.

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
104	Vaishnav Ashwin Kumar Dalpatram	Manager (Construction)	3,011,250	B.E. - Civil	20	1-Jan-09	43	Essar Ltd.
105	Vallabhai Gokalbhai Patel	Sr Manager (Project)	4,653,750	BE - Civil	33	3-Sep-06	57	M/S Dynamic General Contracting
106	Vibhu Nath Prasad	Vice President (Pipeline)	3,651,208	BSc Engg (Mech)	38	3-Sep-07	61	Engineers India Ltd.
107	Vilvanathan Duraiswamy	Lead Engineer (QC / QA)	3,011,250	B.E Mech	10	21-Jan-09	40	Mott MacDonald, Oman
108	Vivek Prabhakar Prabhu	Dy General Manager (Project)	4,407,375	BE - Civil	13	4-Jan-07	38	Al Ghanim Sepam Contracting, Kuwait
EMPLOYED FOR PART OF THE YEAR								
1	Aditya Kumar Shrivasiava	SR. G.M (Defence)	2,232,295	B.E. (Mech)	18	16-Jul-09	41	General Motors
2	Ajay Nashikkar	VICE PRESIDENT (Civil Construction)	1,349,597	B.E. (Mech)	29	6-Oct-09	53	Dif Lang
3	Ameerulla Mohammad	QC Inspector (Quality)	3,001,050	Diploma Mech Engg.	8	15-Apr-09	32	Pdo Petrofac Teksen
4	Angamuthu Ekambaran Prabhakaran	Dy Manager (Logistics)	675,000	B.Com	9	22-Dec-09	38	Gulf Petroleum, Uae
5	Arputha Adimai John Victor	QC Inspector (Quality)	1,566,000	Diploma Piping Engg.	17	12-Aug-09	43	Kellogg Brown Root Saudi Ltd.
6	Atul Kumar	Exec.V.P. (Materials)	2,926,261	BE (Chem)	38	9-Apr-98	60	Engineers India Ltd.
7	Atul Pasricha	Group CFO	9,238,353	CA	30	1-Oct-09	53	Ovn Business
8	Ayad Farhat	Manager (Business Development)	6,218,438	MBA	25	1-May-09	46	Al Jaber Engineering
9	Ayyappa Mariyappa Achariya	Engineer (QC)	1,040,325	Diploma Mech Engg.	24	9-Nov-09	42	Nsh, Qatar
10	Balaraman Gopalan	General Manager (Operations)	2,900,340	B.E Mech	31	7-Mar-09	57	N/A
11	Desai Kanubhai Vasantlal	Dy General Manager (Construction)	2,015,175	Diploma Mech Engg.	26	28-Jun-09	51	Kazstroy Service
12	Devdas Mahadeo Lonare	Deputy General Manager (Commissioning)	1,536,696	M.E./B.E.,MBA	31	6-Jul-09	51	Petroleum India International, Kenya.
13	Dilip Kamnani	Manager (Finance)	288,000	CA	5	28-Feb-10	32	Global Industries
14	Dilip Kumar Chandra	Adtl General Manager (Construction)	1,680,000	LME	35	20-Aug-09	59	Reliance Construction Co.
15	Hemant Sandu	Dy General Manager (Program Manager)	1,741,648	BA Economics	6	11-May-09	32	Punj Lloyd Group
16	Jayaram Easwaran	Exec.V.P. (Marketing)	4,119,014	PGDBM-Marketing	35	3-Jun-09	58	Dexterity Buss. Analysis
17	Kuppachary Prabhakaran	Dy General Manager (Elect. & Instrumentation)	2,574,000	MCA	24	19-Jun-09	45	Dodsai, Oman
18	Luciano Giorgi	Vice President (Business Development)	6,750,135	Doctorate Nuclear engg.	30	5-Jul-09	50	Bonatti
19	Mahesh Chandra Agrawal	Vice President (HSE)	1,331,426	B.E.-(Chem.)	29	27-Apr-09	49	Reliance Ind.
20	Malcom Cook	General Manager (Process)	4,928,094	PHD Chemistry	20	12-Jul-09	46	Simon Carves
21	Mani Govindachetty	Adtl General Manager (Projects)	4,845,000	BTech - Chemical	28	21-Jan-09	51	Foster Wheeler India Ltd
22	Manoj Chhaganlal Agrawal	Dy General Manager (Estimation)	5,489,422	MBA Marketing	19	5-Jan-09	38	L&T Ltd.
23	Mantha Venkat Shivaji Sastry	Manager (QC)	5,085,000	B.E Mech	24	27-Apr-09	60	Austrian Energy & Environment, China
24	Mohd Zakir Ahmed	Manager (Civil)	967,500	BE - Civil	20	23-Nov-09	49	Saudi Oger Ltd., Saudi Arabia
25	Mukesh Tyagi	President (Business Development)	4,938,879	BSc.LLB,MBA	22	3-Mar-08	53	Essar Power
26	N Kannan	President (Power)	6,431,476	B.E.(Elect./Electron)	27	20-May-09	50	Maytas Infra
27	Naveen Mogha	General Manager (Offshore)	2,191,598	B.E. (Electron & Commn.), PGDBM-Mktg.	16	28-May-09	39	Reliance
28	Naveen Nijhawan	GENERAL MANAGER (Defence)	1,846,910	B.E. (Mech)	14	26-Jun-09	37	Avtec Ltd.
29	Pethaperumal Narayana Moorthy	Dy General Manager (Project)	2,216,250	Diploma Mech Engg.	34	16-Sep-09	55	Dodsai Ltd.

Particulars of employees required under section 217(2a) of the Companies Act, 1956 read with the companies (particulars of employees) rules, 1975 and forming part of the Directors' Report for the year ended 31 March 2010.

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
30	Prashant Venkatesh Purushan	Manager (Construction)	2,359,500	B E Mech	20	2-Aug-09	43	Arabian Industries Llc Oman
31	Pronob Mukerji	President (Offshore)	3,825,353	B.Tech (Civil)	45	1-May-07	63	Engineers India Ltd.
32	Rajesh Agrawal	Exec.V.P. (Materials)	5,786,425	B.E. (Mech), MBA	25	6-May-09	48	Reliance Infra Ltd.
33	Rajiv Jain	Addl General Manager (Contracts)	2,908,500	MBA	27	28-Jun-09	52	Hawk, Yemen
34	Ramakrishnan Nagarajan Ramakrishnan	Manager (Planning)	2,656,500	AMIE Mech	19	14-May-09	44	Chemtex Consulting Engineers, Bangalore
35	Ramasubbu Singaraja	Manager (Project)	3,396,000	MBA Operations	27	22-Jun-09	49	Al Suwaidi Industrial Services Ltd.
36	Ramesh Kumar Shringi	Sr. G.M (Special Projects)	1,589,326	BE (Mech)	33	2-Dec-08	56	Essar Oil Ltd.
37	Ramesh Verma	General Manager (Business Development)	936,000	BE	33	11-Jan-10	55	Al Hassan Engineering Co. Saog.
38	Ranjeet Kumar Jarwal	Manager (QC)	1,410,750	AMIE Mech	19	12-Oct-09	37	Kazstroy Services Ltd
39	Ranjeev Mahindru	Vice President (Civil Construction)	1,440,239	B.E(Electron & Elect., PGDBM-Mgmt.	14	1-Apr-09	38	Ntpc
40	Ravi Keswani	President (F&A)	9,301,695	FCA	23	27-Jan-97	47	Hero Cycles Ltd.
41	Rekha Vashisht	General Manager (Chairman Office)	301,354	B.A. CERT.-Secretarial Practice	21	23-Feb-10	44	Ge India Ltd.
42	Rita Purohit	General Manager (Chairman Office)	3,770,142	BA., PGDBA	34	3-Mar-08	57	Ge India Ltd.
43	Samarendra Nath Tiwari	Manager (Planning)	4,169,250	B E Mech	15	9-May-09	37	Adani Energy Ltd.
44	Sandeep Maurya	Addl General Manager (Program Manager)	2,037,910	BE Marine Tech	11	8-Jan-10	33	Exxonmobil Corporation
45	Salish Kumar Gupta	Vice President (Project Services)	1,544,400	B Tech Mech.	40	3-Jan-10	61	Bundug Company Ltd.
46	Shaikh Sahjahan	Dy Manager (Elect. & Instrumentation)	2,267,820	BTech - Electrical	19	12-Jun-09	40	Reliance Industries Ltd.
47	Shantanu Chakravorty	Vice President (HR)	1,061,415	BSc	17	4-Aug-08	40	Aditya Birla Mgmt. Corp.
48	Shiva Santosh Kumar Boppana	Sr General Manager (Contracts)	2,538,000	B E Mech	13	11-Nov-09	37	Dodsal Ltd.
49	Sivasankaran Kanagasabai	Dy Manager (Tankages)	262,500	Diploma Mech Engg.	22	25-Feb-10	46	Heisco Ltd
50	Sreeram Srinivas	Manager (QA / QC)	3,044,250	BTech - Mech	23	29-Jul-09	45	Nippon Steel, Indonesia
51	Stephen Siluvamma Clement	Manager (Logistics)	478,500	MBA Logistics	14	2-Feb-10	44	Delta Mechcons
52	Subhashish Rakshit	General Manager (Director's Office)	2,395,741	B.E Mech	22	10-Feb-10	44	Encorporate Engineers Ltd.
53	Sushil Kumar Gupta	General Manager (Civil Construction)	1,886,585	B.E.-Civil	23	17-Jun-09	46	Dif Lang
54	Tara Prosad Mukhopadhyay	Sr. General Manager (Plant & Equipment)	4,533,855	Licenciate Mech	38	4-May-09	61	Gammon India Ltd.
55	Vinod Choudhry	Dy Manager (Mechanical)	1,730,813	B Tech Mech	7	20-Jul-09	30	Technip Kt India Ltd.
56	Vinod Kumar Gupta	Vice President (Marketing)	1,122,461	BE (Chem)	35	27-Dec-07	59	Lurgi India Co. Ltd.
57	V. K. Kaushik	M.D.	70,456,738	BE (Elect.)	41	1-Oct-70	63	Na

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

The Company is in the construction business and consequently, 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 it. 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:

In the Asia Pacific region, especially in South East Asia, the hydrocarbon industry bears great promise over the next three years. Oil majors have planned significant investments in all hydrocarbon segments – upstream, midstream and downstream – and with it, the business opportunities for Punj Lloyd appear positive. From a country-specific perspective, Indonesia and Malaysia are expected to provide substantial opportunities in power plants, mining, gas processing plants and storage terminal projects.

Your Company won its first offshore project in Thailand for platform compression facilities with a contract value of Rs. 574 crore. In Singapore, a Rs. 151 crore project for Jurong Lubes Terminal was also won during the year. In the Middle East, your Company won a Rs. 593 crore contract from Aramco Total Refinery and Petrochemical Company (SATORP) for its port tank farm project.

2009-10 has seen the award of a number of large contracts. The largest of them, valued at USD 1.27 billion, was awarded by the International Investment and Services Company, Economic and Social Development Fund, Libya, for commercial development. A further order of USD 414 million for utilities in three townships has also come from Libya.

- (b) Total Foreign Exchange Used and Earned

(Amount In INR '000)

Used	
Project expenses	1,610,394
Foreign Branch Expenses	39,132,656
Travelling	23,338
Value of imports calculated on CIF basis – Stores, spares and other materials	1,929,564
Value of imports calculated on CIF basis – Capital Goods	2,207,086
Interest	147,283
Others	540,559
Salary	6,246
Dividend paid	22,707
Earned	
Contract Revenues (Including foreign branches Rs. 43,275,354 thousand)	44,179,060
Export at FOB Value	11,577
Hiring Charges	221,141
Interest Received (Including foreign branches Rs. 17,754 thousand)	183,755
Others (Including foreign branches Rs. 353,964 thousand)	353,964

For and on Behalf of the Board

Atul Punj
Chairman

Place : Gurgaon
Date : 3 July, 2010



COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Punj Lloyd believes that corporate governance envisages achieving the highest standards of accountability, transparency and equity in all its spheres and in all its dealings with its stakeholders, which involves, at its widest sense, a sense of trusteeship ingrained into all its activities. Thus, the Company ensures that its corporate governance practices are monitored and executed through strong Board oversight, timely disclosures, transparent accounting policies and high levels of integrity in decision-making.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports Punj Lloyd's compliance with clause 49.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

On 31 March 2010, Punj Lloyd's Board of Directors consisted of 8 Directors, of which 4 are independent Directors. The Executive Chairman of the Board of Directors is a promoter Director. The composition of the Board satisfies the conditions that the Listing Agreements of the Stock Exchanges as laid down in this regard.

NUMBER OF BOARD MEETINGS

In 2009-10, the Board of the Company met 5 times on 18 May 2009, 24 June 2009, 27 July 2009, 23 October 2009 and 22 January 2010. The maximum gap between any two Board meetings was less than four months.

Table 1 details the composition and the attendance record of the Board of Directors.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS

None of the Directors is a member of more than 10 Board-level Committees of public companies in which they are Directors, nor is Chairman of more than five such Committees.

1 COMPOSITION OF THE BOARD OF DIRECTORS AS ON 31 MARCH 2010							
NAME OF THE DIRECTORS	CATEGORY	NO. OF OTHER DIRECTORSHIPS ¹	NO. OF BOARD LEVEL COMMITTEE MEMBERSHIPS / CHAIRMANSHIPS IN OTHER INDIAN PUBLIC COMPANIES		ATTENDANCE PARTICULARS		
			MEMBER ²	CHAIRMAN ²	NO. OF BOARD MEETINGS		ATTENDANCE AT LAST AGM
					HELD	ATTENDED	
Mr. Atul Punj	Promoter, Executive	9	-	4	5	5	Yes
Mr. Luv Chhabra	Executive	7	3	-	5	5	Yes
Mr. Pawan Kumar Gupta	Executive	7	-	-	5	5	Yes
Mr. Scott R. Bayman ⁴	Independent	-	-	-	5	2	No
Dr. Naresh Kumar Trehan	Independent	4	-	-	5	5	Yes
Mr. Sanjay Gopal Bhatnagar	Independent	-	-	-	5	3	No
Mr. Niten Malhan	Non-Executive	4	4	-	5	3	No
Mr. Phiroz A Vandrevale ³	Independent	1	-	-	4	2	No

1. The directorships held by Directors as mentioned above do not include alternate directorships and directorships of foreign companies, Section 25 companies and private limited companies.

2. In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees and Shareholders'/Investors' Grievance Committees of all public limited companies have been considered.

3. Mr. Phiroz Vandrevale resigned as Director of the Company on 1 January 2010. He was re-appointed as an Additional Director w.e.f. 12 March 2010 and inducted as member of the Audit Committee w.e.f. 6 April 2010.

4. Mr. Scott R. Bayman resigned as Director of the Company on 2 July 2010.

DIRECTORS WITH MATERIAL PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

As mandated by Clause 49, the independent Directors on Punj Lloyd's Board:

- ✚ Apart from receiving Director's remuneration, do not have any material pecuniary relationship or transaction with the company, its promoters, its Directors or its senior management, its subsidiaries and associates which may affect independence of the Director.
- ✚ Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- ✚ Have not been an executive of the Company in the immediately preceding three financial years.

- ✚ Are not partners or executives or were not partners or executives during the preceding three years of the:
 - a. Statutory audit firm or the internal audit firm that is associated with the company.
 - b. Legal firm(s) and consulting firm(s) that have a material association with the company.
 - ✚ Are not material suppliers, service providers or customers or lessors or lessees of the company, which may affect independence of the Director.
 - ✚ Are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares.
- The Company does not have any pecuniary relationship with any non-executive or independent director except for payment of commission, sitting fee of Rs. 10,000 per

meeting and reimbursement of travelling expenses for attending the Board meetings. No sitting fee is paid for attending the meetings of Committees of Directors.

The details of all remuneration paid or payable to the Directors are given in **Tables 2 & 3**.

SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON- EXECUTIVE DIRECTORS

Table 4 details the shares of the Company held by the non-executive Directors as on 31 March 2010.

As on 31 March 2010, none of the non-executive Directors held any convertible instruments of the Company.

NAME OF THE DIRECTORS	SALARY	SITTING FEES	PERQUISITES	DEFERRED BENEFITS (PF & SUPERANNUATION)	PERFORMANCE INCENTIVES	TOTAL
Mr. Atul Punj	-	-	-	-	-	-
Mr. Luv Chhabra	12,000	-	2,479	1,440	-	13,039
Mr. Pawan Kumar Gupta	-	-	-	-	-	-
Mr. Scott R. Bayman ⁴	-	20	-	-	500	520
Dr. Naresh Kumar Trehan	-	50	-	-	500	550
Mr. Sanjay Gopal Bhatnagar	-	30	-	-	500	530
Mr. Niten Malhan	-	-	-	-	-	-
Mr. Rajan Jetley ³	-	10	-	-	-	10
Mr. Vimal Kishore Kaushik ¹	9,000	-	35,267	1,080	-	45,347
Mr. Phiroz A Vandrevale ²	-	20	-	-	500	520

1. Mr. Vimal Kishore Kaushik, Managing Director, resigned w.e.f. 16 December 2009

2. Mr. Phiroz A Vandrevale, Independent Director, resigned w.e.f. 1 January 2010 and was re-appointed as an Additional Director w.e.f. 12 March 2010

3. Mr. Rajan Jetley, Independent Director, ceased to be a director w.e.f. 28 July 2009

4. Mr. Scott R. Bayman resigned as Director of the Company on 2 July 2010.

5. None of the Directors are related to each other.

NAME OF THE DIRECTORS	TOTAL NO. OF OPTIONS*	OPTIONS VESTED TILL 31 MARCH 2010	OPTIONS EXERCISED	EXERCISE PRICE PER SHARE (RS.)	OPTIONS STILL UNVESTED
ESOP 2005					
Mr. Vimal Kishore Kaushik	200,000	200,000	200,000	126	-
Mr. Luv Chhabra	135,000	135,000	81,000	126	-
Mr. Pawan Kumar Gupta	100,000	100,000	30,000	126	-
ESOP 2006					
Mr. Vimal Kishore Kaushik ¹	75,000	45,000	30,000	154.46	30,000
Mr. Luv Chhabra	60,000	36,000	18,000	154.46	24,000
Mr. Pawan Kumar Gupta	40,000	24,000	4,000	154.46	16,000

1. 30,000 unvested options of Mr. Vimal Kishore Kaushik lapsed due to his resignation from the services of the Company

2. Each option gives the holder a right to one equity share of the Company

INFORMATION SUPPLIED TO THE BOARD

- + Among others, information supplied to the Board includes:
- + Annual operating plans and budgets and any updates 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 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
- + Details of any joint venture or collaboration agreement
- + Transactions that involve substantial payment towards goodwill, brand equity or intellectual property

NAME OF THE DIRECTORS	NO. OF SHARES HELD (EACH OF FACE VALUE OF RS. 2/-)
Mr. Scott R. Bayman ¹	-
Dr. Naresh Kumar Trehan	4,000
Mr. Sanjay Gopal Bhatnagar	-
Mr. Niten Malhan	-
Mr. Phiroz A Vandrevala	5,000

1. Mr. Scott R. Bayman resigned as Director of the Company on 2 July 2010.

NAME OF MEMBERS	STATUS	CATEGORY	NO. OF MEETINGS	
			HELD	ATTENDED
Dr. Naresh Kumar Trehan	Chairman	Independent	4	4
Mr. Sanjay Gopal Bhatnagar	Member	Independent	4	4
Mr. Niten Malhan	Member	Non-Executive	4	2

- + 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.

The Board of Directors is presented with detailed notes along with the agenda papers well in advance of the meeting. The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

As on 31 March 2010, Punj Lloyd's Audit Committee consisted of Dr. Naresh Kumar Trehan (Chairman of the Committee), Mr. Sanjay Gopal Bhatnagar and Mr. Niten Malhan.

All the members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 28 July 2009 to answer shareholder queries.

The Committee met 4 times during the course of the year: on 18 May 2009, 27 July 2009, 23 October 2009 and 22 February 2010. **Table 5** gives attendance record.

The Director in charge of Finance 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 functions of the Audit Committee of the Company include the following:

1. 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.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. 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.
8. Discussion with internal auditors of any significant findings and follow up thereon.
9. 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.
10. 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.
11. Reviewing the Company's risk management policies.
12. 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.
13. Reviewing any changes in the accounting policies or practices as compared to the last completed financial year and commenting on any deviation from the Accounting Standards.
14. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

NAME OF MEMBERS	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
Dr. Naresh Kumar Trehan	Independent	Member	4	4
Mr. Sanjay Gopal Bhatnagar	Independent	Member	4	3
Mr. Niten Malhan	Non-Executive	Member	4	3

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

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

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.
- ✦ Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital etc), as part of the quarterly declaration of financial results.
- ✦ If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice.

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 (if any), in view of the requirements under Clause 49.

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 the 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.

REMUNERATION COMMITTEE

Punj Lloyd's Remuneration Committee is responsible for recommending the fixation and periodic revision of remunerations of the Directors, subject to the overall ceiling fixed by the shareholders.

Payment of remuneration to the Executive Directors is governed by Remuneration Committee, Board and Shareholders' resolutions. The remuneration structure comprises of Salary, performance based incentive, perquisites and allowances and retiral benefits (superannuation and gratuity).

The payment to non-executive Directors is made in the form of sitting fees for attending the Board Meetings and commission on profits. The shareholders of the Company have in the annual general meeting held on 27 July 2007 approved the payment of commission to non-executive Directors upto 1% of net profits of the Company for each year, calculated as per the provisions of the Companies Act, 1956. Actual commission to be paid to non-executive Directors for the year is decided by the Board of Directors, taking into consideration, inter alia the performance of the Company and attendance of non-executive Directors at the board meetings.

The Company's Remuneration Committee consists of Dr. Naresh Kumar Trehan, Mr. Sanjay Gopal Bhatnagar and Mr. Niten Malhan. The Committee met 4 times during the year: on 18 May 2009, 27 July 2009, 23 October 2009 and 22 January 2010. **Table 6** gives the attendance details.

SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

The Committee looks into all matters related with the transfer of securities. The terms of reference of the Committee are as follows:

- ✦ To approve the transfer/transmission of securities of the Company and oversee and review all matters connected with the transfer/transmission of securities of the Company.
- ✦ To issue new certificates of securities of the Company on split up or consolidation and issue of duplicate certificates of securities of the Company against lost/torn/mutilated certificates etc.
- ✦ To issue new certificates of securities in case of change in denomination of securities of the Company.
- ✦ To decide on any matter relating to the securities of the Company whether in physical or dematerialised form.
- ✦ To formulate and implement the Company's Code of Conduct for prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992 and review and monitor its compliance.
- ✦ To appoint and/or remove Compliance Officer(s) of the Company for complying with the Requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Listing Agreement(s) to be entered into with various Stock Exchange(s).
- ✦ To appoint and/or remove the Registrars and Transfer Agent(s) of the Company and for that purpose to authorise any officer(s) of the Company to enter into Tripartite Agreement(s) with the Registrars and Transfer Agent(s) and Depository(s).
- ✦ To review the performance of the Registrars and Transfer Agents and recommend measures for improvement in the quality of investor services.

NAME OF MEMBERS	CATEGORY	STATUS	NO. OF MEETINGS	
			HELD	ATTENDED
Dr. Naresh Kumar Trehan	Independent	Chairman	4	4
Mr. Atul Punj	Promoter, Executive	Member	4	4
Mr. Luv Chhabra	Executive	Member	4	4

- + To look into the redressal of shareholders and investors complaints of any nature including but not limited to the following:
 - + Transfer of securities.
 - + Non-receipt of Balance Sheet.
 - + Non-receipt of declared dividends.
 - + Change of address of the shareholders.
 - + Non-receipt of shares in physical or dematerialised form.
 - + Shareholders' complaints of other nature forwarded to the Company by Stock Exchanges/SEBI.
 - + Correction/change of the bank mandate on refund orders.
 - + Other complaints of similar nature received from the shareholders.
- + Any other matters to be delegated under any applicable law or regulation or rules applicable to the Company.
- + To delegate all or any of the powers mentioned above to any officer(s) of the Company and/or to the Registrar and Share Transfer Agents appointed/to be appointed by the Company.

The Committee comprises of Dr. Naresh Kumar Trehan (Chairman of the Committee), Mr. Atul Punj and Mr. Luv Chhabra. The Committee met 4 times during the year: on 18 May 2009, 27 July 2009, 23 October 2009 and 22 January 2010, as detailed in **Table 7**.

CODE OF CONDUCT

The Board of Directors of the Company has adopted the Code of Conduct for Directors and Sr. Management Personnel. The Code is applicable to both Executive and non-executive Directors as well as senior management personnel. A copy of the code is available on Company's website www.punjllloyd.com

A declaration signed by Chairman is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and senior management, affirmation that they have complied with the

Code of Conduct for Directors and Senior Management Personnel in respect of the financial year 2009-10.

Atul Punj

CHAIRMAN

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.

As on 31 March 2010, Punj Lloyd had no material non-listed Indian subsidiary.

MANAGEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

This annual report has a detailed chapter 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

Punj Lloyd has followed the guidelines of 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 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.

CEO/ CFO CERTIFICATION

The CEO and CFO certification of the financial statements for the year is enclosed at the end of the report.

SHAREHOLDERS

APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

DR. NARESH KUMAR TREHAN

Dr. Naresh Kumar Trehan (64), an Indian national, is a renowned Cardiovascular and Cardiothoracic surgeon. He graduated from King George Medical College and subsequently trained and practiced at New York University Medical Center Manhattan USA, where he obtained a Diplomate from the American Board of Surgery and the American Board of Cardiothoracic Surgery.

Dr. Trehan is Chairman and Managing Director, Medanta - The MediCity, a 1500 bedded Multi Super Speciality Institute which offers cutting edge technology and state of art treatment facilities at an affordable cost. The Institute is governed under the guiding principles of

FINANCIAL YEAR	DATE	TIME	VENUE	NO. OF SPECIAL RESOLUTIONS PASSED
2006-07	27 July 2007	10.30 A.M.	Air Force Auditorium Subroto Park New Delhi 110010	6
2007-08	28 July 2008	10.30 A.M.	Air Force Auditorium Subroto Park New Delhi 110010	1
2008-09	28 July 2009	12 noon.	FICCI Golden Jubilee Auditorium Federation House Tansen Marg New Delhi 110001	2

providing medical services to patients with care, compassion and commitment.

Dr. Trehan Founded the Escorts Heart Institute and Research Centre where he was the Executive Director. Escorts was conceptualised, created and managed by Dr. Trehan from November 1987 to May 2007. Dr. Trehan has received many prestigious awards, including the Padma Shree and the Padma Bhushan Award, presented by the Government of India.

Dr. Trehan was the President of the International Society for Minimally Invasive Cardiac Surgery (ISMICS), Minneapolis, USA 2004-05 and has also received Honorary Doctorate Degrees from three prestigious universities.

MR. SANJAY GOPAL BHATNAGAR

Mr. Sanjay Gopal Bhatnagar is retiring by rotation at the ensuing Annual General Meeting. Mr. Bhatnagar, being eligible has offered himself for re-appointment.

Brief resume of Mr. Sanjay Gopal Bhatnagar is as under:

Mr. Sanjay Gopal Bhatnagar (49) is the Chief Executive Officer of WaterHealth International (WHI), a new generation water company developing decentralized water purification solutions. WHI, is a US based company that focuses on providing sustainable community water solutions to underserved population worldwide. It currently serves a population of over 2 million people through more than 300 purification plants in India, Philippines and Africa (Ghana).

Mr. Bhatnagar is also the founder of the THOT Capital Group. THOT Capital Group and its partners are active in infrastructure development, asset buy-outs and operations in Europe and the US and also manages a foreign

exchange fund.

Prior to setting up the THOT Capital Group in January 2001, Mr. Bhatnagar was the CEO of Enron Broadband Services for Middle East and Asia based in Singapore and was responsible for developing Enron's telecommunication businesses in the region, including bandwidth trading, optical fiber networks, internet datacenters and VOD businesses.

He has served as the Chairman and CEO, Enron South Asia where his responsibilities included developing and financing energy infrastructure. He was the Lead Developer of the 2,184 megawatt Dabhol Power project in India, which began commercial operations in May 1999. In this capacity, he helped raise over USD 1 Billion in equity and USD 2 Billion in debt financing from Indian and International financial institutions including EXIM, JEXIM, OPIC and over 25 International commercial banks.

Before joining Enron in 1993, Mr. Bhatnagar worked for Schlumberger, the oil field services company, as an engineer and manager in several countries including Brunei, Singapore, Thailand, Philippines, Malaysia, Indonesia and France. His responsibilities ranged from project development and general management to marketing and operations.

Mr. Bhatnagar is MBA with Honors, from Harvard University in 1993 and has a Master's degree in Engineering from Stanford University in 1989 and a Bachelor's degree in Mechanical Engineering with distinction from the Indian Institute of Technology in 1983.

Other positions held by Mr. Bhatnagar includes:

- + Director Emeritus, US India Business Council (USIBC), US Chamber of Commerce, Washington DC.
- + Director, AIESEC International.
- + President, American Chamber of Commerce

in India (1999-2001); apex body of over 300 American businesses in India.

- + Member YPO/WPO.
- + Selected as a Global Leader of Tomorrow (GLT 2001) by the World Economic Forum, Geneva.
- + Chairman, Infrastructure Committee, Confederation of Indian Industry (2000).
- + Member, National Committee on E-Commerce, Confederation of Indian Industry (2000).
- + Member of ISOC (Internet Society International) Geneva.

MR. PHIROZ VANDREVALA

As Executive Director, Head, Global Corporate Affairs, Mr. Phiroz Vandrevalla is responsible for corporate affairs at Tata Consultancy Services. Mr. Vandrevalla is also a member of the strategy group at TCS.

An active spokesperson for the Indian IT Industry on the important issues confronting the sector, Mr. Vandrevalla is a former chairman of NASSCOM, India's apex industry body for IT. He is also the Chairman of 'Diligenta', a UK based subsidiary of TCS engaged in providing service to Life Insurance and Pension companies.

He continues to play a significant role in the policy-making process for industry and the software sector in his various capacities as a member of the executive council of NASSCOM.

In the banking and financial services sector, Mr. Vandrevalla has been part of numerous expert committees constituted by the Reserve Bank of India to guide the central bank in its policy-making efforts. He is also a part of various large IT initiatives of the Government of India.

He is also Director on the Board of Indian Institute of Foreign Trade (IIFT), Member of the Board of Governors of Institute of Integrated

Learning in Management (IILM) and Member of the Board of Governors of Indraprastha Institute of Information Technology (IIIT-Delhi).

He is a certified Chartered Accountant from Ernst & Young, Kolkata. He worked at consumer goods giant ITC Ltd for three years before joining TCS in 1982. In 1989, he left the company to set up Tandem Corporation's operations in India before rejoining TCS in 1992.

He was Co-Chair of the Indo-British Partnership (IBP) from the Indian side for the year 2009-10. He is also a Board member of Indo British Partnership Network.

COMMUNICATION TO SHAREHOLDERS

Punj Lloyd 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.

During the year, the quarterly results of Company's performance have been published in leading newspapers such as 'Business Standard' in English and 'Jansatta' in Hindi.

The Company's quarterly results are generally published in the newspapers detailed above and also posted on its website. Hence, they are not separately sent to the shareholders. However, the Company furnishes the quarterly and half-yearly results on receipt of a request from any shareholder.

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

Punj Lloyd 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.

GENERAL BODY MEETINGS

The date, time and venue of the last three annual general meetings are given in **Table 8**.

During the year no resolution was passed through postal ballot.

COMPLIANCE

MANDATORY REQUIREMENTS

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

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 Note 5, 6 and 11 in Annexure II to the Abridged Financial Statements and also Note 11, 17 and 31 in Schedule M 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

Punj Lloyd has adopted a Whistle Blower Policy, where employees have access to the Head of Business / Head of Function. In terms of the Company's Code of Conduct, any instance of non-adherence to the Code or any observed unethical behaviour is to be brought to the attention of the immediate reporting authority; the immediate reporting authority has to bring it to the notice of the Code of Conduct's Compliance Officer. Mr. Dinesh Thairani, Company Secretary is the Compliance Officer.

CEO/ CFO CERTIFICATION

The Board of Directors,
Punj Lloyd Limited, Corporate Office 1, 78,
Institutional Area, Sector 32, Gurgaon 121 001

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 31 March 2010 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 are 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.

Atul Punj, CHAIRMAN
Raju Kaul, PRESIDENT (Finance & Accounts)

Place: Gurgaon
Date: 28 May 2010

Additional Shareholder Information

ANNUAL GENERAL MEETING

Date	2 August 2010
Time	10.30 A.M.
Venue	Air Force Auditorium, Subroto Park, New Delhi 110 010

FINANCIAL CALENDAR

1 APRIL TO 31 MARCH

For the year ended 31 March 2010, results were announced on:

First quarter	27 July 2009
Second quarter	23 October 2009
Third quarter	22 January 2010
Fourth quarter & annual	28 May 2010

For the year ending 31 March 2011, results will be announced by:

First quarter	Second week of August 2010
Second quarter	Second week of November 2010
Third quarter	Second week of February 2011
Fourth quarter & annual	Last week of May 2011

BOOK CLOSURE

The books will be closed from Wednesday, 27 July 2010 to Monday, 2 August 2010 (both days inclusive) as annual closure for the Annual General Meeting.

LISTING

Equity shares of Punj Lloyd are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

STOCK CODES

Bombay Stock Exchange	532693
National Stock Exchange	PUNJLLOYD
ISIN No.	INE701B01021

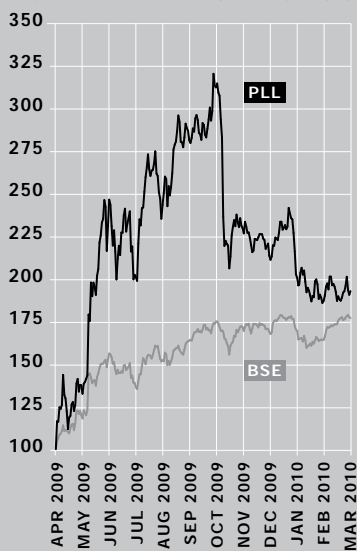
All listing and custodial fees to the Stock Exchanges and depositories have been paid to the respective institutions.

MONTH	BSE (IN RS. PER SHARE)			NSE (IN RS. PER SHARE)		
	HIGH	LOW	VOLUME	HIGH	LOW	VOLUME
APR 2009	136.00	88.50	75,212,367	135.60	88.60	206,837,549
MAY 2009	207.75	118.05	57,754,204	208.45	118.00	194,250,811
JUN 2009	234.50	176.00	42,390,445	235.00	174.60	161,212,867
JUL 2009	255.00	171.40	53,834,261	256.00	171.25	195,538,722
AUG 2009	274.90	210.35	40,817,461	275.30	212.70	146,541,599
SEP 2009	277.70	247.80	22,853,013	277.70	247.50	86,531,453
OCT 2009	298.80	196.00	35,458,201	298.80	197.15	129,768,951
NOV 2009	223.40	187.10	30,737,388	223.40	187.00	93,060,163
DEC 2009	211.70	193.50	17,514,503	214.00	193.30	62,611,974
JAN 2010	226.45	175.30	25,190,655	226.40	175.30	97,073,154
FEB 2010	193.30	170.50	14,130,512	195.00	170.30	52,563,230
MAR 2010	189.50	170.00	16,689,292	192.00	170.00	70,357,220



A Share prices of Punj Lloyd Limited vs BSE SENSEX

FOR THE YEAR ENDED 31 MARCH 2010

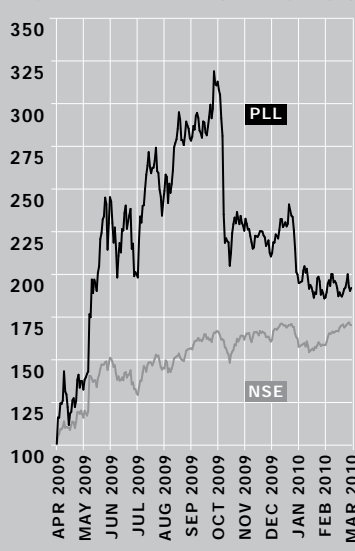


Punj Lloyd share price & BSE SENSEX are indexed to 100 as on 1 April 2009



B Share prices of Punj Lloyd Limited vs NSE NIFTY

FOR THE YEAR ENDED 31 MARCH 2010



Punj Lloyd share price & NSE NIFTY are indexed to 100 as on 1 April 2009

Chart 'B' plots the movement of Punj Lloyd's share performance compared to the NIFTY.

SHARE TRANSFER AGENTS AND SHARE TRANSFER AND DEMAT SYSTEM

Punj Lloyd executes share transfers through its share transfer agents, whose details are given below:

Karvy Computershare Pvt. Ltd
Plot No 17-24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081
T + 91 040 4465 5000
F + 91 040 2342 0814

E-mail enward.ris@karvy.com

In compliance with the SEBI circular dated 27 December, 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 Depository Limited (NDSL) 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 traded in the Stock Exchange. The Registrar

STOCK DATA

Table 9 gives the monthly high and low prices and volumes of Punj Lloyd's equity shares at Bombay Stock Exchange Limited (BSE) and the National Stock Exchange Limited (NSE) for the year 2009-10.

STOCK PERFORMANCE

Chart 'A' plots the movement of Punj Lloyd's share performance compared to the BSE Sensex.

PARTICULARS	COMPLAINTS				
	NON-RECEIPT OF CERTIFICATES	CHANGE OF ADDRESS	NON-RECEIPT OF DIVIDEND	OTHERS (NON-RECEIPT OF ANNUAL REPORTS/ NON-RECEIPT OF DEMAT CREDIT ETC.)	TOTAL
Received during the year	Nil	3	66	27	96
Attended during the year	Nil	3	66	27	96
Pending as on 31 March 2010	Nil	Nil	Nil	Nil	Nil

CATEGORY	AS ON 31 MARCH 2010	
	TOTAL NO. OF SHARES	PERCENTAGE
A. Promoters' Holding		
1 Promoters		
Indian Promoters	47,227,280	14.22
Foreign Promoters	77,121,970	23.22
2 Persons Acting in Concert	—	—
Total	124,349,250	37.44
B. Non-Promoters' Holding		
3 Institutional Investors		
a. Mutual Funds and UTI	58,776,199	17.70
b. Banks, Financial Institutions, Insurance Companies	19,334,033	5.82
c. FIs	41,593,792	12.52
d. Foreign Venture Capital Investors	2,350,093	0.71
Total	122,054,117	36.75
4 Others		
a. Private Corporate Bodies	26,935,996	8.11
b. Indian Public	54,525,766	16.42
c. NRIs / OCBs	2,940,643	0.89
d. Directors & Relatives (not in control of the Company)	23,000	0.01
e. Trusts	174,285	0.05
f. Clearing Members	1,083,238	0.33
Total	85,682,928	25.81
Grand Total	332,086,295	100.00

and the 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, dividend warrants etc.

As on 31 March 2010, there were 341,765 shareholders holding 332,077,938 shares of Rs. 2/- each in electronic form. This constitutes 99.997% of the total paid up capital of the Company.

There are no legal proceedings against Punj Lloyd on any share transfer matter. **Table 10**

gives details about the nature of complaints and their status as on 31 March 2010.

SHAREHOLDING PATTERN

Tables 11 & 12 give the pattern of shareholding by ownership and share class respectively.

DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS AND OUTSTANDING WARRANTS AND THEIR IMPLICATIONS ON EQUITY

The Company had issued Foreign Currency Convertible Bonds due 2011 (FCCB) for an aggregate value of USD 125 million. The Bonds are convertible at any time between 1 July 2006 and 24 March 2011, by holders into fully paid equity shares of Rs. 10/- each of the Company, representing one equity share at an initial conversion price of Rs. 1,362.94 per share with a fixed rate of exchange of Rs. 44.35 = USD 1. The number of shares and price will be subject to appropriate adjustments due to split of one equity shares of Rs. 10/- each into five equity shares of Rs. 2/- each.

The proceeds of the FCCB issue were primarily used to finance ongoing capital expenditures, repayment of international debt, acquisitions outside India, investment in wholly owned subsidiaries/joint ventures abroad, investment in BOT projects etc.

FCCBs aggregating to USD 49,700,000 are outstanding, which represents a potential increase of Rs. 16,172,355.35 and Rs. 2,188,022,644.65 respectively in the equity and share premium reserves of the Company.

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 does not have any manufacturing facilities except a Central workshop situated at Banmore

SHAREHOLDING CLASS	NO OF SHAREHOLDERS	% OF SHAREHOLDERS	NO OF SHARES HELD	SHAREHOLDING %
upto 2,500	340,628	99.40	41,403,418	12.47
2,501 to 5,000	1,112	0.33	4,036,247	1.22
5,001 to 10,000	408	0.12	3,040,174	0.92
10,001 to 20,000	180	0.05	2,618,807	0.79
20,001 to 30,000	79	0.02	1,939,572	0.58
30,001 to 40,000	37	0.01	1,311,880	0.40
40,001 to 50,000	27	0.01	1,210,350	0.36
50,001 to 1,00,000	56	0.02	4,093,625	1.23
100,001 and above	148	0.04	272,432,222	82.03
Total	342,675	100.00	332,086,295	100.00

INVESTOR CORRESPONDENCE ADDRESS

Company Dinesh Thairani
Company Secretary
Punj Lloyd Ltd.
Corporate Office 1, 78, Institutional Area, Sector 32, Gurgaon-122001
Tel. No. +91-124 2620493; Fax No. +91-124-2620111
E-mail: dthairani@punjlloyd.com

Registrars Mr. K. S. Reddy
Assistant General Manager
Karvy Computershare Pvt. Ltd.
Plot No 17-24, Vittalrao Nagar
Madhapur, Hyderabad-500 081
T + 91 040 4465 5000
F + 91 040 2342 0814
E-mail: enward.ris@karvy.com

Depositories National Securities Depository Limited
Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg
Lower Parel, Mumbai-400013
Tel.: +91-22-2499 4200; Fax: +91-22-2497 2993
E-mail: info@nsdl.co.in

Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers, 17th Floor, Dalal Street
Mumbai-400023
Tel.: +91-22-2272 3333; Fax: +91-22-2272 3199
E-mail: investor@cdslindia.com

Industrial Area, Banmore Dist., Morena,
Madhya Pradesh - 476 444 for carrying out
repair and maintenance of equipment.

COMPLIANCE OFFICER FOR INVESTOR REDRESSAL

Mr. Dinesh Thairani, Company Secretary, is
the Compliance Officer for investor redressal
matters of the Company.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Company has obtained the following
certificate from the statutory auditors regarding
compliance of conditions of corporate
governance, as mandated in Clause 49.

TO

THE MEMBERS OF PUNJ LLOYD LIMITED

We have examined the compliance of conditions
of corporate governance by Punj Lloyd Limited,
for the year ended on March 31, 2010, as
stipulated in clause 49 of the Listing Agreement
of the said Company with 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 the
Corporate Governance. 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, 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 S. R. Batliboi & Co.

Firm Registration No. 301003E
CHARTERED ACCOUNTANTS

per Raj Agrawal

PARTNER
Membership No.: 82028
Place: Gurgaon
Date: 28 May 2010

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES.

(Amount in INR '000)

1. Name of the Company	PT Punj Lloyd Indonesia	Punj Lloyd Kazakhstan LLP	Punj Lloyd International Ltd	Spectra Punj Lloyd Ltd	Punj Lloyd Industries Ltd	Atna Investments Ltd	PLN Construction Ltd	PL Engineering Ltd (formerly known as Simon Carves India Ltd)	Technodyne Engineers Ltd	Punj Lloyd Infrastructure Ltd	Punj Lloyd Upstream Ltd	Punj Lloyd Aviation Ltd	Sembawang Infrastructure (India) Pvt. Ltd
2. Financial year of the Company ended on:	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
3. Extent of Holding Company's interest in the subsidiary Company.	100% Paid-up Share Capital	100% Paid-up Share Capital	100% Paid-up Share Capital	100% Paid-up Share Capital	100% Paid-up Share Capital	100% Paid-up Share Capital	100% Paid-up Share Capital	97.09% Paid-up Share Capital	97.09% (Subsidiary of PL Engineering Ltd)	100% Paid-up Share Capital	58.06% Paid-up Share Capital	100% Paid-up Share Capital	100% Paid-up Share Capital
4. Number of Shares held /Amount of Capital Subscribed.	7,805 Equity Shares of USD 500 each aggregating to USD 3,902,500 equivalent to Rs. 170,900 thousand	Charter Capital amounting to KZT 1,107,977,200 equivalent to Rs. 362,798 thousand	100,000 Equity Shares of USD 1 each aggregating to USD 100,000 equivalent to Rs. 4,452 thousand	5,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 50,513 thousand	11,500,200 Equity Shares of Rs. 10/- each aggregating to Rs. 115,002 thousand	399,221 Equity Shares of Rs. 100/- each aggregating to Rs. 39,922 thousand	2,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 20,000 thousand	5,000,000 Equity Shares of Rs. 10/- each aggregating to Rs. 50,000 thousand	As stated above	50,000 Equity Shares of Rs. 10 each aggregating to Rs. 500 thousand	36,397,350 Equity Shares of Rs. 10 each aggregating to Rs. 363,974 thousand	63,798,710 Equity Shares of Rs. 10 each aggregating to Rs. 637,987 thousand	9,575,000 Equity shares of Rs. 10 each aggregating to Rs. 1,000 thousand
5. 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 :													
(i) For the financial year ended on March 31, 2010	(115,880.86)	5,094.11	(349.19)	(1,053.86)	801.81	421.76	18,316.12	124,906.90	Nil	(206.23)	37,790.57	(78,533.86)	27,082.40
(ii) For the previous financial years of the subsidiary Companies since they became the holding Company's Subsidiary	753,899.84	(15,615.60)	28,607.09	26,199.00	160.50	(35,292.95)	131,797.54	68,856.68	Nil	(43,267.52)	(15,018.21)	(50,299.72)	(31,018.48)
b) Dealt within Holding Company account													
(i) For the financial year ended on March 31, 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii) For the previous financial years of the subsidiary Companies since they became the holding Company's Subsidiary	Nil	Nil	14,303.00	9,012.02	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

@ These entities are held with an intention of disposal in near future, hence excluded from consolidation.

Entity has been incorporated during the year and there are no other transactions during the year

For and on Behalf of the Board

Atul Punj
Chairman

Place : Gurgaon

Date : May 28, 2010

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES.

(Amount in INR '000)

1. Name of the Company	Inditech Global Systems Ltd (formerly known as Punj Lloyd Systems Pvt Ltd)	Punj Lloyd SKILL Marine Systems Ltd	Spectra Punjab Ltd @ Spectra Pvt Ltd (formerly known as PLE Engineering Pvt Ltd) @	Punj Lloyd Pte. Ltd.	Punj Lloyd Engineers and Constructors Pte Ltd (formerly known as Abu Dhabi Engineers & Constructors Pte Ltd)	PT Sempec Indonesia	Punj Lloyd Oil & Gas (Malaysia) Sdn Bhd	Buffalo Hills Ltd	Technodyne International Ltd	Simon Carves (Singapore) Pte Ltd	Simon Carves Ltd
2. Financial year of the Company ended on:	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
3. Extent of Holding Company's interest in the subsidiary Company.	99.99% Paid-up Share Capital	51% Paid up Share Capital	100% Paid-up Share Capital	100% Paid-up Share Capital	100% (Subsidiary of Punj Lloyd Pte Ltd)	100% (Subsidiary of Punj Lloyd Pte Ltd)	100% (Subsidiary of Punj Lloyd Pte Ltd)	100% (Subsidiary of Punj Lloyd Pte Ltd)	74% (Subsidiary of Punj Lloyd Pte Ltd)	100% (Subsidiary of Punj Lloyd Pte Ltd)	100% (Subsidiary of Simon Carves (Singapore) Pte Ltd)
4. Number of Shares held / Amount of Capital Subscribed.	82,418 Equity Shares of Rs. 100 each aggregating to Rs. 16,978 thousand	102,000 Equity Shares of Rs. 10 each aggregating to Rs. 1,020 thousand	900,000 Equity Shares of Rs. 10/- each aggregating to Rs. 9,000 thousand	573,346 Equity Shares of \$5 each and 1 Equity Share of \$51 and 450,000 redeemable convertible preference shares of SGD 100 each aggregating to S\$ 1,02,334,601 equivalent to Rs. 2,997,139 thousand	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above
5. 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 :											
(i) For the financial year ended on March 31, 2010	(9,271.67)	(71.23)	Nil	1,230,449.50	(58,886.93)	66,666.60	465,875.48	(324.58)	16,949.94	(21,942.31)	(6,999,891.59)
(ii) For the previous financial years of the subsidiary Companies since they became the holding Company's Subsidiary	Nil	Nil	Nil	2,357,224.89	(10,025.86)	(85,730.84)	198,148.08	Nil	26,579.76	(92,947.21)	(7,012,484.88)
b) Dealt within Holding Company' account											
(i) For the financial year ended on March 31, 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii) For the previous financial years of the subsidiary Companies since they became the holding Company's Subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

@ These entities are held with an intention of disposal in near future, hence excluded from consolidation.

Entity has been incorporated during the year and there are no other transactions during the year

For and on Behalf of the Board

Atul Punj
Chairman

Place : Gurgaon

Date : May 28, 2010

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES.

(Amount in INR '000)

1. Name of the Company	Sembawang Simon Carves De Mexico S.A. De C.V.	Punj Lloyd Delta Renewables Pte Ltd	Punj Lloyd Delta Renewables Pvt Ltd	Delta Solar (Bangladesh) Ltd	Sembawang Engineers & Constructors Pte. Ltd	Sembawang UAE Pte. Ltd.	Sembawang Development Pte Ltd.	PT Indo Precast Utama	Construction Technology Pte Ltd	Contech Trading Pte Ltd	PT Contech Bulan	Construction Technology (B) Sdn. Bhd.	Sembawang Infrastructure (Mauritius) Ltd	SC Architects & Engineers Pte. Ltd.
2. Financial year of the Company ended on:	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
3. Extent of Holding Company's interest in the subsidiary Company.	100% (Subsidiary of Simon Carves Limited)	51% (Subsidiary of Punj Lloyd Pte Ltd)	51% (Subsidiary of Punj Lloyd Renewables Pte Ltd)	51% (Subsidiary of Punj Lloyd Delta Renewables Pte Ltd)	95.59% (Subsidiary of Punj Lloyd Pte Ltd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	95.59% (Subsidiary of Construction Technology Pte Ltd)	57.35% (Subsidiary of Construction Technology Pte Ltd)	95.59% (Subsidiary of Construction Technology Pte Ltd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)
4. Number of Shares held / Amount of Capital Subscribed	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above
5. 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 :														
(i) For the financial year ended on March 31, 2010	Reported under Simon Carves Ltd	(2,029.86)	(6,538.78)	(63.88)	1,808,877.62	(275,921.58)	(28,947.66)	Nil	(110,132.43)	3,710.76	Nil	Nil	(6,847.27)	(197.72)
(ii) For the previous financial years of the subsidiary Companies since they became the holding Company's Subsidiary	Reported under Simon Carves Ltd	Nil	Nil	Nil	(564,384.94)	(115,221.20)	(1,446.73)	(17,755.83)	(208,500.23)	6,262.10	13,121.10	(35,453.33)	1,974.06	(757.41)
b) Dealt within Holding Company' account														
(i) For the financial year ended on March 31, 2010	Nil	Nil	Nil	Nil	63,273.75	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii) For the previous financial years of the subsidiary Companies since they became the holding Company's Subsidiary	Nil	Nil	Nil	Nil	37,031.61	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

@ These entities are held with an intention of disposal in near future, hence excluded from consolidation.

Entity has been incorporated during the year and there are no other transactions during the year

For and on Behalf of the Board

Atul Punj
Chairman

Place : Gurgaon

Date : May 28, 2010

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES.

(Amount in INR '000)

1. Name of the Company	Sembawang (Malaysia) Sdn Bhd	Jurbina Sembawang (M) Sdn Bhd	Sembawang Engineers and Constructors Middle East FZE	Sembawang Precast System LLC	Sembawang Bahrain SPC	PT Indo Unggul Wasturaya	Sembawang (Tianjin) Construction Engineering Co. Ltd	Sembawang (Hebei) Building Materials Co. Ltd.	Sembawang Caspi Engineers and Constructors LLP #	Sembawang Libya General Contracting & Investment Company	Sembawang Australia Pty Ltd	Sembawang Hong Kong Ltd	Sembawang Securities Pte Ltd	Sembawang Equity Capital Pte Ltd
2. Financial year of the Company ended on:	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
3. Extent of Holding Company's interest in the subsidiary Company.	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	95.59% (Subsidiary of Sembawang (Malaysia) Sdn Bhd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	47.80% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	64.05% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	66.91% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	71.69% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	47.80% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)	95.59% (Subsidiary of Sembawang Engineers & Constructors Pte Ltd)
4. Number of Shares held / Amount of Capital Subscribed.	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above	As stated above
5. 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 :														
(i) For the financial year ended on March 31, 2010	6,755.01	806.07	(62,096.96)	(105,837.87)	(162,541.16)	Nil	439.12	(34,459.62)	Nil	(3,407.36)	(171.17)	(7,974.02)	(32.50)	(32.50)
(ii) For the previous financial years of the subsidiary Companies since they became the holding Company's Subsidiary	(55,451.62)	(6,180.57)	(1,144,306.85)	4,052.74	88,415.66	10,577.73	(8,931.26)	(183,748.05)	Nil	Nil	Nil	Nil	Nil	Nil
b) Dealt within Holding Company account														
(i) For the financial year ended on March 31, 2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii) For the previous financial years of the subsidiary Companies since they became the holding Company's Subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

@ These entities are held with an intention of disposal in near future, hence excluded from consolidation.

Entity has been incorporated during the year and there are no other transactions during the year

For and on Behalf of the Board

Atul Punj
Chairman

Place : Gurgaon

Date : May 28, 2010

DETAILS OF SUBSIDIARY COMPANIES PURSUANT TO THE CENTRAL GOVERNMENT ORDER NO. 47/371/2010-CL-III DATED MAY 13, 2010 UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

Name of Subsidiary	% holding of Group as on March 31, 2010	Country of Incorporation	Reporting Currency	Exchange rate as on March 31, 2010	Capital	Reserves	Total Asset	Total Liabilities	Investments (Other than subsidiaries)	Turnover / Total Income	Profit Before Taxation	Provision For Taxation	Profit After Taxation	Proposed Dividend
PT Puni Lloyd Indonesia	100.00%	Indonesia	IDR '000	4.9260	170,900.13	625,050.04	2,000,827.57	1,204,877.41	-	970,866.11	(65,370.23)	50,510.63	(115,880.86)	-
Puni Lloyd Kazakhstan LLP	100.00%	Kazakhstan	KZT	0.3050	362,798.01	(46,004.52)	2,360,025.75	2,043,232.26	-	4,123,021.90	20,775.19	15,681.08	5,094.11	-
Puni Lloyd International Ltd	100.00%	British Virgin Islands	USD	45.2000	4,451.75	28,620.55	35,106.40	2,034.09	2,535.50	-	(349.19)	-	(349.19)	-
Spectra Puni Lloyd Ltd	100.00%	India	INR	1.0000	50,000.00	28,105.99	191,048.02	112,942.03	-	104,609.36	(3,325.61)	(2,271.74)	(1,053.86)	-
Puni Lloyd Industries Ltd	100.00%	India	INR	1.0000	115,002.00	962.30	117,909.79	1,945.49	5,000.04	1,138.01	999.31	197.50	801.81	-
Alina Investments Ltd	100.00%	India	INR	1.0000	39,922.10	(34,871.19)	89,851.41	84,800.50	385.93	4,495.78	526.76	105.00	421.76	-
PLN Construction Ltd	100.00%	India	INR	1.0000	20,000.00	150,113.66	435,705.11	265,591.45	-	279,601.66	25,314.76	6,998.64	18,316.12	-
PL Engineering Ltd (formerly known as Simon Carves India Ltd)	97.09%	India	INR	1.0000	51,500.00	197,813.58	526,008.19	276,694.60	-	1,081,910.08	191,487.45	66,580.55	124,906.90	-
Technodyne Engineers Ltd	97.09%	India	INR	1.0000	500.00	-	500.00	-	-	-	-	-	-	-
Puni Lloyd Infrastructure Ltd	100.00%	India	INR	1.0000	500.00	(43,473.74)	857,162.33	900,136.07	-	-	(206.23)	-	(206.23)	-
Puni Lloyd Upstream Ltd	58.06%	India	INR	1.0000	626,940.00	10,203.11	2,676,136.69	2,038,993.58	-	573,809.44	52,678.71	14,888.14	37,790.57	-
Puni Lloyd Aviation Ltd	100.00%	India	INR	1.0000	637,987.10	(200,310.95)	1,227,894.67	790,216.52	458,510.13	85,379.42	(78,533.86)	-	(78,533.86)	-
Sembawang Infrastructure (India) Pvt. Ltd.	100.00%	India	INR	1.0000	95,750.00	(67,087.35)	305,873.21	277,210.56	-	533,444.16	27,082.40	-	27,082.40	-
Indtech Global Systems Ltd (formerly known as Puni Lloyd Systems Pvt Ltd)	99.99%	India	INR	1.0000	8,242.80	26,656.49	35,076.21	176.91	-	276.42	(9,273.47)	(1.80)	(9,271.67)	-
Puni Lloyd SKIL Marine Systems Ltd	51.00%	India	INR	1.0000	2,000.00	(71.23)	1,973.55	44.77	-	-	(71.23)	-	(71.23)	-
Spectra Punjab Ltd @	100.00%	India	INR	1.0000	-	-	-	-	-	-	-	-	-	-
Spectra ISP Networks Pvt Ltd (formerly known as PL Engineering Pvt Ltd) @	100.00%	India	INR	1.0000	-	-	-	-	-	-	-	-	-	-
Puni Lloyd Pte Ltd	100.00%	Singapore	SGD	32.2180	2,997,138.90	4,174,387.76	21,274,058.05	14,102,531.39	1,195,915.34	5,450,584.41	1,303,744.55	73,295.05	1,230,449.50	-
Puni Lloyd Engineers and Constructors Pte Ltd. (formerly known as Abu Dhabi Engineers and Constructors Pte Ltd)	100.00%	Singapore	SGD	32.2180	0.06	(68,912.79)	547.45	69,460.17	-	-	(58,886.93)	-	(58,886.93)	-
PT Sempec Indonesia	100.00%	Indonesia	USD	45.2000	302,151.06	(162,036.90)	429,123.74	289,009.58	-	161,116.19	(58,001.73)	8,664.87	(66,666.60)	-
Puni Lloyd Oil & Gas (Malaysia) Sdn Bhd	100.00%	Malaysia	MYR	13.7250	10,293.75	664,023.56	3,416,025.48	2,741,708.17	-	6,149,338.06	622,588.97	156,713.48	465,875.48	-
Buffalo Hills Ltd	100.00%	Gibraltar	USD	45.2000	45.20	429.54	69,166.03	68,691.30	67,800.00	-	(324.58)	-	(324.58)	-
Technodyne International Ltd	74.00%	United Kingdom	GBP	68.6150	6.86	77,867.73	108,871.15	30,996.55	-	200,585.52	23,216.26	6,266.33	16,949.94	-
Simon Carves (Singapore) Pte Ltd.	100.00%	Singapore	SGD	32.2180	16,109.00	(114,889.52)	341,615.86	440,396.38	-	119,932.38	(21,942.31)	-	(21,942.31)	-
Simon Carves Ltd	100.00%	United Kingdom	GBP	68.6150	26,073.70	(14,002,137.21)	4,757,152.40	18,733,215.91	137,230.00	3,086,092.57	(6,999,891.59)	-	(6,999,891.59)	-
Sembawang Simon Carves De Mexico S.A. De C.V	100.00%	Mexico	MXN	3.6561	-	-	-	-	-	-	-	-	-	-
Puni Lloyd Delta Renewables Pte Ltd	51.00%	Singapore	USD	45.2000	18,441.60	(4,937.92)	15,455.28	1,951.60	-	-	(2,029.86)	-	(2,029.86)	-
Puni Lloyd Delta Renewables Pvt Ltd	51.00%	India	INR	1.0000	1,033.07	(7,202.22)	33,155.36	39,324.51	-	25,398.29	(6,538.78)	-	(6,538.78)	-
Delta Solar (Bangladesh) Ltd	51.00%	Bangladesh	BDT	0.6481	194.43	(379.16)	1.34	186.07	-	-	(63.88)	-	(63.88)	-
Sembawang Engineers & Constructors Pte. Ltd	95.59%	Singapore	SGD	32.2180	7,603,448.00	(1,717,101.97)	17,071,913.03	11,185,566.99	49,490.17	10,541,448.00	1,442,065.06	(366,752.56)	1,808,817.62	63,273.75
Sembawang UAE Pte Ltd.	95.59%	Singapore	SGD	32.2180	322,180.00	(400,851.39)	162,217.47	240,888.86	-	-	(275,921.58)	-	(275,921.58)	-
Sembawang Development Pte Ltd.	95.59%	Singapore	SGD	32.2180	32,218.00	53.68	354,764.06	322,492.39	-	670.92	(28,955.17)	(7.51)	(28,947.66)	-
PT Indo Precast Utama	95.59%	Indonesia	SGD	32.2180	29,834.67	(102,138.44)	13,497.92	85,801.69	-	-	-	-	-	-
Construction Technology Pte Ltd	95.59%	Singapore	SGD	32.2180	773,232.00	(619,263.43)	682,762.99	528,794.42	-	456,796.01	(110,132.43)	-	(110,132.43)	-

DETAILS OF SUBSIDIARY COMPANIES PURSUANT TO THE CENTRAL GOVERNMENT ORDER NO. 47/371/2010-CL-III DATED MAY 13, 2010 UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

Name of Subsidiary	% holding of Group as on March 31, 2010	Country of Incorporation	Reporting Currency	Exchange rate as on March 31, 2010	Capital	Reserves	Total Asset	Total Liabilities	Investments (Other than investments in subsidiaries)	Turnover / Total Income	Profit Before Taxation	Provision For Taxation	(Amount in INR '000)	
													Profit After Taxation	Proposed Dividend
Contech Trading Pte Ltd	95.59%	Singapore	SGD	32.2180	161,090.00	15,211.47	178,507.60	2,206.13	-	3,710.76	3,710.76	-	-	3,710.76
PT Contech Bulan	57.35%	Indonesia	IDR '000	4.9260	4,926.00	(7,755.26)	2.55	2,831.81	-	-	-	-	-	-
Construction Technology (B) Sdn. Bhd.	95.59%	Brunei	SGD	32.2180	16,109.00	(299,182.92)	1,870.61	284,944.53	-	-	-	-	-	-
Sembawang Infrastructure (Mauritius) Ltd	95.59%	Mauritius	USD	45.2000	12,204.00	1,510.49	38,588.14	24,873.65	-	-	(6,874.31)	(27.04)	(6,847.27)	-
SC Architects & Engineers Pte. Ltd.	95.59%	Singapore	SGD	32.2180	16,109.00	(955.13)	15,443.83	289.96	-	-	(197.72)	-	(197.72)	-
Sembawang (Malaysia) Sdn Bhd	95.59%	Malaysia	MYR	13.7250	10,293.75	(11,678.01)	5,749.18	7,133.45	-	8,704.11	6,755.01	-	6,755.01	-
Jurubina Sembawang (M) Sdn Bhd	95.59%	Malaysia	MYR	13.7250	892.14	(38,154.70)	25.61	37,288.18	-	929.61	807.39	1.31	806.07	-
Sembawang Engineers and Constructors Middle East FZE	95.59%	United Arab Emirates	AED	12.1960	12,196.00	(1,815,019.26)	203,067.63	2,005,890.89	-	55,185.02	(62,096.96)	-	(62,096.96)	-
Sembawang Precast System LLC	47.80%	United Arab Emirates	AED	12.1960	278,068.80	(101,785.13)	425,437.46	249,153.79	-	-	(105,837.87)	-	(105,837.87)	-
Sembawang Bahrain SPC	95.59%	Bahrain	BHD	119.2854	29,821.35	(74,125.50)	286,184.16	330,488.31	-	944,675.42	(162,541.16)	-	(162,541.16)	-
PT Indo Unggul Wasturaya	64.05%	Indonesia	IDR '000	4.9260	5,467.15	(11,537.03)	2,961.05	9,030.93	-	-	-	-	-	-
Sembawang (Tianjin) Construction Engineering Co Ltd	66.91%	China	RMB	6.5879	163,858.16	6,214.91	245,188.18	75,115.11	-	44,278.04	351.30	(87.82)	439.12	-
Sembawang (Hebei) Building Material Co Ltd	71.69%	China	RMB	6.5879	459,308.39	(959,208.69)	214,475.57	714,375.88	-	16,800.24	(34,459.62)	-	(34,459.62)	-
Sembawang Caspi Engineers and Constructors LLP #	47.80%	Kazakhstan	KZT	0.3050	-	-	-	-	-	-	-	-	-	-
Sembawang Libya General Contracting & Investment Company	95.59%	Libya	LYD	35.3990	21,239.40	(3,159.25)	36,333.04	18,252.89	-	359.57	(3,407.36)	-	(3,407.36)	-
Sembawang Australia Pty Ltd	95.59%	Australia	AUD	41.2318	0.04	(175.36)	0.04	175.36	-	-	(171.17)	-	(171.17)	-
Sembawang Hong Kong Ltd	95.59%	Hong Kong	HKD	5.7921	0.01	(7,500.09)	3,228.27	10,728.36	-	-	(7,974.02)	-	(7,974.02)	-
Sembawang Securities Pte Ltd	95.59%	Singapore	SGD	32.2180	0.06	(32.22)	0.06	32.22	-	-	(32.50)	-	(32.50)	-
Sembawang Equity Capital Pte Ltd	95.59%	Singapore	SGD	32.2180	0.03	(32.19)	0.03	32.19	-	-	(32.50)	-	(32.50)	-

@ These entities are held with an intention of disposal in near future, hence excluded from consolidation.

Entity has been incorporated during the year and there are no other transactions during the year

For and on Behalf of the Board

Atul Punj
Chairman

Place : Gurgaon

Date : May 28, 2010

Auditors' Report

To
The Members of Punj Lloyd Limited

1. We have audited the attached Balance Sheet of Punj Lloyd Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. We did not audit the financial statements of certain branches of the Company, whose financial statements (net of eliminations) reflect total assets of Rs. 25,878,126 thousand as at March 31, 2010, total revenue of Rs. 43,321,320 thousand and negative cash flows amounting to Rs. 1,628,928 thousand for the year then ended. These financial statements and other financial information of branches not audited by us have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included for such branches, is based solely on the report of other auditors.
5. *Attention is invited to note 31 of schedule 'M' to the financial statements. The Company has during the year taken credit for a claim of Rs. 2,430,300 thousand on a contract and has also not accounted for liquidated damages amounting to Rs. 654,891 thousand deducted by the customer in view of the reasons stated in the said note. Due to the uncertainty over ultimate collection of the said amounts, we are unable to comment on the same.*
6. *Attention is drawn to note 17 of schedule 'M' to the financial statements. The Company has during the year accounted for profit of Rs. 1,187,476 thousand on sale of investments in a company which is not in compliance of Accounting Standard 9 on Revenue Recognition issued by the Institute of Chartered Accountants of India.*
7. Without qualifying our opinion, we draw attention to Note 11 in schedule 'M' to the financial statements regarding deductions made/ amounts withheld by some customers aggregating to Rs. 587,863 thousand (Previous year Rs. 605,083 thousand) on various accounts which are being carried as sundry debtors. The Company is also carrying Work in Progress inventory of Rs. 31,455 thousand (Previous year Rs. 95,455 thousand) relating to these customers. The ultimate outcome of the above matters cannot presently be determined although the Company is of the view that such amounts are recoverable and hence no provision is required thereagainst.
8. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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 not visited by us. The Branch Auditor's Reports have been forwarded to us and have been appropriately dealt with;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *except to the extent of our comments in para 5 and 6 above.*
 - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. *Without considering our observations in para 5 above, the impact whereof on the Company's profits is not presently ascertainable, had the impact of our observations in para 6 above been considered, profit for the year after tax would have been Rs. 2,554,345 thousand instead of Rs. 3,674,021 thousand and reserves & surplus at the end of the year would have been Rs. 33,986,824 thousand, instead of Rs. 35,106,500 thousand. Subject to above, in our opinion and on consideration of reports of other auditors on separate financial statements and on the other financial information and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.*
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.

Firm Registration Number: 301003E

Chartered Accountants

per Raj Agrawal

Partner

Membership No.: 82028

Place: Gurgaon

Date: May 28, 2010

**Annexure referred to in paragraph [3] of our report of even date
Re: Punj Lloyd Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Part of the fixed assets were physically verified by the management during the year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year except inventory comprising of work in progress- projects. According to the information and explanations given to us, and also keeping in view the nature of the operations of the Company, the inventory of work in progress- projects cannot be physically verified.
- (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 were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii) (b, c and d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses 4 (iii) (f and g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) As per the information and explanations given to us, certain project materials and fixed assets purchased are of specialized nature for which comparable prices are not available. Read with the above, 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. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities though there have been slight delays in a few cases.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Auditors' Report

Name of the statute	Nature of dues	Amount in INR' 000	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.	6,987	1998-1999, 2000-2001 and 2004-2005	Sales Tax Appellate Tribunal, Hyderabad, Andhra Pradesh
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax on the material components of the works contract.	29,896	2001-2002 to 2003-2004	High Court, Hyderabad, Andhra Pradesh
Andhra Pradesh General Sales Tax Act, 1956	Penalty for use of G Form against material purchases	18,688	2001-2002 to 2004-2005	Sales Tax Appellate Tribunal, Vizag, Andhra Pradesh
Andhra Pradesh General Sales Tax Act, 1956	Penalty for use of G Form against material purchases	42,333	2002-2003 to 2004-2005	Appellate Deputy Commissioner, Vizag, Andhra Pradesh
Andhra Pradesh General Sales Tax Act, 1956	Penalty for suppression of Turnover	3,248	2003-2004 to 2004-2005	Sales Tax Appellate Tribunal, Vizag, Andhra Pradesh
Andhra Pradesh General Sales Tax Act, 1956	Penalty for suppression of Turnover	2,872	2004-2005	Appellate Deputy Commissioner, Vizag, Andhra Pradesh
Assam Value Added tax Act, 2003	Sales tax demand for disallowance of deductions	6,510	2006-2007	Appellate Deputy Commissioner (Appeals), Guwahati, Assam
Uttar Pradesh Central Sales Tax Act, 1956	Penalty against Form C usage for purchase of machinery	2,593	1998-1999	Allahabad High Court, Uttar Pradesh
Uttar Pradesh Central Sales Tax Act, 1956	Penalty against Form C usage for purchase of machinery	3,293	1998-1999	Sales Tax Appellate Tribunal, Agra, Uttar Pradesh
Delhi Sales Tax Act, 1975	Sales tax demand on internet services	39,877	2000-2001 to 2003-2004	Joint Commissioner (Appeal), Delhi
Gujarat Sales Tax Act, 1969	Differential Sales Tax for non submission of statutory forms.	62,087	1998-1999 to 1999-2000	Sales Tax Appellate Tribunal, Ahmedabad, Gujarat.
Haryana Local Area Development Tax Act, 2000	Entry Tax demand	3,995	2003-2004	Supreme Court, New Delhi
Kerala General Sales Tax Act, 1963	Differential Sales Tax for dis-allowance of deduction on purchases u/s 3 of the CST Act, 1956.	3,645	1998-1999 & 1999-2000	Deputy Commissioner, Sales Tax (Appeals), Kochi, Kerala
Maharashtra VAT Act, 2002	VAT on Transportation, Travelling Charges & Penalty	8,721	2005-2006 & 2006-2007	Joint Commissioner Appeal, Nasik, Maharashtra
Madhya Pradesh Entry Tax Act, 1976	Entry Tax demand	588	2003-2004	Addl. Commissioner (Appeals) Gwalior, Madhya Pradesh
Madhya Pradesh Commercial Tax Act	Sales tax on the material components of the works contract	470	2003-2004	Deputy Commissioner (Appeals), Commercial Tax, Madhya Pradesh
Haryana Value Added Tax Act, 2003	Disallowance of deduction	53,985	2003-2004 & 2004-2005	Sales Tax Appellate Tribunal Chandigarh, Haryana
Kerala VAT Act, 2003	Disallowance of deduction	83,775	2005-2006	Deputy Commissioner, (Appeals) - Ernakulam, Kerala
Tamilnadu General Sales Tax Act, 1959	Sales tax on Platform manufactured at site subject to tax	7,180	2003-2004	Deputy Commissioner, (Appeals) - Chennai, Tamilnadu
Rajasthan Tax on the Entry of Goods into the Local Area Act, 2001	Entry Tax on Material Equipment	16,393	2005-2006	High Court, Jodhpur, Rajasthan
The Finance Act, 2004 and the Service Tax Rules	Penalty for late deposit of Service Tax	108,068	2005-2006 to 2006-2007	CESTAT, Delhi
The Finance Act, 2004 and the Service Tax Rules	Penalty for late deposit of Service Tax	64,728	2003-2004 to 2006-2007	CESTAT, Delhi
The Finance Act, 2004 and the Service Tax Rules	Disallowance of deduction for value of goods sold	15,915	2003-2004 to 2006-2007	CESTAT, Delhi
Uttar Pradesh Trade Tax Act, 1948	Entry Tax demand	760	1999-2000 to 2000-2001 and 2004-2005	Joint Commissioner, (Appeal), Mathura, Uttar Pradesh

Auditors' Report

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institution, banks and debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by subsidiaries/ joint ventures from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 6,000 debentures of Rs. 1,000,000 each. The Company has created partial security / charge in respect of debentures issued, and for additional security, the Company had filed necessary application with relevant authorities for creation of charge.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.R. Batliboi & Co.

Firm Registration Number: 301003E
Chartered Accountants

Per Raj Agrawal

Partner
Membership No.: 82028

Place: Gurgaon
Date: May 28, 2010

Balance Sheet

As at March 31, 2010

(Amount in INR '000)

	Schedules	As at March 31, 2010	As at March 31, 2009
Sources of Funds			
Shareholders' Funds			
Share Capital	A	664,173	606,964
Reserves and Surplus	B	35,106,500	25,482,634
		35,770,673	26,089,598
Loan Funds			
Secured Loans	C	30,306,962	23,698,817
Unsecured Loans		4,723,043	5,679,722
		35,030,005	29,378,539
Deferred Tax Liabilities			
(Also refer note 20 in Schedule 'M')		1,200,134	1,180,209
Total		72,000,812	56,648,346
Application of Funds			
Fixed Assets			
Gross Block	D	17,672,387	15,412,964
Less : Accumulated Depreciation/ Amortisation		5,872,538	4,690,193
Net Block		11,799,849	10,722,771
Capital Work In Progress Including Capital Advances		1,343,808	1,236,543
		13,143,657	11,959,314
Investments			
Deferred Tax Assets	E	6,762,659	9,933,465
(Also refer note 20 in Schedule 'M')		2,142	-
Current Assets, Loans And Advances			
Inventories	F	35,060,942	29,502,874
Sundry Debtors		14,975,760	15,235,620
Cash and Bank Balances		1,812,414	3,589,257
Other Current Assets		3,408,593	924,054
Loans And Advances		17,348,896	10,973,025
		72,606,605	60,224,830
Less: Current Liabilities and Provisions	G	19,042,594	24,006,211
Current Liabilities		1,471,657	1,463,052
Provisions		20,514,251	25,469,263
		52,092,354	34,755,567
Total		72,000,812	56,648,346

Notes to Accounts

M

The Schedules referred to above form an integral part of the Balance Sheet

As per our Report of even date

For S.R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. : 82028

Place : Gurgaon

Date : May 28, 2010

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

Atul Punj

Chairman

P. K. Gupta

Director

Raju Kaul

President

Dinesh Thairani

Company Secretary

Profit And Loss Account

For The Year Ended March 31, 2010

(Amount in INR '000)

	Schedules	Year ended March 31, 2010	Year ended March 31, 2009
Income			
Sales & Contracts Revenue	H	71,166,959	68,519,915
Other Income	I	4,249,040	1,036,256
		75,415,999	69,556,171
Expenditure			
Project Materials Consumed and Cost of Goods Sold	J	32,532,358	23,817,614
Operating and Administrative Expenses	K	33,143,126	37,090,368
Financial Expenses	L	4,286,806	2,505,622
Depreciation / Amortisation		1,329,681	1,197,698
Less : Transfer from Revaluation Reserve		2,893	2,893
		1,326,788	1,194,805
		71,289,078	64,608,409
Profit before Tax		4,126,921	4,947,762
Provision for Tax			
Current Tax		565,000	1,293,000
Less : MAT Credit Entitlement		(126,000)	-
Deferred Tax		13,900	418,000
Fringe Benefit Tax		-	25,785
Total Tax Expense		452,900	1,736,785
Profit after Tax		3,674,021	3,210,977
Balance brought forward from previous year		6,484,711	4,239,804
Transfer from Foreign Projects Utilised Reserve		7,500	36,500
Transfer from Foreign Exchange Translation Reserve		-	(21,052)
Profit Available for Appropriation		10,166,232	7,466,229
Appropriations			
Transfer to General Reserve		400,000	500,000
Transfer to Debenture Redemption Reserve		600,000	375,000
Proposed Dividend		49,872	91,045
Tax on Proposed Dividend		8,273	15,473
		1,058,145	981,518
Transfer to Reserves and Surplus		9,108,087	6,484,711
Earning Per Share (nominal value per share Rs. 2 each) Also refer note 19 in schedule 'M')			
Basic (In Rupees)		11.42	10.58
Diluted (In Rupees)		11.10	10.27

Notes to Accounts

M

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our Report of even date

For S.R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. : 82028

Place : Gurgaon

Date : May 28, 2010

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

Atul Punj

Chairman

P. K. Gupta

Director

Raju Kaul

President

Dinesh Thairani

Company Secretary

Cash Flow Statement

For The Year Ended March 31, 2010

(Amount in INR '000)

	Year Ended March 31, 2010	Year ended March 31, 2009
A Cash Flows Used In Operating Activities		
Net Profit Before Taxation	4,126,923	4,947,762
Adjustments For -		
Depreciation/ Amortization	1,326,788	1,194,805
Amortization of Foreign Currency Monetary Items Translation Difference	465,261	328,338
Loss / (Profit) on Sale / Discard of Fixed Assets (Net)	22,120	(367,887)
Loss/ (Profit) on Sale of Non Trade Long Term Investments	(3,072,066)	15,645
Loss on Disposal of ISP Business	-	169,463
Interest Income	(260,865)	(317,668)
Profit on Sales of Beneficial Rights in Investment in Shares	(38,877)	-
Dividend on Long Term Investments	(204)	(532)
Diminution in Value of Long Term Investments	5,985	40,239
Unrealised Foreign Exchange Fluctuation (Net)	997,366	127,265
Interest Expense	2,637,995	1,893,886
Bad Debts/ Advances Written off	126,904	176,126
Unspent Liabilities and Provisions Written Back	(124,785)	(13,066)
Operating Profit Before Working Capital Changes	6,212,545	8,194,376
Movements In Working Capital:		
(Increase) in Inventories	(5,558,069)	(14,479,689)
(Increase) in Sundry Debtors	(82,247)	(5,702,018)
Decrease/ (Increase) in other Current Assets	41,508	(123,570)
(Increase) in Margin Money Deposits	(197,776)	(19,117)
(Increase) in Loans And Advances	(6,649,207)	(3,122,720)
Increase/ (Decrease) in Current Liabilities And Provisions	(5,346,517)	9,834,933
Cash Used In Operations	(11,579,764)	(5,417,806)
Direct Taxes Paid [Net of Refunds (Including Fringe Benefit Tax Rs.Nil (Previous Year Rs. 25,785 thousand))]	(1,129,053)	(1,088,068)
Net Cash Used In Operating Activities	(12,708,817)	(6,505,873)
B Cash Flows From / (Used In) Investing Activities		
Purchase of Fixed Assets (Including Capital Work In Progress)	(2,817,487)	(3,414,576)
Purchase of Investments in Subsidiaries and Others	(327,914)	(2,721,210)
Proceeds from Sale of Investments	4,066,228	1,416
Proceeds from Sale of Fixed Assets	61,972	1,121,452
Dividend Received	204	532
Interest Received	272,267	329,659
Net Cash From/ (Used In) Investing Activities	1,255,270	(4,682,727)
C Cash Flows From Financing Activities		
Increase in Share Capital	57,208	72
Share issue Expenses	(239,794)	-
Increase in Premium on Issue of Share Capital	6,736,860	5,022
Increase in Short-Term Working Capital Loans	(2,159,735)	9,301,960
Repayment of Long-Term Borrowings	(2,430,358)	(1,965,863)
Proceeds from Long-Term Borrowings	10,515,406	7,877,521
Interest Paid	(2,269,542)	(1,845,591)
Dividend Paid	(91,045)	(121,372)
Tax on Dividend Paid	(15,473)	(20,628)
Net Cash From Financing Activities	10,103,528	13,231,122
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(1,350,019)	2,042,521
Exchange Fluctuation Translation Difference	(624,600)	(563,134)
Total	(1,974,619)	1,479,387
Cash and Cash Equivalents at the Beginning of the Year	3,539,835	2,113,926
Cash Out Flow due to Disposal of Internet Division	-	53,478
Cash and Cash Equivalents at the end of the Year	1,565,216	3,539,835
Components of Cash and Cash Equivalents		
Cash on Hand	35,917	99,559
Balance With Scheduled Banks		
On Current Accounts	304,115	544,879
On Cash Credit Accounts	82,145	98,771
On EEFC Accounts	93,028	25,082
On Fixed Deposits	113,117	83,286
Less : Margin Money Deposits	(113,117)	(37,360)
Balances With Non Scheduled Banks		
On Current Accounts	1,050,011	633,226
On Fixed Deposits	134,081	2,104,454
Less : Margin Money Deposits	(134,081)	(12,062)
	1,565,216	3,539,835

Notes:

1 The Cash Flow Statement has been prepared under Indirect Method as set out in Accounting Standard-3 of the Companies (Accounting Standard) Rules, 2006.

As per our Report of even date

For S.R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. : 82028

Place : Gurgaon

Date : May 28, 2010

For and on Behalf of The Board of Directors of **Punj Lloyd Limited**

Atul Punj

Chairman

P. K. Gupta

Director

Raju Kaul

President

Dinesh Thairani

Company Secretary

Schedule A : Share Capital	As at March 31, 2010	As at March 31, 2009
Authorised		
450,000,000 (Previous year 350,000,000) Equity Shares of Rs. 2 each	900,000	700,000
10,000,000 (Previous year 10,000,000) Preference Shares of Rs. 10 each.	100,000	100,000
	<u>1,000,000</u>	<u>800,000</u>
Issued, Subscribed and Paid Up		
332,086,295 (Previous year 303,482,055) Equity Shares of Rs. 2 each, fully paid up.	664,173	606,964
of the above:		
i) 136,700 equity shares of Rs. 10 each were allotted as fully paid up pursuant to a contract for consideration other than cash.		
ii) 28,615,239 equity shares of Rs.10 each were allotted as fully paid up bonus shares by capitalisation of profits.		
iii) During the earlier years, the Company had converted 917,928 zero percent convertible preference shares of Rs. 10 each into 3,098,296 equity shares of Rs. 10 each.		
iv) The Company had sub- divided nominal value of its equity shares from Rs. 10 each to Rs. 2 each on March 6, 2007. Consequently, the number of authorised, issued, subscribed and paid up equity shares have increased accordingly during the year ended March 31, 2007. (Also refer note 21, 23 & 28 in Schedule 'M')		
Total	<u>664,173</u>	<u>606,964</u>

Schedule B : Reserves And Surplus	As at March 31, 2010	As at March 31, 2009
Capital Reserve		
Balance as per last account	256,138	2,138
Add : Forfeiture of Advance Against Share Warrants	-	254,000
	<u>256,138</u>	<u>256,138</u>
Securities Premium Account		
Balance as per last account	18,493,584	18,859,007
Additions during the year	6,736,860	5,022
(Also refer note 21, 23 & 28 in Schedule 'M')	<u>25,230,444</u>	<u>18,864,029</u>
Less: Utilisation during the year		
QIP Issue Expenses (Also refer note 28 in Schedule 'M')	239,794	-
Premium on Redemption of Foreign Currency Convertible Bonds	80,955	370,445
(Also refer note 23 in Schedule 'M')	<u>24,909,695</u>	<u>18,493,584</u>
Asset Revaluation Reserve		
Balance as per last account	50,044	53,811
Less: Adjustment on Account of Depreciation on Revalued Amount of Assets	2,893	2,893
Less: Adjustment on Account of Sale / Disposal of Revalued Assets	-	874
	<u>47,151</u>	<u>50,044</u>
General Reserve		
Balance as per last account	581,818	361,108
Add : Transfer from Profit and Loss Account	400,000	500,000
	<u>981,818</u>	<u>861,108</u>
Less : Adjustment for Foreign Currency Monetary Items Translation Difference Account related to earlier years	-	241,860
Less : Exchange Differences of earlier years Capitalised to Fixed Assets	-	37,430
	<u>981,818</u>	<u>581,818</u>
Foreign Project Utilised Reserve		
Balance as per last account	7,500	44,000
Less: Transfer to Profit and Loss Account	7,500	36,500
	<u>-</u>	<u>7,500</u>

Schedule B : Reserves and Surplus (Continued)	As at March 31, 2010	As at March 31, 2009
Foreign Currency Monetary Items Translation Difference Account		
Balance as per last Account	(462,946)	-
Foreign currency monetary items translation difference related to earlier years	-	241,860
Foreign currency monetary items translation difference account related to current year	273,847	(1,033,140)
Less: Amortization during the year	<u>191,418</u>	<u>328,334</u>
(Also refer note 24 in schedule 'M')	2,319	(462,946)
Debenture Redemption Reserve		
Balance as Per last account	375,000	-
Add : Transfer from Profit and Loss Account	<u>600,000</u>	<u>375,000</u>
	975,000	375,000
Foreign Currency Translation Reserve		
Balance as per last account	(303,215)	(21,052)
Add : Exchange Difference during the year on net investment in Non-Integral Operations	(870,493)	(303,215)
Add: Transfer to Profit & Loss Account	<u>-</u>	<u>21,052</u>
	(1,173,708)	(303,215)
Profit and Loss Account Balance	<u>9,108,087</u>	<u>6,484,711</u>
Total	<u>35,106,500</u>	<u>25,482,634</u>

Schedule C : Loan Funds	As at March 31, 2010	As at March 31, 2009
Secured Loans:		
A) Short Term Working Capital Loans		
From Banks	13,190,302	15,347,268
Out of the above,		
i) Rs. 3,237,848 thousand (Previous year Rs. 4,115,221 thousand) is secured by way of first pari passu charge on current assets (excluding receivables) and second pari passu charge on movable fixed assets of the project division of the Company.		
ii) Rs. 1,114,590 thousand (Previous year Rs. 5,112,987 thousand) is secured by way of exclusive charge on the receivables of the specific projects, first pari passu charge on the current assets of the project division (excluding receivables of the project division), second pari passu charge on the movable fixed assets of the project division of the Company.		
iii) Rs. 5,557,272 thousand (Previous year Rs. 3,079,029 thousand) is secured by way of first charge on paripassu basis on current assets (excluding receivables), paripassu charge on the receivables of the project and second charge on paripassu basis on movable fixed assets of the project division of the Company.		
iv) Rs. 2,549,991 thousand (Previous year Rs.1,000,000 thousand) is secured by way of subservient charge on the current assets of the project division of the Company.		
v) Rs. 10,096 thousand (Previous year Rs. Nil) is secured by way of irrevocable assignment of receivables.		
vi) Rs. 720,505 thousand (Previous year Rs. 2,040,031 thousand) is secured by a pari passu charge over receivables.		

Schedule C : Loan Funds (Continued)	As at March 31, 2010	As at March 31, 2009
B) Term Loans		
I) From Banks	8,381,316	5,802,786
Loans aggregating to Rs. 4,713,018 thousand (Previous year Rs. 2,900,308 thousand) are repayable within one year.		
Out of the above,		
i) Rs. 1,180,053 thousand (Previous year Rs. 2,349,341 thousand) is secured by way of exclusive charge on the equipment purchased out of the proceeds of loan.		
ii) Rs. 1,332,627 thousand (Previous year Rs. 901,349 thousand) is secured by way of first pari passu charge on moveable fixed assets of the project division of the Company.		
iii) Rs. Nil (Previous year Rs. 180,515 thousand) is secured by way of first pari passu charge on moveable fixed assets of the project division of the Company and further secured by Investment made by the Company in its wholly owned subsidiaries - Punj Lloyd Kazakhstan - LLP and PT. Punj Lloyd Indonesia.		
iv) Rs. 687,026 thousand (Previous year Rs. 2,371,581 thousand) is secured by way of first pari passu charge on the existing and future moveable fixed assets of the project division of the Company, second pari passu charge on current assets of the project division of the Company (excluding receivables of the projects).		
v) Rs. 1,000,000 thousand (Previous year Rs. Nil) is secured by way of Equitable Mortgage on corporate office of the Company . The same is further secured by subservient charge on the current assets of the project division of the Company.		
vi) Rs. 1,000,000 thousand (Previous year Rs. Nil) is secured by way of second pari passu charge on the fixed assets of the project division of the Company.		
vii) Rs. 2,599,835 thousand (Previous year Rs. Nil) is secured by way of subservient charge on the current assets of the project division of the Company.		
viii) Rs. 581,775 thousand (Previous year Rs. Nil) is secured by way of irrevocable assignment of receivables and charge on equipment.		
II) From Others	293,216	953,979
Loans aggregating to Rs. 38,730 thousand (Previous year Rs. 608,500 thousand) are repayable within one year.		
Out of the above,		
i) Rs. 43,216 thousand (Previous Year Rs. 453,979 thousand) is secured by first and exclusive charge by way of hypothecation on certain specific equipments.		
ii) Rs. Nil (Previous year Rs. 500,000 thousand) is secured by way of subservient charge on the entire current and moveable fixed assets of the project division of the Company.		
iii) Rs. 250,000 thousand (Previous year Rs. Nil) is secured by way of subservient charge on the current assets of the project division of the Company.		
III) Hire Purchase Loans		
-From Others	38,128	94,784
Loans aggregating to Rs. 38,128 thousand (Previous year Rs. 56,656 thousand) are repayable within one year.		
Secured by exclusive charge by way of hypothecation on certain specific equipments.		

Schedule C : Loan Funds (Continued)	As at March 31, 2010	As at March 31, 2009
IV) External Commercial Borrowings		
-From Others	904,000	-
Loans aggregating to Rs.Nil (Previous year Rs. Nil) are repayable within one year.		
(Secured by first pari passu charge on the moveable fixed assets of the project division of the Company)		
V) Non Convertible Debentures	7,500,000	1,500,000
- Rs. 1,500,000 thousand (Previous Year Rs. 1,500,000 thousand) , 12% Secured Redeemable Non Convertible Debentures redeemable in 10 equal half yearly installments from the date of allotment viz., December 22, 2008.		
- Secured by first pari passu charge on the moveable fixed assets of the project division of the Company and further secured by exclusive charge on the Juhu Property at Mumbai.		
- Rs. 1,750,000 thousand (Previous year Rs.Nil) 9.5% Secured Redeemable Non-Convertible Debentures, redeemable after three years of deemed date of allotment i.e. September 10, 2009.		
- Rs.4,250,000 thousand (Previous year Rs. Nil) 10% Secured Redeemable Non-Convertible Debentures, redeemable in four semi-annual instalments at the end of 3.5,4,4.5,5 years in the ratio of 20:20:30:30 from the deemed date of allotment i.e. September10, 2009.		
- Secured by pari passu charge on the immovable land situated at Jarod Dist. Varodara, Gujrat. Pari passu first charge on the moveable fixed assets of the project division of the Company (Only upto Rs. 1,500,000 thousand), subservient charge on Movable Fixed Assets and Current Assets of Project Division of the Company (upto Rs.4,500,000 thousand only). The above debentures are further to be secured by charge on Investments of the Company.		
Total	30,306,962	23,698,817
Unsecured Loans:		
i) Short Term Working Capital Loan from a Banks	-	2,768
ii) Term Loan from a Bank	-	1,000,000
Loans aggregating to Rs Nil (Previous year Rs.1,000,000 thousand) are repayable within one year.		
iii) Zero Coupon Foreign Currency Convertible Bonds	2,246,440	2,520,287
(Also refer note 23 in Schedule 'M')		
iv) Inter Corporate Deposits	200,000	-
Amounts aggregating to Rs. 200,000 thousand (Previous year Rs Nil) are repayable within one year.		
v) Buyer's Line of Credit		
- From a Bank	26,603	1,306,667
Loans aggregating to Rs. 26,603 thousand (Previous year Rs.1,276,783 thousand) are repayable within one year.		
vi) Commercial Papers From Banks and Others	2,250,000	850,000
Amounts aggregating to Rs. 2,250,000 thousand (Previous year Rs 850,000 thousand) are repayable within one year.		
(Maximum amount outstanding at any time during the year Rs. 3,500,000 thousand (Previous year Rs. 950,000 thousand).		
Total	4,723,043	5,679,722

Schedules to the Account For the Year Ended March 31, 2010

(Amount in INR '000)

SCHEDULE D : FIXED ASSETS

PARTICULARS	Gross block				Depreciation			Net block	
	As at April 01, 2009	Additions for the year	Deletions	Disposal of Division	Foreign translation Adjustments	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009	
TANGIBLES									
Land	236,252	64,114	-	-	-	300,366	710	299,656	236,252
Buildings	612,249	-	8,530	-	-	603,719	1,173	512,439	531,733
Leasehold Improvements	69,153	-	-	-	-	69,153	-	26,197	37,129
Plant & Machinery	13,167,171	2,554,961	70,815	-	(232,243)	15,419,074	34,175	10,149,023	8,968,593
Furniture, Fixtures and Office Equipments	384,505	26,114	23,065	-	(9,430)	378,124	15,487	261,969	276,632
Tools	116,226	3,116	13,678	-	-	105,664	7,513	77,793	86,498
Vehicles	731,627	61,917	40,130	-	(52,908)	700,506	13,778	456,326	557,559
A) Sub Total	15,317,183	2,710,222	156,218	-	(294,581)	17,576,606	72,126	11,783,403	10,694,396
INTANGIBLES									
Software	95,781	-	-	-	-	95,781	-	16,446	28,375
B) Sub Total	95,781	-	-	-	-	95,781	-	16,446	28,375
Total Assets (A+B)	15,412,964	2,710,222	156,218	-	(294,581)	17,672,387	72,126	11,799,849	10,722,771
Capital Work in Progress								1,343,808	1,236,543
Grand Total	15,412,964	2,710,222	156,218	-	(294,581)	17,672,387	72,126	13,143,657	11,959,314
Previous Period	14,600,666	2,559,786	723,978	1,297,725	274,215	15,412,964	216,293	11,959,314	

- a) Gross block of Fixed Assets includes Rs. 253,244 thousand (Previous year Rs. 253,244 thousand) on account of revaluation of assets carried out in earlier years. The said revaluation is carried out 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. 2,893 thousand (Previous year Rs. 2,893 thousand) and equivalent amount has been withdrawn from revaluation reserve and credited to Profit and Loss Account and there is additional loss of Rs. Nil (Previous year Rs. 874 thousand) on account of discard of assets, an equivalent amount has been withdrawn from revaluation reserve and credited to Profit and Loss Account.
- b) Gross block of land includes Rs 20,973 thousand (Previous year Rs 20,973 thousand) on account of revaluation of assets carried out in earlier years.
- c) Plant and Machinery of the cost of Rs. 405,731 thousand (Previous year Rs.405,731 thousand) are acquired on hire purchase basis. Accumulated depreciation there on is Rs.144,212 thousand (Previous year Rs.109,213 thousand).
- d) In compliance with the notification dated March 31, 2009 issued by Ministry of Corporate Affairs, the Company has exercised the option available under newly inserted paragraph 46 to the Accounting Standard (AS- 11) "The effect of changes in foreign exchange rates". Accordingly the foreign exchange gain of Rs. 69,200 thousand (Previous year loss of Rs. 81,656 thousand) has been adjusted to fixed assets.
- e) Additions to Plant & Machinery include interest on loan for qualifying asset capitalised during the year Rs. 70,260 thousand (Previous year Rs Nil)
- f) Capital work in progress includes capital advances Rs.1,317,307 thousand (Previous year Rs. 1,229,074 thousand)
- g) Land includes leasehold land Rs. 64,114 thousand (Previous year Rs. 1,367 thousand)
- h) Furniture, Fixtures and Office Equipment includes leasehold equipments of the cost of Rs. 51,727 thousand (Previous year Rs 69,153 thousand) given on lease, accumulated depreciation thereon is Rs. 26,960 thousand (Previous year Rs.32,024 thousand). Depreciation thereon for the year included Rs 8,623 thousand (Previous year Rs 10,932 thousand).

Schedule E : Investments	As at March 31, 2010	As at March 31, 2009
Long Term (At cost)		
I- Subsidiary Companies		
Unquoted		
Punj Lloyd International Limited	4,452	4,452
100,000 (Previous year 100,000) equity shares of USD 1 each, fully paid up. Of the above, 100,000 (Previous year Nil) equity shares are under negative lien with Debenture trustee.		
Punj Lloyd Industries Limited	115,002	115,002
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 Nil) equity shares are under negative lien with Debenture trustee.		
Atna Investments Limited	39,922	39,922
399,221 (Previous year 399,221) equity shares of Rs. 100 each, fully paid up.		
Punj Lloyd Kazakhstan LLP	362,798	362,798
KZT 1,107,977,200 (Previous year KZT 1,107,977,200) being 100% of the amount of Charter Capital. Of the above, KZT 1,107,977,200 (Previous year KZT 535,280,000) are under negative lien with Debenture trustee.		
PLN Constructions Limited	30,896	30,896
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 Nil) equity shares are under negative lien with Debenture trustee.		
Punj Lloyd Pte. Limited	1,679,717	1,679,717
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.		
450,000 (Previous year 450,000) Redeemable Convertible Preference shares of SGD 100 each, fully paid up. Of the above, 286,673 (Previous year Nil) equity shares are under negative lien with Debenture trustee. Of the above, 450,000 (Previous year Nil) Redeemable Convertible Preference shares are under negative lien with Debenture trustee.	1,317,422	1,317,422
PL Engineering Limited (Formerly known as Simon Carves India Limited)	50,000	50,000
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 negative lien with Debenture trustee.		
PT Punj Lloyd Indonesia	170,900	170,900
7,805 (Previous year 7,805) equity shares of USD 500 each, fully paid up. Of the above, 7,800 shares (Previous year 7,200) equity shares are under negative lien with Debenture trustee.		
Punj Lloyd Aviation Limited	539,987	539,987
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 Nil) equity shares are under negative lien with Debenture trustee.		
Punj Lloyd Infrastructure Limited	500	500
50,000 (Previous year 50,000) equity shares of Rs 10 each, fully paid up.		
Punj Lloyd Upstream Limited	363,974	363,974
36,397,350 (Previous year 36,397,350) equity shares of Rs 10 each, fully paid up. Of the above, 36,397,344 (Previous year Nil) equity shares are under negative lien with Debenture trustee.		

Schedule E : Investments (Continued)	As at March 31, 2010	As at March 31, 2009
Spectra ISP Networks Private Limited (Formerly PL Engineering Private Limited)		
560,000 (Previous year 560,000) equity shares of Rs.10 each, fully paid up.	5,600	5,600
32,000,000 (Previous year Nil) Preference Shares of Rs. 10 each, fully paid up.	320,000	-
Sembawang Infrastructure India Private Limited	1,000	1,000
9,575,000 (Previous year 9,575,000) equity shares of Rs.10 each, fully paid up.		
Indtech Global Systems Limited (Formerly known as Punj Lloyd Systems Private Limited)	16,978	16,978
82,418 (Previous year 82,418) equity shares of Rs.100 each, fully paid up. Of the above, 82,413 (Previous year Nil) equity shares are under negative lien with Debenture trustee.		
Punj Lloyd SKIL Marine Systems Limited		
102,000 (Previous year Nil) equity shares of Rs.10 each, fully paid up.	1,020	-
Spectra Punj Lloyd Limited	50,513	48,775
5,000,000 (previous year 4,871,850) equity shares of Rs. 10 each, fully paid up. Of the above, 4,871,850 (Previous year Nil) equity shares are under negative lien with Debenture trustee.		
	5,070,681	4,747,923
II- Trade		
Unquoted		
Rajahmundry Expressway Limited	36,975	36,975
3,697,500 (Previous year 3,697,500) equity shares of Rs. 10 each, fully paid up. Of the above, 1,812,500 shares (Previous year 1,812,500) are pledged with another Company.		
Andhra Expressway Limited	36,975	36,975
3,697,500 (Previous year 3,697,500) equity shares of Rs. 10 each, fully paid up. Of the above, 1,812,500 shares (Previous year 1,812,500) are pledged with another Company.		
North Karnataka Expressway Limited	75,724	75,724
7,572,400 (Previous year 7,572,400) equity shares of Rs.10 each, fully paid up.		
Thiruvananthapuram Road Development Company Limited	130,250	130,250
13,025,000 (Previous year 13,025,000) equity shares of Rs. 10 each, fully paid up.		
GMR Hyderabad Vijayawada Expressways Private Limited	26	-
2,600 (Previous year Nil) equity shares of Rs.10 each, fully paid up.		
	279,950	279,924
III- Non-Trade		
A) Unquoted		
RFB Latex Limited	5,200	5,200
200,000 (Previous year 200,000) equity shares of Rs.10 each, fully paid up.		
Arooshi Enterprises Private Limited	5,985	5,985
598,500 (Previous year 598,500) equity shares of Rs.10 each, fully paid up.		
Global Health Private Limited	1,380,000	1,380,000
8,000,000 (Previous year 8,000,000) equity shares of Rs.10 each, fully paid up. Of the above, 8,000,000 (Previous year Nil) equity shares are under negative lien with Debenture trustee.		

Schedule E : Investments (Continued)	As at March 31, 2010	As at March 31, 2009
Dayim Punj Lloyd Construction Contracting Company Limited 49,000 (Previous year 49,000) equity shares of SAR 20 each, fully paid up.	11,795	11,795
Kaefer Punj Lloyd Limited 74,520 (Previous year 74 520) equity shares of Rs. 100 each, fully paid up. Of the above 74,520 (Previous year Nil) equity shares are under negative lien with Debenture trustee.	38,567	38,567
Swissport Punj Lloyd India Private Limited (Under Liquidation) 1,053,500 (Previous year 1,053,500) equity shares of Rs 10 each, fully paid up.	10,535	10,535
Pipavav Shipyard Limited Nil (Previous year 129,361,538) equity shares of Rs 10 each, fully paid up.	-	3,492,762
Ramprastha Punj Lloyd Developers Private Limited 5,000 (Previous Year 5,000) equity shares of Rs 10 each, fully paid up.	50	50
Hazaribagh Ranchi Expressway Limited 13,000 (Previous year Nil) equity shares of Rs.10 each, fully paid up.	130	-
Olive Group India Private Limited 500,000 (Previous year Nil) equity shares of Rs.10 each, fully paid up.	5,000	-
B) Quoted		
Berger Paints Limited 61,600 (Previous year 61,600) equity shares of Rs.2 each, fully paid up.	963	963
Pipavav Shipyard Limited 1,000 (Previous year Nil) equity shares of Rs 10 each, fully paid up.	27	-
	990	963
	6,808,883	9,973,704
Less : Diminution in the value of unquoted long term investments	46,224	40,239
Total	6,762,659	9,933,465
a) Aggregate Cost of Quoted Investments.	990	963
b) Aggregate Cost of Unquoted Investments.	6,807,893	9,972,741
c) Aggregate market value of quoted investments.	3,692	2,150
(Also refer note 16 & 17 in Schedule 'M')		

Schedule F : Current Assets, Loans and Advances	As at March 31, 2010	As at March 31, 2009
A) Current Assets		
I) Inventories:		
Project Materials	1,216,516	1,349,393
Scrap	11,465	15,924
Work In Progress- Projects	33,832,961	28,137,557
	35,060,942	29,502,874
II) Sundry Debtors: (Unsecured) *		
Debts Outstanding for a period exceeding six months		
Unsecured Considered Good (Includes retention money Rs. 561,420 thousand (Previous year Rs. 1,838,980 thousand))	5,790,062	4,080,441
Other Debts		
Unsecured Considered Good (Includes retention money Rs.2,092,016 thousand (Previous year Rs.1,085,278 thousand))	9,185,698	11,155,179
* (Includes Rs. 768,910 thousand (Previous year Rs. 600,932 thousand) due from subsidiaries).	14,975,760	15,235,620

Schedule F : Current Assets, Loans and Advances (Continued)		As at March 31, 2010	As at March 31, 2009
III) Cash and Bank Balances			
a) Cash on Hand	35,917		99,559
b) Balances with Scheduled Banks			
- On Current Accounts	304,115		544,879
- On Cash Credit Accounts	82,145		98,771
- On EEFC Accounts	93,028		25,082
- On Fixed Deposits	113,117		83,286
(Receipts pledged with banks for Rs. 113,117 thousand against guarantees (Previous year Rs. 37,360 thousand))			
c) Balances with Non-Scheduled Banks			
(Also refer note 10 in Schedule 'M')			
- On Current Accounts	1,050,011		633,226
- On Fixed Deposits	134,081		2,104,454
(Receipts pledged with banks for Rs. 134,080 thousand against guarantees (Previous year Rs. 12,062 thousand))			
		1,812,414	3,589,257
IV) Other Current Assets			
Unsecured Considered Good			
Interest Receivable	6,198		17,601
Insurance Claims Receivable	94,377		-
Export Benefits Receivable	766,343		576,778
Receivables against Sale of Investments (Also refer note 14 & 17 in Schedule 'M')	2,541,675		4,225
Assets held for sale	-		325,450
		3,408,593	924,054
B) Loans and Advances: (Unsecured, Considered Good)			
Loans to Employees *	15,477		1,773
Loans to Subsidiaries (Also refer note 25 in Schedule 'M')	10,282,238		5,862,011
Inter Corporate Deposits	-		4,500
Advances Recoverable in Cash or in kind or for value to be received	2,085,212		2,610,916
MAT Credit Entitlement	126,000		-
Advances to Subsidiaries	1,853,278		348,968
Advances for Proposed Investments	2,501		2,501
Deposits	103,498		64,451
Balance with Custom / Excise Department	435,689		583,040
Advance Income Tax / Tax Recoverable (net of provisions)	1,378,504		772,133
VAT/ Sales Tax Receivable	1,066,499		722,732
		17,348,896	10,973,025
Total		72,606,605	60,224,830
* Included in loans to employees are:			
Due from an officer of the Company		105	165
Maximum amount outstanding during the year		165	225

Schedule G : Current Liabilities and Provisions		As at March 31, 2010	As at March 31, 2009
A) Current Liabilities			
Acceptances	54,397		191,087
Sundry Creditors	9,918,500		11,855,295
Due to Subsidiaries	891,509		774,894
Advance Billings	381,481		631,924
Security Deposits	218,561		112,082
Advances from Clients	6,355,814		9,933,557
Interest Accrued but not due on Loans	441,308		72,855
Premium on redemption accrued but not due on Foreign Currency	451,400		370,445
Convertible Bonds			
Others	329,624		64,072
		19,042,594	24,006,211

Schedules to the Account

For the Year Ended March 31, 2010

(Amount in INR '000)

Schedule G : Current Liabilities and Provisions (Continued)	As at March 31, 2010	As at March 31, 2009
B) Provisions		
For Tax (net of taxes paid)	1,196,485	1,128,913
For Fringe Benefit Tax (net of tax paid)	73,665	83,446
For Gratuity (Also refer note 8 in Schedule 'M')	47,883	56,783
For Compensated Absences	95,538	87,399
For Proposed Dividend (including tax on dividend)	58,086	106,511
	<u>1,471,657</u>	<u>1,463,052</u>
Total	20,514,251	25,469,263
Sundry Creditors includes:-		
Total outstanding dues of Micro and Small Enterprises (Also refer note 18 in Schedule 'M')	-	-
Total outstanding dues of creditors other than Micro and Small Enterprises	9,918,500	11,855,295

Schedule H : Sales & Contracts Revenue	As at March 31, 2010	As at March 31, 2009
Contracts Revenue	70,756,698	66,986,055
Income from Hire Charges	398,684	1,471,505
Sales (net of discounts)		
- Exports	11,577	478
- Others	-	115
	<u>11,577</u>	<u>593</u>
Internet Services (Net of discounts Rs Nil (Previous year Rs. 64 thousand)).	-	61,762
Total	71,166,959	68,519,915

Schedule I : Other Income	As at March 31, 2010	As at March 31, 2009
Rent (Gross, tax deducted at source Rs. 2,095 thousand (Previous year Rs. 2,947 thousand))	13,396	16,020
Interest on Fixed Deposits (Gross, tax deducted at source Rs 167 thousand (Previous year Rs. 281 thousand))	19,692	14,031
Interest on Others (Gross, tax deducted at source Rs 1,172 thousand (Previous year Rs. 7,987 thousand))	241,173	303,636
Dividend on Non Trade Long Term Investments	204	532
Export Benefits	254,274	359,583
Insurance Claims	59,885	78,709
Profit on Sale of Non Trade Long Term Investments/Disposal of ISP Business (Net) (Including Loss on Disposal of ISP Business of Rs. Nil (Previous year Rs.169,463 thousand) (Also refer note 17 in Schedule 'M')	3,072,067	83,117
Income on Transfer of Beneficial Rights in Investment in Shares (Also refer note 16 in Schedule 'M')	38,877	-
Unspent Liabilities and Provisions Written Back	124,785	13,066
Miscellaneous Income	424,687	167,562
Total	4,249,040	1,036,256

Schedule J : Materials Consumed and Cost of Goods Sold	As at March 31, 2010	As at March 31, 2009
Project Materials Consumed	32,485,990	23,769,937
Cost of Goods Sold - Equipments		
Opening Stock	-	5,631
Add: Purchases	-	424
	<u>-</u>	<u>6,055</u>
Less: Closing Stock Transferred on account of disposal of ISP Business	-	6,006
	<u>-</u>	<u>49</u>
Amortisation / Depletion in the value of Scaffolding Inventory	46,368	47,628
Total	32,532,358	23,817,614

Schedules to the Account For the Year Ended March 31, 2010

(Amount in INR '000)

Schedule K : Operating and Administrative Expenses	As at March 31, 2010	As at March 31, 2009
Operating		
Contractor Charges	11,933,997	15,268,979
Site / Connectivity Expenses	1,583,028	1,408,752
Diesel and Fuel	1,256,887	1,384,173
Repair and Maintenance		
-Buildings	13,240	18,983
-Plant and Machinery	48,520	163,129
-Others	68,231	41,933
Freight & Cartage	966,744	1,075,271
Hire Charges	3,084,433	4,540,245
	<u>18,955,080</u>	<u>23,901,465</u>
Personnel		
Salaries, Wages and Bonus	5,936,640	5,060,549
Commission to Non Executive Directors	2,000	3,604
Contribution to Provident & Other Funds	159,361	139,166
Gratuity (Also refer note 8 in Schedule 'M')	122,749	33,837
Compensated Absences	38,482	90,926
Workmen and Staff Welfare	788,989	417,852
	<u>7,046,221</u>	<u>5,745,934</u>
Administration and Establishment		
Bad Debts / Advances Written Off	126,904	135,887
Provision for Diminution in value of Non -Trade Long Term Investments	5,985	40,239
Rent	305,704	232,502
Insurance	369,117	457,537
Directors' Sitting Fee	130	140
Travelling and Conveyance	830,554	1,104,167
Rates & Taxes	1,268,778	416,321
Consultancy/Professional Charges	3,243,769	3,926,602
Commission on Internet Services	-	1,018
Loss on Sales/Discard of Fixed Assets*	22,120	5,778
Donations (also refer note 15 (a) in Schedule 'M')	44,383	16,519
Auditors Remuneration (including to Branch Auditors)		
-Audit Fee	14,399	11,079
-Audit Fee for Consolidated Financial Statements	1,750	1,725
-Fee for Limited Reviews	5,797	4,935
-Other Services	3,554	5,137
-Out of Pocket Expenses	335	299
Others	898,546	1,083,084
	<u>7,141,825</u>	<u>7,442,969</u>
Total	33,143,126	37,090,368

* The Amount is net of adjustment of Rs. Nil (Previous year Rs. 874 thousand) on account of Revalued Assets.

Schedule L : Financial Expenses	As at March 31, 2010	As at March 31, 2009
Interest On:		
Term Loans	1,173,373	817,079
Debentures	559,839	49,318
Working Capital Loans	730,753	856,465
Others	174,030	171,022
	<u>2,637,995</u>	<u>1,893,884</u>
Foreign Exchange Fluctuation (Net)	1,055,977	5,478
Bank/Financial Charges	414,907	557,348
Discounting Charges of Commercial Papers	177,927	48,912
Total	4,286,806	2,505,622

Schedule M: Notes to Accounts

1. Nature of Operations

Punj Lloyd Limited is a Company registered under Indian Companies Act, 1956. The Company is primarily engaged in the business of engineering & construction in the oil & gas sector and infrastructure sector.

The Company, along with its subsidiaries, Sembawang Engineers & Constructors Pte. Limited, Singapore, Simon Carves Limited, United Kingdom, and other joint ventures and associates, is entitled to bid for verticals of infrastructure sectors and EPC capabilities in Petrochemical domain including LDPE, PVC, Styrene and Refinery Process. The Company along with its subsidiaries has strong presence in its home country India and in South East Asia, Middle East and Europe.

2. Statement of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared to 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 financial statements have been prepared under the historical cost convention on an accrual basis except in case of certain fixed assets for which revaluation had been carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition / construction of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

In respect of accounting periods commencing on or after December 07, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

(d) Depreciation / Amortization

i) Depreciation is provided using the straight line method, at the rates prescribed under Schedule XIV to the Companies Act, 1956, (except to the extent stated in paras (ii), (iii), (iv) and (viii) 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 Revaluation Reserve Account.

ii) Depreciation on the following fixed assets of the project division is charged on straight line method at the rates, based on the useful lives of the assets as estimated by the management, which are equal to or higher than the rates prescribed under Schedule XIV to the Companies Act, 1956:

Asset Description	Depreciation Rate
Plant and machinery	4.75% to 11.31%
Vehicles	9.50% to 25.00%

iii) Depreciation on the following fixed assets of Internet Service Division is charged on straight line method at the rates, based on useful lives of the assets as estimated by the management, which are equal to or higher than the rates prescribed under Schedule XIV to the Companies Act, 1956:

Asset Description	Depreciation Rate
Plant and machinery	10%
Networking equipment*	10%
Office equipment	10%
Vehicles	9.5% to 20%
Ducts and optical fiber cables*	4.75%

* Included under Plant and Machinery.

Schedule M: Notes to Accounts

- iv) Depreciation on the following fixed assets of some foreign branches is charged on straight line method at the rates, based on useful lives 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 Machinery	3 to 21 years
Furniture and Fixtures	3 to 15 years
Office Equipments	5 to 21 years
Vehicles	4 to 10 years

- v) Leasehold land is amortised over the lease period except for leasehold land, which is under perpetual lease.
- vi) Individual assets costing upto Rs 5,000 are depreciated @100% in the year of purchase.
- vii) Leasehold improvements are depreciated over the period of the lease or estimated useful life of six years whichever is lower.
- viii) Depreciation on Company's share of following fixed assets of an unincorporated joint venture is provided on straight-line method at the following rates, based on their useful lives as estimated by the management of the joint venture:

Asset Description	Depreciation Rate
Buildings	10%
Plant & Machinery	20%
Furniture, Fixtures & Office equipments	20%
Vehicles	20%

- ix) Intangibles

Different softwares used by the Company are amortized on a straight line basis based on the nature and estimated useful lives of these softwares as estimated by the management as mentioned below:

- (i) Softwares of project division are amortized over the period of license or six years whichever is lower.
- (ii) Softwares of Internet Service Division are amortized over the period of license or five years whichever is lower.
- (iii) Softwares of an unincorporated joint venture are amortized over the period of license or three years whichever is lower.

(e) Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(f) 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 lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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 Profit and Loss Account on a straight line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs etc. are recognized immediately in the Profit and Loss Account.

Schedule M: Notes to Accounts

(g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried 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 recognise a decline other than temporary in the value of such investments.

(h) Inventories

Inventories are valued as follows:

- i) Project Materials (excluding scaffoldings): - Lower of cost or net realizable value. Cost is determined on weighted average basis.
- ii) Scrap: -Net realizable value.
- iii) Work in Progress- Projects: -Net realizable value.
- iv) 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.

(i) 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.

- i) Contract revenue associated with long term construction contracts is recognized as revenue and expenses respectively 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 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 income statement of the year in which revisions are made. Contract revenue earned in excess of billing has been reflected under "Inventory" and billing in excess of contract revenue has been reflected under "Current Liabilities" in the balance sheet. The revenue on account of extra claims and the expenditure on account of liquidated damages on construction contracts are accounted for at the time of acceptance/ settlement by the customers due to uncertainties attached thereto. Similarly, insurance claims are accounted for on settlement with insurers.
- ii) Revenue from long term construction contracts executed in joint ventures under work sharing arrangements is recognized on the same basis as similar contracts independently executed by the Company. Revenue in joint ventures under profit sharing arrangements is recognized to the extent of the Company's share in joint ventures.
- iii) Internet Service revenues comprise of revenues from registration, installation and provision of Internet services. Registration fee and installation charges are recognized on the admission of customer and completion of services respectively. Service revenue from Internet access is recognized pro-rata, calculated on the basis of provision of services or time duration of contract, as may be applicable.
- iv) Revenue from hire charges is accounted for in accordance with the terms of agreements with the customers.
- v) Rental income from assets given under operating leases is recognized in the profit and loss account on a straight line basis over the term of the lease.
- vi) Interest revenue is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable.
- vii) Dividend revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.
- viii) Export Benefit under the Duty Free Credit Entitlements is accounted for in the year of export, wherever there is certainty of its realisation.
- ix) Sale of Goods: Revenue is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer.

(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition and 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 year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

(k) Foreign currency

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.

Schedule M: Notes to Accounts

ii) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

iii) **Exchange Differences**

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences, in respect of accounting periods commencing on or after December 07, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the Company's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before March 31, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of the company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

iv) **Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. However, exchange difference in respect of accounting period commencing on or after December 07, 2006 arising on the forward exchange contract undertaken to hedge the long term foreign currency monetary item, in so far as they relate to the acquisition of depreciable capital asset, are added to or deducted from the cost of asset and in other cases, are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term asset / liability but not beyond accounting period ending on or before March 31, 2011.

v) **Translation of integral and 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.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

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.

(I) **Retirement and other employee benefits**

- i) Retirement benefits in the form of provident and pension funds are defined contribution schemes and contributions are charged to Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.
- ii) Gratuity liability is a defined benefit obligation. The Company has taken an insurance policy under group gratuity scheme with Life Insurance Corporation of India (LIC) / ICICI Prudential Life Insurance Company Limited (ICICI) 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 Profit and Loss Account on the basis of actuarial valuation on the projected unit credit method made at the end of the financial year. In respect of employees of Internet Service Division, gratuity liability is accrued and provided for on the basis of an actuarial valuation on the projected unit credit method made at the end of the financial year.
- iii) In respect of overseas operation, provision for employees end of service benefits is made on the basis prescribed in the Local Labour Law of the respective country, for the accumulated period of service at the end of the financial year.

Schedule M: Notes to Accounts

- iv) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the end of the financial year. The actuarial valuation is done as per projected unit credit method.
- v) Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

(m) Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and in the overseas branches, as per the respective tax laws. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Company does not have a legal right to do so. Deferred tax assets are recognized 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, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets 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 realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a 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 realised. 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.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(n) Accounting for joint ventures

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

Type of Joint Venture

Jointly Controlled Operations

Jointly Controlled Entities

Accounting Treatment

Company's share of revenues, expenses, assets and liabilities are included in the financial statements as Revenues, Expenses, Assets and Liabilities respectively

Company's investment in joint ventures is reflected as investment and accounted for in accordance with para (2g)) above.

(o) Segment reporting policies

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

Includes general corporate income and expense items not allocated to any business segment.

Segment 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

(p) 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. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the reported years are 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.

Schedule M: Notes to Accounts

(q) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(r) Employee Stock Options

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.

(s) 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.

(t) Derivative Instruments

As per the Institute of Chartered Accountants of India announcement, derivative contracts, other than those 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 after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

3. SEGMENT INFORMATION

Business Segments:

The Company organized its operations into two major businesses: Engineering & Construction and Internet Services (discontinuing).

Segmental information is disclosed as under:

(Amount in INR '000)

	Engineering & construction		Discontinuing Operations (Internet Services)		Un-allocables		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Segment Revenue	72,026,391	68,817,622	-	61,877	-	-	72,026,391	68,879,499
Segment Results	5,131,004	7,048,245	-	10,275	-	-	5,131,004	7,058,520
Unallocable Corporate expenses	-	-	-	-	(1,755,696)	(893,546)	(1,755,696)	(893,546)
Operating Profit	-	-	-	-	-	-	3,375,308	6,164,974
Interest Expenses	-	-	-	-	(2,637,995)	(1,893,884)	(2,637,995)	(1,893,884)
Interest Income	-	-	-	-	260,865	317,667	260,865	317,667
Other Income	-	-	-	-	3,128,743	359,005	3,128,743	359,005
Income Tax	-	-	-	-	(452,900)	(1,736,785)	(452,900)	(1,736,785)
Net Profit	-	-	-	-	-	-	3,674,023	3,210,977
Segment Assets	66,129,425	60,655,849	-	325,450	26,383,496	21,136,310	92,512,921	82,117,609
Segment Liabilities	16,771,127	23,057,935	-	80,000	39,971,121	32,890,076	56,742,248	56,028,011
Capital Expenditure	2,676,487	2,477,757	-	-	141,000	390,096	2,817,487	2,867,853
Depreciation / Amortisation	1,300,420	1,156,063	-	12,069	26,368	26,673	1,326,788	1,194,805
Non Cash Expenses	-	-	-	-	1,462,627	455,603	1,462,627	455,603

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.

Schedule M: Notes to Accounts

The following table presents revenue and debtors regarding geographical segments as at March 31, 2010 and March 31, 2009.

(Amount in INR '000)

	Income by Geographical Market		Debtors (including retention money) by Geographical Market	
	2009-10	2008-09	2009-10	2008-09
India	31,768,927	37,365,590	8,035,552	6,515,228
Other countries	43,647,072	32,190,581	6,940,208	8,720,392
	75,415,999	69,556,171	14,975,760	15,235,620

* The Company has common assets for servicing Domestic Market and Overseas Markets. Hence, separate figures for assets / additions to assets cannot be furnished.

4. 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 International Limited
Punj Lloyd Kazakhstan LLP
Punj Lloyd Industries Limited
Punj Lloyd Aviation Limited
Punj Lloyd Infrastructure Limited
Atna Investments Limited
Spectra Net Limited (upto May 31, 2008)
Punj Lloyd Upstream Limited
PT Punj Lloyd Indonesia
PLN Construction Limited
Punj Lloyd Pte Limited
PL Engineering Limited (Formerly known as Simon Carves India Limited)
Sembawang Infrastructure (India) Private Limited (w.e.f March 31, 2009)
Spectra ISP Networks Private Limited (Formerly known as PL Engineering Private Limited (w.e.f. October 23, 2008))
Indtech Global Systems Limited (Formerly known as Punj Lloyd Systems Private Limited (w.e.f. March 31, 2009)
Punj Lloyd SKIL Marine Systems Limited (w.e.f July 01, 2009)*

Names of related parties where control exists irrespective of whether transactions have occurred or not

Step Down Subsidiary Companies

Spectra Net Holding Limited (upto May 31, 2008)
Spectra Punjab Limited (upto May 31, 2008)
Sembawang Engineers and Constructors Pte. Limited
PT Sempec Indonesia
Sembawang Development Pte Limited
PT Indo Precast Utama
PT Indo Unggul Wasturaya
Sembawang (Tianjin) Construction Engineering Co. Limited
Construction Technology Pte Limited
Contech Trading Pte Limited
PT Contech Bulan
Construction Technology (B) Sdn Bhd
Sembawang (Hebei) Building Materials Co. Limited
Sembawang Infrastructure (Mauritius) Limited
Sembawang Infrastructure (India) Private Limited (upto March 31, 2009)

Schedule M: Notes to Accounts

Sembawang-JTCI (China) Pte Limited (upto February 04, 2010)*
 Sembawang UAE Pte Limited
 SC Architects and Engineers Pte Limited
 Sembawang (Malaysia) Sdn Bhd
 Jurubina Sembawang (M) Sdn Bhd
 Simon Carves Limited
 Sembawang Simon-Carves De Mexico S.A DE. CV
 Sembawang Engineers and Constructors Middle East FZE
 Simon Carves Singapore Pte Limited
 Sembawang Bahrain SPC
 Sembawang Precast System LLC
 Punj Lloyd Oil and Gas (Malaysia) Sdn Bhd
 Punj Lloyd Engineers & Constructors Pte Limited. (Formerly known as Abudhabi
 Engineers & Construction Pte. Limited. (w.e.f. November 26, 2008)
 Technodyne International Limited (w.e.f. June 02, 2008)
 Punj Lloyd Delta Renewables Private Limited (w.e.f. November 5, 2009)**
 Delta Solar (Bangladesh) Limited (w.e.f November 5, 2009)**
 Punj Lloyd Delta Renewables Pte Limited (w.e.f. November 5, 2009)**
 Buffalo Hills Limited. (w.e.f September 30, 2009)**
 Technodyne Engineers Limited (w.e.f March 9, 2010)*
 Sembawang Caspi Engineers and Constructors LLP (w.e.f. January 11, 2010)*
 Sembawang Libya General Contracting & Investment Company (w.e.f. August 11, 2009)*
 Sembawang Australia Pty Limited (w.e.f. November 5, 2009)*
 Sembawang Hong Kong Limited (w.e.f. October 13, 2009)*
 Sembawang Securities Pte Limited (w.e.f. February 5, 2010)*
 Sembawang Equity Capital Pte Limited (w.e.f. August 1, 2009)*

Names of other related parties with whom transactions have taken place during the year

Joint Ventures

Thiruvananthapuram Road Development Company Limited
 Persys-Punj Lloyd JV
 Asia Drilling Services Limited (Joint Venture of Punj Lloyd International Limited)
 Kaefer Punj Lloyd Limited
 Swissport Punj Lloyd India Private Limited (under liquidation)
 Dayim Punj Lloyd Construction Contracting Co. Limited
 Joint Venture of Whessoe Oil and Gas Limited and Punj Lloyd Limited
 Ramprastha Punj Lloyd Developers Private Limited
 Syna Petrochemical Engineering Company (up to January 25, 2010)
 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

Associates

Gaitry Cable Network Private Limited (upto May 31, 2008)
 City Vision Private Limited (upto May 31, 2008)
 Shitul Engineering Private Limited (upto May 31, 2008)

Schedule M: Notes to Accounts

Sunstar Network & Technologies Private Limited (upto May 31, 2008)
 Dot Com Holdings Private Limited (upto May 31, 2008)
 Satellite Vision Private Limited (upto May 31, 2008)
 Reliance Contractors Private Limited
 Ventura Development (Myanmar) Pte Limited
 Regional Hotel Pte Limited (up to April 15, 2009)*
 System-Bilt (Myanmar) Limited (up to April 15, 2009)*
 Realand Pte Limited (up to May 06, 2009)*
 Reco Sin Han Pte Limited
 Pipavav Shipyard Limited (up to March 27, 2010)*
 Air Works India Engineering Private Limited
 Olive Group BV (w.e.f. August 18, 2008)
 Olive Group India Private Limited (w.e.f. June 25, 2009)**
 Hazaribagh Ranchi Expressway Limited (w.e.f August 01, 2009)**
 Ethanol Ventures Grimsby Limited (w.e.f. February 27, 2009)

* These entities have been incorporated / formed/ disposed off during the year.

**These entities have been acquired during the year.

Key Managerial Personnel

Atul Punj	Chairman
V.K. Kaushik	Managing Director (up to December 16, 2009)
Luv Chhabra	Director (Corporate Affairs)
P K Gupta	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
 Shiv Punj – Son of Chairman
 Jai Punj – Son of brother of Chairman
 Dev Punj - Son of brother of Chairman
 Jyoti Punj- Sister of Chairman
 Kumkum Kaushik – Wife of Managing Director (up to December 16, 2009)

Enterprises over which relatives of Key Managerial Personnel are exercising significant influence

Pt. Kanahya Lal Dayawanti Punj Charitable Society – Chairmanship of father of Chairman
 Collectible @ The Inside Story – Owned by Sister of Chairman
 Indtech Global Systems Limited (Formerly known as Punj Lloyd Systems Private Limited (upto March 31, 2009) - Shareholding 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
 Vishwadeva Builders and Promoters Private Limited – Shareholding of sister of Chairman
 PTA Engineering and Manpower Services Private Limited – Shareholding of Chairman
 PLE Hydraulics Private Limited - Shareholding of Chairman
 Special Steel Forgings Private Limited – Shareholding of Chairman
 Petro IT Limited – Shareholding of Brother of Chairman

Related party disclosures

(Amount in INR '000)

	Subsidiaries		Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
INCOME												
Sales - Export												
Punj Lloyd Kazakhstan LLP	876	355									876	355
PT Punj Lloyd Indonesia	-	123									-	123
Punj Lloyd Oil and Gas (Malaysia) Sdn Bhd	10,702	-									10,702	-
Rent												
Spectra Punj Lloyd Limited	3,774	3,582									3,774	3,582
PLN Construction Limited	720	720									720	720
Kaefer Punj Lloyd Limited			-	1,215							-	1,215
Swissport Punj Lloyd India Private Limited			-	209							-	209
Punj Lloyd Aviation Limited	992	945									992	945
Punj Lloyd Upstream Limited	5,675	4,380									5,675	4,380
Simon Carves Limited	-	112									-	112
Air Works India Engineering Private Limited						238						238
PL Engineering Limited (Formerly Known as Simon Carves India Limited)	-	49									-	49
Sembawang Infrastructure India Private Limited	-	1,001									-	1,001
Sembawang Engineers and Constructors Pte. Limited	-	217									-	217
Punj Lloyd Pte Limited	-	190									-	190
Olive Group India Private Limited					1,848	-					1,848	-
Punj Lloyd Delta Renewables Private Limited	386	-									386	-
Hire Charges												
Spectra Punj Lloyd Limited	23,753	37,537									23,753	37,537
PLN Construction Limited	63,599	69,737									63,599	69,737
Punj Lloyd Pte Limited	5,931	5,931									5,931	5,931
Punj Lloyd Oil and Gas (Malaysia) Sdn Bhd	63,171	-									63,171	-
Punj Lloyd Aviation Limited	-	1,075									-	1,075
Sembawang Infrastructure India Private Limited	6,323	5,591									6,323	5,591
Air Works India Engineering Private Limited	-				56,080	5,650					56,080	5,650
Kaefer Punj Lloyd Limited			464	-							464	-
Interest Income												
Punj Lloyd Kazakhstan LLP	21,540	21,736									21,540	21,736
Punj Lloyd Pte Limited	137,835	244,021									137,835	244,021

Related party disclosures

(Amount In INR '000)

	Subsidiaries		Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Simon Carves Limited	-	37,902									-	37,902
Punj Lloyd Upstream Limited	5,419	-									5,419	-
Alna Investments Limited	3,900	-									3,900	-
Management Fees												
Kaefer Punj Lloyd Limited			-	6,865							-	6,865
Profit/ (Loss) on Sale of Fixed Assets												
PT Punj Lloyd Indonesia	-	34									-	34
Others Income												
PLN Construction Limited	4,200	4,200									4,200	4,200
Kaefer Punj Lloyd Limited			-	450							-	450
Air Works India Engineering Private Limited					-	200					-	200
Sembawang Infrastructure India Private Limited	-	724									-	724
PL Engineering Limited (Formerly Known as Simon Carves India Limited)	14,124	14,742									14,124	14,742
Swissport Punj Lloyd India Private Limited			-	231							-	231
EXPENDITURE												
Contractors Charges												
Kaefer Punj Lloyd Limited			13,407	194,441							13,407	194,441
PT Punj Lloyd Indonesia	128,665	131,116									128,665	131,116
PLN Construction Limited	15,000	39,947									15,000	39,947
Spectra Punj Lloyd Limited	-	22,130									-	22,130
PT Sempec Indonesia	19,080	-									19,080	-
Punj Lloyd Kazakhstan LLP	-	2,858									-	2,858
PL Engineering Limited (Formerly Known as Simon Carves India Limited)	-	57,919									-	57,919
Material Consumed												
Kaefer Punj Lloyd Limited			216,967	18,234							216,967	18,234
Spectra Punj Lloyd Limited	6,901	19,614									6,901	19,614
Hire Charges												
Spectra Punj Lloyd Limited	15,531	20,439									15,531	20,439
Consultancy/Professional charges												
PL Engineering Limited (Formerly Known as Simon Carves India Limited)	575,934	391,501									575,934	391,501
PT Sempec Indonesia	-	572,832									-	572,832

Related party disclosures

(Amount in INR '000)

	Subsidiaries			Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence			Total
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2009
Punj Lloyd Pte Limited	628,585	630,572									628,585	630,572	
Technodyne International Limited	-	5,166									-	5,166	
Simon Carves Limited UK	28,604										28,604	-	
Rent													
V K Kaushik													
Travelling & Conveyance													
Punj Lloyd Aviation Limited	131,780	105,539									131,780	105,539	
Air Works India Engineering Private Limited			22,631	20,112							22,631	20,112	
Managerial Remuneration													
V K Kaushik								44,259	24,034		44,259	24,034	
Luv Chhabra								14,479	16,414		14,479	16,414	
Scott R Bayman								500	800		500	800	
Naresh Kumar Trehan								500	800		500	800	
Sanjay Gopal Bhatnagar								500	800		500	800	
Rajan Jetley								-	800		-	800	
Phiroj Vandrevala								500	404		500	404	
Dividend Payment													
Indtech Global Systems Limited (Formerly known as Punj Lloyd Systems Private Limited)										-	8,461	-	8,461
Cawdor Enterprises Limited										22,707	30,277	22,707	30,277
Spectra Punj Finance Private Limited										6,592	6,592	328	328
Atul Punj								429	573		429	573	
V K Kaushik								0	-		0	-	-
S.N.P.Punj								3,050	4,151		3,050	4,151	
Indu Rani Punj								3,035	4,147		3,035	4,147	
Uday Punj/Mangalam Punj								820	2,433		820	2,433	
Uday Punj (HUF)								246	432		246	432	
Arit Singh								145	193		145	193	
Jyoti Punj								151	201		151	201	
Navina Punj								2	-		2	-	-
Magalam Punj								327	2,800		327	2,800	
Others								1	12	-	1	14	
Rent													
Pt.Kanahya Lal Dayawanti Punj Charitable Society										13,680	13,680	13,680	13,680

Related party disclosures

(Amount In INR '000)

	Subsidiaries		Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
ESOP exercised during the year												
V K Kaushik							28,472	28,858			28,472	28,858
Luv Chhabra							5,103	5,103			5,103	5,103
ASSETS												
Fixed Assets Sold												
Punj Lloyd Kazakhstan LLP	2,501	450									2,501	450
Punj Lloyd Pie Limited	-	1,388									-	1,388
Punj Lloyd Oil and Gas (Malaysia) Sdn Bhd	4,746	-									4,746	-
Fixed Assets Purchased												
Simon Carves Limited	4,652	-									4,652	-
Investment made during the year												
Punj Lloyd Pie Limited	-	2,196,440									-	2,196,440
Spectra Punj Lloyd Limited	1,738	-									1,738	-
Punj Lloyd Aviation Limited	-	190,003									-	190,003
Punj Lloyd Upstream Limited	-	275,174									-	275,174
Kaefer Punj Lloyd Limited		-	-	36,015								36,015
Spectra ISP Networks Private Limited (Formerly known as PL Engineering Private Limited)	320,000	5,600									320,000	5,600
Indtech Global Systems Limited (formerly known as Punj Lloyd Systems Private Limited)	-	16,978									-	16,978
Sembawang Infrastructure India Private Limited	-	1,000									-	1,000
Olive Group India Private Limited					5,000						5,000	-
Punj Lloyd SKIL Marine systems Limited	1,020	-									1,020	-
Hazaribagh Ranchi Expressway Limited					130						130	-
Investment sold during the year												
Spectra Net Limited	-	17,061									-	17,061
Spectra Punjab Limited	-	8,000									-	8,000
Pipavav Shipyard Limited					2,142,762						2,142,762	-
Bank Guarantees Issued during the year												
Punj Lloyd Pie Limited	40,502	73,179									40,502	73,179
Punj Lloyd Upstream Limited	-	19,611									-	19,611
Punj Lloyd Oil and Gas (Malaysia) Sdn Bhd	279,457	2,237,499									279,457	2,237,499
PLN Construction Limited	18,200	-									18,200	-
Punj Lloyd Aviation Limited	-	179,000									-	179,000
Simon Carves Limited UK	1,938,663	1,221,582									1,938,663	1,221,582
Sembawang Infrastructure India Private Limited	30,869	-									30,869	-

Related party disclosures

(Amount in INR '000)

	Subsidiaries		Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2009
Bank Guarantees redeemed during the year											
Punj Lloyd Pte Limited	-	665,170									665,170
Punj Lloyd Upstream Limited	-	12,311									12,311
PT Sempec Indonesia	-	11,901									11,901
Sembawang Engineers and Constructors Pte. Limited	68,706	-							68,706	-	-
Simon Carves Limited	-	1,156,705									1,156,705
Punj Lloyd Upstream Limited	16,850								16,850	-	-
Corporate Guarantees Issued during the year											
Spectra Punj Lloyd Limited	-	50,000									50,000
Punj Lloyd Kazakhstan LLP	45,200	507,100							45,200	507,100	
Kaefer Punj Lloyd Limited			110,000	-					110,000	-	-
PT Punj Lloyd Indonesia	-	95,369									95,369
Punj Lloyd Pte Limited	7,643,619	21,786,870							7,643,619	21,786,870	
Dayim Punj Lloyd Construction Contracting Co. Limited	-		2,231,533	145,002					2,231,533	145,002	
Punj Lloyd Aviation Limited	2,000	2,700							2,000	2,700	
Punj Lloyd Upstream Limited	384,200	2,180,530							384,200	2,180,530	
PL Engineering Limited (Formerly Known as Simon Carves India Limited)	444,800	286,917							444,800	286,917	
Sembawang Infrastructure India Private Limited	-	2,007,966									2,007,966
Pipavav Shipyard Limited											4,290,465
Air Works India Engineering Private Limited					650,000	-			650,000	-	-
Corporate Guarantees redeemed during the year											
Punj Lloyd Kazakhstan LLP	760,650	1,026,002							760,650	1,026,002	
Punj Lloyd Pte Limited	1,952,869	4,700,964							1,952,869	4,700,964	
Punj Lloyd Upstream Limited	-	1,217,040							-	1,217,040	
PT Punj Lloyd Indonesia	239,858	2,589,241							239,858	2,589,241	
PL Engineering Limited (Formerly Known as Simon Carves India Limited)	250,000	-							250,000	-	-
Punj Lloyd Aviation Limited	715	-								715	-
Kaefer Punj Lloyd Limited			52,500	-						52,500	-
Spectra Punj Lloyd Limited	57,500	-							57,500	-	-

Related party disclosures

(Amount In INR '000)

	Subsidiaries		Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Loans given during the year												
Punj Lloyd Infrastructure Limited	-	7,866									-	7,866
Punj Lloyd Aviation Limited	-	97,400									-	97,400
Punj Lloyd Pte Limited	6,866,833	3,050,714									6,866,833	3,050,714
Simon Carves Limited	-	977,670									-	977,670
Punj Lloyd Upstream Limited	132,800	-									132,800	-
Alna Investments Limited	132,059	-									132,059	-
Loans refund during the year												
Punj Lloyd Aviation Limited	-	97,965									-	97,965
Spectra Net Holding Limited	-	7,471									-	7,471
Spectra Punjab Limited	-	1,202									-	1,202
Punj Lloyd Pte Limited	1,923,951	855,465									1,923,951	855,465
Punj Lloyd Upstream Limited	30,000	-									30,000	-
Alna Investments Limited	55,000	-									55,000	-
Balance outstanding as at March 31, 2010												
Receivable / (payables)												
Alna Investments Limited	3,451	55,086									3,451	55,086
Spectra Punj Lloyd Limited	63,669	59,974									63,669	59,974
Kaefer Punj Lloyd Limited			(24,033)	(35,559)							(24,033)	(35,559)
PT Punj Lloyd Indonesia	19,644	43,445									19,644	43,445
Punj Lloyd International Limited	(12,713)	(15,328)									(12,713)	(15,328)
Punj Lloyd Kazakhstan LLP	260,660	131,372									260,660	131,372
PLN Construction Limited	228,088	133,556									228,088	133,556
Punj Lloyd Pte Limited	(599,773)	(452,478)									(599,773)	(452,478)
Sembawang Engineers and Constructors Pte. Limited	22,243	61,843									22,243	61,843
PL Engineering Limited (Formerly Known as Simon Carves India Limited)	(118,047)	(200,861)									(118,047)	(200,861)
Simon Carves Limited	1,377,655	198,763									1,377,655	198,763
Dayim Punj Lloyd Construction Contracting Co. Limited			103,526	(25,257)							103,526	(25,257)
Punj Lloyd Infrastructure Limited	171	171									171	171
Punj Lloyd Aviation Limited	217,529	101,686									217,529	101,686
Punj Lloyd Upstream Limited	24,431	(1,556)									24,431	(1,556)

Related party disclosures

(Amount in INR '000)

	Subsidiaries		Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Sembawang Infrastructure India Private Limited	16,932	8,312							16,932	8,312		
PT Sempec Indonesia	(7,684)	(54,260)							(7,684)	(54,260)		
Punj Lloyd Oil and Gas (Malaysia) Sdn Bhd	96,293	72,179							96,293	72,179		
Indtech Global Systems Limited (Formerly known as Punj Lloyd Systems Private Limited)	-	14							-	14		
Sembawang UAE Pte Limited	4,278	4,569								4,569		
Sembawang Engineers and Constructors Middle East FZE	68,825	14,487								68,825		
Punj Lloyd Engineers & Constructors Pte Limited (Formerly known as Abudhabi Engineers & Construction Pte. Limited)	64,172	12,692								64,172		
Punj Lloyd Industries Limited	1,339	1,338								1,339		
Joint Venture of Whessoe Oil & Gas Limited and Punj Lloyd			190	-						190		
Air Works India Engineering Private Limited					17,100	-				17,100		
Technodyne International Limited	(515)	-								(515)		
Punj Lloyd SKIL Marine systems Limited	31	-								31		
Salary / Commission Payable												
V K Kaushik							-	1,867		-		1,867
Luv Chhabra							1,203	1,319			1,203	1,319
Scott R Bayman							500	800			500	800
Naresh Kumar Trehan							500	800			500	800
Rajan Jetley							-	800		-		800
Phiroj Vandrevala							500	404			500	404
Sanjay Gopal Bhatnagar							500	800			500	800
Loans												
Punj Lloyd Kazakhstan LLP	341,167	359,864									341,167	359,864
Punj Lloyd Infrastructure Limited	899,938	899,938									899,938	899,938
Punj Lloyd Aviation Limited	150,688	150,688									150,688	150,688
Punj Lloyd Pte Limited	7,626,083	3,296,366									7,626,083	3,296,366
Simon Carves Limited	1,084,503	1,155,155									1,084,503	1,155,155
Alna Investments Limited	77,059	-									77,059	-
Punj Lloyd Upstream Limited	102,800	-									102,800	-

Related party disclosures

(Amount In INR '000)

	Subsidiaries		Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Share application money												
Thiruvananthapuram Road Development Company Limited			1	1							1	1
Investments												
Punj Lloyd International Limited	4,452	4,452									4,452	4,452
Punj Lloyd Industries Limited	115,002	115,002									115,002	115,002
Kaefer Punj Lloyd Limited			38,567	38,567							38,567	38,567
Atna Investments Limited	39,922	39,922									39,922	39,922
Punj Lloyd Kazakhstan LLP	362,798	362,798									362,798	362,798
PLN Construction Limited	30,896	30,896									30,896	30,896
PT Punj Lloyd Indonesia	170,900	170,900									170,900	170,900
Spectra Punj Lloyd Limited	50,513	48,775									50,513	48,775
Punj Lloyd Pte Limited	2,997,139	2,997,139									2,997,139	2,997,139
PL Engineering Limited (Formerly Known as Simon Carves India Limited)	50,000	50,000									50,000	50,000
Thiruvananthapuram Road Development Company Limited			130,250	130,250							130,250	130,250
Dayim Punj Lloyd Construction Contracting Co. Limited			11,795	11,795							11,795	11,795
Swissport Punj Lloyd India Private Limited			10,535	10,535							10,535	10,535
Ramprastha Punj Lloyd Developers Private Limited			50	50							50	50
Punj Lloyd Aviation Limited	539,987	539,987									539,987	539,987
Punj Lloyd Infrastructure Limited	500	500									500	500
Punj Lloyd Upstream Limited	363,974	363,974									363,974	363,974
Spectra ISP Networks Private Limited (Formerly known as PL Engineering Private Limited)	325,600	5,600									325,600	5,600
Indtech Global Systems Limited (Formerly known as Punj Lloyd Systems Private Limited)	16,978	16,978									16,978	16,978
Sembawang Infrastructure India Private Limited	1,000	1,000									1,000	1,000
Pipavav Shipyard Limited					-	3,492,762					-	3,492,762
Olive Group India Private Limited					5,000	-					5,000	-
Hazalibagh Ranchi Expressway Limited					130	-						-
Punj Lloyd SKIL Marine systems Limited	1,020	-									1,020	-

Related party disclosures

(Amount in INR '000)

	Subsidiaries			Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2009
Bank Guarantees outstanding												
Punj Lloyd Pte Limited	89,971	49,469								89,971		49,469
Sembawang Engineers and Constructors Pte. Limited	-	68,706								-		68,706
Punj Lloyd Upstream Limited	-	16,850								-		16,850
Punj Lloyd Oil and Gas (Malaysia) Sdn Bhd	2,516,957	2,237,499								2,516,957		2,237,499
Punj Lloyd Aviation Limited	179,000	179,000								179,000		179,000
Sembawang Infrastructure India Private Limited	30,869	-								30,869		-
Simon Carves Limited	2,003,540	64,877								2,003,540		64,877
PLN Construction Limited	18,200	-								18,200		-
Corporate Guarantees outstanding												
Spectra Punj Lloyd Limited	50,000	107,500								50,000		107,500
Air Works India Engineering Private Limited			650,000			-				650,000		-
Punj Lloyd Kazakhstan LLP	842,999	1,655,703								842,999		1,655,703
Kaefer Punj Lloyd Limited			303,957	246,457						303,957		246,457
PT Punj Lloyd Indonesia	2,743,479	3,316,468								2,743,479		3,316,468
PLN Construction Limited	90,000	90,000								90,000		90,000
Punj Lloyd Pte Limited	47,653,175	45,104,978								47,653,175		45,104,978
Dayim Punj Lloyd Construction Contracting Co. Limited			3,404,929	1,328,002						3,404,929		1,328,002
Punj Lloyd Aviation Limited	4,700	3,415								4,700		3,415
Punj Lloyd Upstream Limited	2,327,800	2,180,530								2,327,800		2,180,530
PL Engineering Limited (Formerly Known as Simon Carves India Limited)	616,840	436,917								616,840		436,917
Pipavav Shipyard Limited												
Sembawang Infrastructure India Private Limited	2,007,957	2,007,957				-	4,290,465					4,290,465
										2,007,957		2,007,957

Schedule M: Notes to Accounts

5. 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

S. No	Name of Joint Ventures	Description of Interest	Nature of Project	Ownership Interest	Country of Incorporation Or residence
1	Thiruvananthapuram Road Development Company Limited	Jointly Controlled Entity	Thiruvananthapuram City Improvement	50%	India
2	Persys-Punj Lloyd JV	Jointly Controlled Operations	Construction of Elevated Viaduct from Kirti Nagar to Tilak Nagar, Delhi	See Note (a)	*
3	Asia Drilling Services Limited	Jointly Controlled Entity	Horizontal Directional Drilling works	50%	Mauritius
4	Kaefer Punj Lloyd Limited	Jointly Controlled Entity	Insulation Work	49%	India
5	Swissport Punj Lloyd India Private Limited (under liquidation)	Jointly Controlled Entity	Airport Development	49%	India
6	Dayim Punj Lloyd Construction Contracting Co. Limited	Jointly Controlled Entity	Engineering, procurement and construction in Saudi Arabia	49%	Saudi Arabia
7	Joint Venture of Whessoe Oil and Gas Limited and Punj Lloyd Limited	Jointly Controlled Operation	Revival of Ratnagiri Gas and Power Private Limited LNG Terminal project	50%	*
8	Total-CDC-DNC Joint Operation	Jointly Controlled Operations	Construction of a hotel and golf course recreation centre	38.24%	*
9	Kumagai-Sembawang-Mitsui Joint Venture	Jointly Controlled Operations	Design and construction of the Potong Pasir and on Keng MRT Stations including tunnels	43.02%	*
10	Kumagai-SembCorp Joint Venture	Jointly Controlled Operations	Design and construction the Changi Airport MRT Station including tunnels	47.80%	*
11	Philipp Holzmann-SembCorp Joint Venture	Jointly Controlled Operations	Design and construction of Kranji Deep Tunnel Sewerage System	47.80%	*
12	Kumagai-SembCorp Joint Venture (DTSS)	Jointly Controlled Operations	Design and construction of Paya Lebar Deep Tunnel Sewerage System	47.80%	*
13	Semb-Corp Daewoo Joint Venture	Jointly Controlled Operations	Design and construction of Kallang and Paya Lebar Expressway	57.35%	*
14	Sime Engineering Sdn Bhd Sembawang Malaysia Sdn Bhd Joint Venture	Jointly Controlled Operations	Engineering, procurement and construction works	47.80%	*
15	Sime Engineering Sdn Bhd SembCorp Malaysia Sdn Bhd Joint Venture	Jointly Controlled Operations	Mechanical and piping erection works	47.80%	*
16	Punj Lloyd PT Sempec Indonesia	Jointly Controlled Operations	Installation of 4 new well platforms	See Note (a)	*
17	Ramprastha Punj Lloyd Developers Private Limited	Jointly Controlled Entity	Real Estate Developers	50%	India

* Country of Incorporation not applicable, as these are Unincorporated Joint Ventures

Note: (a) As per 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.

Schedule M: Notes to Accounts

b) Financial interest in jointly controlled entities

(Amount in INR '000)

S.No	Name of Joint Ventures Entity	Company's Share of						
		Assets	Liabilities	Income	Expenditure	Tax	Capital Commitments **	Contingent Liabilities
1	Thiruvananthapuram Road Development Company Limited #	921,166 (650,347)	831,822 (545,856)	68,341 (57,829)	83,438 (78,849)	- (-)	515,805 (458,025)	- (435,079)
2	Kaefer Punj Lloyd Limited *	307,834 (286,369)	216,860 (220,689)	504,330 (430,625)	468,198 (417,558)	10,837 (5,148)	- (-)	- (-)
3	Swissport Punj Lloyd India Private Limited *	4,021 (4,066)	210 (255)	71 (291)	72 (1,793)	- (10)	- (-)	- (-)
4	Dayim Punj Lloyd Construction Contracting Co. Limited #	276,226 (264,603)	432,179 (297,658)	458,961 (457,204)	592,882 (498,011)	- (-)	- (-)	- (-)
5	Ramprastha Punj Lloyd Developers Private Limited #	402,396 (401,492)	402,394 (401,474)	- (-)	15 (16)	- (-)	- (-)	- (-)

Notes:

- Figures in bracket relate to previous year
- # The Company's share of Assets, Liabilities, Income and Expenditure have been included on the basis of audited financial statements received from the joint venture.
- * The Company's share of Assets, Liabilities, Income and Expenditure has been included on the basis of unaudited financial statements received from the joint ventures.
- ** Capital Commitments- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).

6. Capital Commitments

(Amount in INR '000)

	2009-10	2008-09
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,121,100	3,218,210

7. Contingent liabilities not provided for :

(Amount in INR '000)

	2009-10	2008-09
a) i) Bank Guarantees given by the Company	7,303,547	4,743,929
ii) Bank Guarantees given on behalf of subsidiaries and joint ventures	179,000	234,456
b) Liquidated damages deducted by customers not accepted by the Company and pending final settlement. (Also refer note 11 and 31 below)*	2,709,427	508,835
c) Corporate Guarantees given on behalf of subsidiaries, joint ventures and associates	61,874,700	60,768,392

* excludes possible liquidated damages which can be levied by customers for delay in execution of projects. The management believes that there exist strong reasons why no liquidated damages shall be levied by these customers.

- Estimated future investments in joint venture & other companies in terms of respective shareholder agreements amount in aggregate to Rs. 289,919 thousand (Previous year Rs. 289,999 thousand).
- Sales tax demand of Rs. 68,403 thousand (Previous year Rs. 52,173 thousand) on the material components of the works contracts pending with Sales Tax Authorities and High Court. *
 - Sales tax demand of Rs. 66,006 thousand (Previous year Rs. 66,006 thousand) for non submission of statutory forms.*
 - Sales tax demand of Rs. 217,545 thousand (Previous year Rs. 41,159 thousand) for disallowance of deduction on purchases.*
 - Sales Tax liability of Rs. 84,946 thousand (Previous year Rs. 84,946 thousand) for purchases against sales tax forms not accepted by department.*
 - Entry Tax liability of Rs. 23,735 thousand (Previous year Rs 32,806 thousand) against entry of goods into the local area not accepted by department.*
 - Sales Tax liability of Rs. 720 thousand (Previous year Rs 720 thousand) against the Central Sales Tax demand on sales in transit.*
 - Penalty for late deposit of Service Tax of Rs. 172,796 thousand (Previous year Rs. 108,068 thousand) and Rs. 15,915 thousand (Previous year Rs. Nil) as disallowance of deduction of supply turnover.*
 - Sales tax demand in respect of Internet Service Division regarding taxability of internet services Rs. 39,877 thousand (Previous year Rs. 39,877 thousand). The same is contested by the Company in view of similar matter decided by the Hon'ble Supreme Court of India in the case of Bharat Sanchar Nigam Limited & another Vs Union of India & others wherein it was held that internet services are not taxable as goods. *

*Based on favourable 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 thereagainst is considered necessary.

Schedule M: Notes to Accounts

8. Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days basic salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Profit and Loss account

Net employee benefit expense recognised under personnel expenses

((Amount in INR '000))

	Gratuity	Gratuity
	2009-10	2008-09
Current service cost	14,962	18,085
Interest cost on benefit obligation	7,142	4,955
Expected return on plan assets	(3,080)	(3,487)
Net actuarial(gain) / loss recognised in the year	(9,357)	14,030
Past service cost	-	-
Net benefit expense	9,667	33,583
Actual return on plan assets	(5,224)	2,245

Balance sheet

Details of Provision for gratuity

	2009-10	2008-09
Defined benefit obligation	91,140	95,223
Fair value of plan assets	(44,756)	(38,440)
	46,384	56,783
Less: Unrecognised past service cost	-	-
Plan (asset) / liability	46,384	56,783

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

	2009-10	2008-09
Opening defined benefit obligation	95,223	64,474
Interest cost	7,142	4,955
Current service cost	14,962	18,085
Benefits paid	(18,973)	(5,078)
Actuarial (gains) / losses on obligation	(7,214)	12,787
Closing defined benefit obligation	91,140	95,223

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

	2009-10	2008-09
Opening fair value of plan assets	38,440	41,273
Expected return	3,080	3,487
Contributions by employer	20,000	-
Benefits paid	(18,973)	(5,078)
Actuarial gains / (losses)	2,209	(1,242)
Closing fair value of plan assets	44,756	38,440

The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by para 120 (o) of the Accounting Standard – 15 (Revised) on Employee Benefits is not disclosed.

Schedule M: Notes to Accounts

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

	2009-10	2008-09
	%	%
GGCA Policy with LIC	52.97	56.71
Group Balance Fund with ICICI	47.03	43.24
Group Short Term Debt Fund with ICICI	-	0.05

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 the improved stock market scenario.

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

	2009-10	2008-09
	%	%
Discount rate	7.5	7
Expected rate of return on assets	8	8
Employee turnover	2	2

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.

Amounts for the current periods are as follows:

	2009-10	2008-09	2007-08
Defined benefit obligation	91,140	95,223	64,474
Plan assets	44,756	38,440	41,273
Surplus/ (deficit)	(46,384)	(56,783)	(23,201)
Experience adjustments on plan liabilities	-	-	-
Experience adjustments on plan assets	-	-	-

This being the third year of application of Accounting Standard 15 (revised), the information in relation to the actuarial valuation of gratuity for previous two annual periods as required by Para 120(n) (i) is not provided.

9. Leases

a) Assets taken under Finance Leases

The Company has acquired certain Project Equipment under hire purchase, the cost of which is included in the gross block of Plant & Machinery under Fixed Assets. The lease term is for one year. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements.

(Amount in INR '000)

	2009-10	2008-09
Gross block at the end of financial year	405,731	405,731
Written down value at the end of financial year	261,519	296,518
Details of payments made during the year:		
Principal	56,656	59,420
Interest	4,838	8,985

The break-up of minimum lease payments outstanding as at March 31, 2010 is as under

As at March 31, 2010			
	Principal	Interest	Total
Payable within one year	38,128	1,282	39,410
Payable after one year but before end of fifth year	-	-	-
	38,128	1,282	39,410

As at March 31, 2009			
	Principal	Interest	Total
Payable within one year	56,656	4,838	61,494
Payable after one year but before end of fifth year	38,128	1,282	39,410
	94,784	6,120	100,904

Schedule M: Notes to Accounts

b) Assets taken under Operating Leases

Certain Project Equipment and Office premises are obtained on operating leases. 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.

	Year ended	
	March 31, 2010	March 31, 2009
Future minimum lease payments		
Not later than one year	24,320	21,448
Later than one year and not later than five years	43,148	67,468
Later than five years	-	-
Total	67,468	88,916

c) Assets given on operating leases

The Company has leased out certain Furniture & Fixtures on operating lease. The lease term is for 0-3 years and thereafter not renewable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

	Year ended	
	March 31, 2010	March 31, 2009
Future minimum lease payments		
Not later than one year	22,293	21,448
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	22,293	21,448

10. Particulars of balances with non Scheduled banks with whom the Company had dealings during the year are as follows:

(Amount in INR '000)

Name of bank	Balance As at March 31, 2010		Balance As at March 31, 2009	
	Balance	Maximum balance during the year	Balance	Maximum balance during the year
Balances in Current Accounts:				
Dubai Islamic Bank – Current Account, UAE	64	75	75	75
Dubai Islamic Bank – General Account, UAE	112	131	131	134
National Bank of Abu Dhabi, UAE (USD)	4,042	61,035	109	278,990
National Bank of Abu Dhabi, UAE (AED)	2,224	91,782	5,231	126,553
Bank Muscat – UAE (USD)	1,315	41,113	41,113	136,269
Bank Muscat – UAE (OMR)	-	193	193	40,026
National Bank of Oman, Oman	138	3,626	3,626	34,425
First Gulf Bank- USD	4,754	227,104	8,567	974,582
First Gulf Bank- AED	-	36,837	-	75,275
Union National Bank, UAE (AED)	91	3,839	224	55,288
Union National Bank, UAE (USD)	452	9,479	428	603,056
Doha Bank, Qatar	26,274	208,963	32,746	317,989
Doha Bank , Qatar (QAR)	77,804	1,810,837	196,609	2,571,784
Arab Bank PLC, Qatar (QAR)	2,474	237,577	3,214	487,211
Arab Bank PLC, Qatar (QAR)	769,925	769,925	50,750	687,565
Arab Bank PLC, Bahrain (USD)	2,435	74,286	2,112	768,400
Commercial Bank, Qatar	11,605	115,483	2,265	81,211
Commercial Bank, Qatar	415	474	474	478
First Gulf Bank, Qatar	2,950	2,950	2,572	18,401

Schedule M: Notes to Accounts

Name of bank	Balance As at March 31, 2010		Balance As at March 31, 2009	
	Balance	Maximum balance during the year	Balance	Maximum balance during the year
Sahari Bank (MELITA), Libya	28,998	77,500	7,426	57,845
Sahari Bank (EL KHOMS), Libya	12,298	34,559	8,798	50,216
Sahari Bank, Libya	27,596	27,596	-	-
Sahari Bank, Libya	8,447	8,447	-	-
Sahari Bank, Libya	48,993	48,993	-	-
Islam Bank Yemen (YER)	4,519	8,275	6,457	14,190
Islam Bank Yemen (USD)	7,027	7,027	240	184,418
Emirates Bank, UAE	3,419	3,419	2,128	24,046
Bank Muscat, Oman (OMR)	1,640	1,852	1,852	255,507
Bank Muscat, Oman (USD)	-	394	394	95,623
Bank Muscat , Oman	-	255,492	255,492	321,018
Balances in Fixed Deposits:				
Arab Bank PLC, Qatar	-	-	-	208,961
Bank Muscat, Abu Dhabi	-	4,143	4,143	20,806
First Gulf Bank, Abu Dhabi	11,098	46,730	46,730	46,730
Islam Bank Yemen (YER)	-	4,328	4,328	4,328
Doha Bank , Qatar (QAR)	122,960	2,049,253	2,049,253	2,049,253
International Bank of Yemen (YER)	23	23	-	-

11. The Company had executed certain projects for some customers in earlier years. These customers have withheld amounts aggregating to Rs. 587,863 thousand (Previous year Rs. 605,083 thousand) on account of liquidated damages and other deductions, which are being carried as sundry debtors. Some of these customers had also not certified the final bills amounting to Rs. 31,455 thousand (Previous year Rs. 95,455 thousand), which are being carried forward under Work in Progress Inventory. The company has also filed certain claims against these customers. The Company had gone into arbitration against these customers for recovery of amounts withheld as liquidated damages and other deductions and for claims of the Company. Pending outcome of arbitration, amounts withheld for liquidated damages and other deductions are being carried forward as recoverable. The Company has been legally advised that there is no justification in imposition of liquidated damages and other deductions by these customers and hence the above amounts are considered good of recovery.
12. The Company had executed a pipeline project for Petronet MHB Limited in an earlier year. The customer had withheld Rs.4,440 thousand from the running bills, which are being carried forward under sundry debtors. The customer had also not certified the final bill amounting to Rs.64,000 thousand which is being carried forward under Work in Progress inventory. During the year, arbitration award has been pronounced in favour of the Company and accordingly the Company has accounted for additional sums of Rs. 96,988 thousand and Rs. 72,999 thousand as contract revenue and interest income respectively over and above what is already shown as recoverable in books as receivable and work in progress. The amount is yet to be received by the Company.
13. 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:

(Amount in INR '000)

	2009-10	2008-09
a) Contract revenue recognised as revenue in the period (Clause 38 (a))	70,753,410	66,986,055
b) Aggregate amount of costs incurred and recognised profits up to the reporting date on Contract under progress (Clause 39 (a))	84,713,511	107,850,603
c) Advance received on Contract under progress (Clause 39 (b))	6,275,814	9,853,557
d) Retention amounts on Contract under progress (Clause 39 (c))	2,653,436	2,773,939
e) Gross amount due from customers for contract work as an asset (Clause 41(a))	33,832,961	28,137,557
f) Gross amount due to customers for contract work as a liability (Clause 41 (b))	381,481	631,924

14. Current Assets include Rs 4,225 thousand (Previous year Rs 4,225 thousand) recoverable pursuant to agreements for sale of 128,400 shares (Previous year 128,400 shares) of Panasonic Energy India Company Limited entered into on March 27, 1992, which are subject matter of a dispute in the Honourable High Court at Bombay, wherein the Company has been restrained from transferring these shares till the final disposal of the suit. These shares remain in the possession of the Company and the market value thereof at close of the year is Rs. 7,967 thousand (Previous year Rs. 4,102 thousand).

Schedule M: Notes to Accounts

15. (a) Donations include an amount of Rs 33,000 thousand (Previous year Rs. Nil) paid for political purposes to Bhartiya Janta Party – Rs. 16,000 thousand (Previous year Rs. Nil), Indian National Congress – Rs. 14,000 thousand (Previous year Rs. Nil), Shiromani Akali Dal – Rs. 2,000 thousand (Previous year Rs. Nil), Mahesh Jethmalani – Rs. 500 thousand (Previous year Rs. Nil) and Yashodhara Raju Scindia – Rs. 500 thousand (Previous year Rs. Nil).
- (b) The Company had made a commitment to make contributions to Indian School of Business, Mohali amounting to Rs. 500,000 thousand in a phased manner over a period of three years vide a resolution passed in the meeting of Board of Directors dated May 30, 2008. Out of above, the Company has contributed Rs. 50,000 thousand (Previous year Rs. 50,000 thousand) till the close of the year.
16. (a) During an earlier year, the Company had entered into agreements to sell its investments in the shares of certain Companies of the cost of Rs.111,974 thousand and had received advances representing consideration for the future sale of shares (as defined in the above agreements) in these companies, including all accretions thereto till the date of sale. Through the above agreements to sell, the Company had agreed to give all the powers and rights in these shares to purchasers. In terms of the above arrangement, the Company in that year had accounted for Rs. 20,300 thousand, being the amount received in excess of book value of shares (for all the companies) as income on transfer of the powers and rights in the underlying shares to purchasers and the balance consideration of Rs. 111,974 thousand equivalent to the amount of investment in above shares appearing in the books is shown as deposit under Current Liabilities to be adjusted against the sale of shares in the above companies on the date of sale.
- (b) During the year, the Company has entered into agreements to sell its investments in the shares of certain Companies of the cost of Rs. 37,700 thousand and has received advances representing consideration for the future sale of shares (as defined in the above agreements) in these companies, including all accretions thereto till the date of sale. Through the above agreements to sell, the Company has agreed to give all the powers and rights in these shares to purchasers. In terms of the above arrangement, the Company has accounted for Rs. 38,877 thousand, being the amount received in excess of book value of shares (for all the companies) as income on transfer of the powers and rights in the underlying shares to purchasers and the balance consideration of Rs. 37,700 thousand equivalent to the amount of investment in above shares appearing in the books is shown as deposit under Current Liabilities to be adjusted against the sale of shares in the above companies on the date of sale.
17. Pursuant to an agreement dated March 27, 2010, entered into with some parties (Purchasers), the Company agreed to sell its investments in 49,999,000 equity shares of a company to Purchasers subject to fulfilment of certain conditions by the Company and the Purchasers. The Company has booked the sale of investment amounting to Rs. 2,537,300 thousand during the year, while the conditions precedent to such sales have been fully complied with and the Company has received full consideration against sale of these shares after the close of year. The Company has recognized profit of Rs 1,187,476 thousand on sale of such shares.
18. 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 MSMED Act, 2006 is as follows:

(Amount in INR '000)

S.No.	Particulars	2009-10	2008-09
i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
	- Principal amount	Nil	Nil
	- Interest thereon	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

Schedule M: Notes to Accounts

19. Earning Per Share

Basic Earnings

(Amount in INR '000)

	2009-10	2008-09
a) Calculation of weighted average number of equity shares of Rs. 2 each		
Number of equity shares at the beginning of the year	303,482,055	303,446,081
Equity shares at the end of the year	332,086,295	303,482,055
Weighted average number of equity shares outstanding during the year (taking into consideration split of equity shares in terms of para 24 of Accounting Standard-20 'Earning Per Share)	321,708,088	303,469,082
b) Net Profit after tax available for equity share holders (Rs in thousand)	3,674,021	3,210,977
c) Basic earning per share	11.42	10.58
d) Basic earning per share on continuing operations	11.42	10.55
e) Nominal value of share (Rs.)	2	2

Diluted Earnings

	2009-10	2008-09
a) Calculation of weighted average number of equity shares of Rs. 2 each		
Number of equity shares at the beginning of the year	303,482,055	303,446,081
Equity shares at the end of the year	332,086,295	303,482,055
Weighted average number of equity shares outstanding during the year (taking into consideration split of equity shares in terms of para 24 of Accounting Standard-20 'Earning Per Share)	330,886,741	312,743,940
b) Net Profit after tax available for equity share holders (Rs in thousand)	3,674,021	3,210,977
c) Diluted earning per share	11.10	10.27
d) Diluted earning per share on continuing operations	11.10	10.23
e) Nominal value of share (Rs.)	2	2

Reconciliation of equity shares considered between Basic and Diluted Earnings per share:

Description	2009-10	2008-09
Weighted average number of equity shares considered for Basic Earnings	321,708,088	303,469,082
Add: Equity shares deemed to be issued on conversion of foreign currency convertible bonds	8,086,230	8,086,230
Add : Equity shares to be issued on stock options	1,092,423	1,188,628
Weighted average number of equity shares considered for Diluted Earnings	330,886,741	312,743,940

20. Deferred Tax Liability (Net)

(Amount in INR '000)

	Deferred Tax Asset / (Liability) as at April 01, 2009	Current Year (Charge) / Credit	Deferred Tax Asset / (Liability) as at March 31, 2010
Deferred Tax Liabilities			
Differences in depreciation and other differences in block of Fixed assets as per Income Tax & Financial Books	(640,740)	(89,516)	(730,256)
Effect of expenditure not debited to Profit & Loss Account but allowable in Income Tax	(245,656)	(102,608)	(348,264)
Unrealised foreign exchange on purchase of Fixed assets	(5,182)	117	(5,065)
Difference in carrying value of Scaffolding as per Income Tax & Financial Books	(55,853)	16,460	(39,393)
Exchange Fluctuation on foreign currency monetary items translation difference account	(272,843)	161,019	(111,824)
Deferred Tax Assets			
Effect of expenditure debited to Profit & Loss Account in the current year but allowable in following years under Income Tax	33,241	7,198	40,439
Unabsorbed Losses/Carried Forward Losses	6,570	(6,570)	-
Foreign Currency translation	254	-	(3,629)
Deferred Tax Liability (Net)*	(1,180,209)	(13,900)	(1,197,992)

*After setting off deferred tax assets aggregating Rs. 2,142 thousand (Previous year Rs. Nil) in respect of certain branches.

Schedule M: Notes to Accounts

21. The Company has provided various share based payment schemes to its employees. During the year ended March 31, 2010, the following schemes were in operation:

	ESOP 2005 (Plan 1 and 2)	ESOP 2006 (Plan 1, 2, 3, 4 and 5)
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 for pre IPO price and ratified on April 3, 2006 for post IPO price	September 22, 2006
Number of options granted	4,000,000	5,000,000
Method of Settlement	Cash	Cash
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	Three Years from the date of vesting
Vesting Condition	Employee should be in Service	Employee should be in Service

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

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	1,651,941	126.00	1,698,606	126.00
Granted during the year	-	-	-	-
Exercised during the year	575,090	126.00	16,244	126.00
Expired during the year	87,457	126.00	30,421	126.00
Outstanding at the end of the year	989,394	126.00	1,651,941	126.00
Exercisable at the end of the year	989,394	126.00	1,494,518	126.00

The weighted average share price at the date of exercise for stock option was Rs. 126.00

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

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	333,233	235.99	358,763	235.99
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	24,875	235.99	25,530	235.99
Outstanding at the end of the year	308,358	235.99	333,233	235.99
Exercisable at the end of the year	308,358	235.99	221,154	235.99

The weighted average share price at the date of exercise for stock option was Rs. 235.99

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

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	1,062,545	154.46	1,150,705	154.46
Granted during the year	-	-	-	-
Exercised during the year	128,230	154.46	19,730	154.46
Expired during the year	114,075	154.46	68,430	154.46
Outstanding at the end of the year	820,240	154.46	1,062,545	154.46
Exercisable at the end of the year	820,240	154.46	361,860	154.46

The weighted average share price at the date of exercise for stock option was Rs. 154.46

Schedule M: Notes to Accounts

The details of activities under ESOP 2006 (Plan 2) have been summarized below:

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	30,000	299.90	30,000	299.90
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	30,000	299.90	30,000	299.90
Exercisable at the end of the year	30,000	299.90	-	-

The weighted average share price at the date of exercise for stock option was Rs. 299.90

The details of activities under ESOP 2006 (Plan 3) have been summarized below:

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	20,000	310.35	-	-
Granted during the year	-	-	40,000	310.35
Exercised during the year	-	-	-	-
Expired during the year	-	-	20,000	310.35
Outstanding at the end of the year	20,000	310.35	20,000	310.35
Exercisable at the end of the year	20,000	310.35	-	-

The weighted average share price at the date of exercise for stock option was Rs. 310.35

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

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	30,000	90.40	-	-
Granted during the year	-	-	30,000	90.40
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	30,000	90.40	30,000	90.40
Exercisable at the end of the year	30,000	90.40	-	-

The weighted average share price at the date of exercise for stock option was Rs. 90.40

The details of activities under ESOP 2006 (Plan 5) have been summarized below:

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	30,000	198.90	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	30,000	198.90	-	-
Exercisable at the end of the year	30,000	198.90	-	-

Schedule M: Notes to Accounts

For the purpose of valuation of the options granted upto year ended March 31, 2010 under ESOP 2005 and ESOP 2006, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method, is 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 1, 2005. The said guidance note requires the Proforma 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 Earning Per Share.

22. The following are the details of loans given to subsidiaries and associates and parties in which directors are interested in terms of Securities & Exchange Board of India's circular dated January 10, 2003:

(Amount in INR '000)

Name of the Entities	Outstanding amount as at		Maximum amount outstanding during the year	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Punj Lloyd Kazakhstan LLP	341,167	359,864	359,864	359,864
Punj Lloyd Pte Limited	7,626,083	3,296,366	8,178,350	4,168,090
Simon Carves Limited	1,084,502	1,155,155	1,155,155	1,155,155
Punj Lloyd Aviation Limited	150,688	150,688	150,688	248,654
Punj Lloyd Infrastructure Limited	899,938	899,938	899,938	899,938
Punj Lloyd Upstream Limited	102,800	-	132,800	-
Atna Investments Limited	77,059	-	132,059	-
Spectra Net Limited	-	-	-	7,471
Spectra Punjab Limited	-	-	-	1,202

All the above loans are repayable on demand.

23. Foreign Currency Convertible Bonds

- During an earlier year, the Company had issued at par, 5 years and 1 day Zero Coupon US \$ denominated Foreign Currency Convertible Bonds (FCCB) aggregating to US \$ 125,000 thousand (Rs. 5,543,750 thousand as on the date of issue) comprising 1,250 bonds of US \$ 100,000 each to invest in capital goods, repayment of international debts, possible acquisitions outside India, investment in BOOT projects, any other use as may be permitted under applicable law or by the regulatory bodies from time to time. The bond holders have an option of converting these bonds into equity shares. For the purpose, the number of equity shares to be issued shall be determined taking the initial conversion price of Rs. 1,362.94 per equity share (Face value Rs 10) and a fixed rate of exchange conversion of Rs 44.35 = US \$ 1.00, at any time on or after July 1, 2006 and prior to close of business on March 24, 2011, unless redeemed, repurchased and cancelled or converted. This rate is used to determine dilutive Equity Shares against outstanding bonds.
 - Subsequent to the issue of these FCCBs, the Company, during the year ended March 31, 2007, sub-divided the face value of equity shares from Rs. 10 to Rs. 2.
 - Zero Coupon Convertible Bonds due 2011 amounting to USD 49,700 thousand (Rs. 2,246,440 thousand) (Previous year USD 49,700 thousand (Rs. 2,520,287 thousand)) are pending for redemption as on March 31, 2010. Unless these Bonds have been previously converted, redeemed, repurchased and cancelled, the Company will redeem these Bonds at a redemption premium equal to 125.86% of the outstanding principal amount on the maturity date. The Company as a matter of abundant caution has provided for redemption premium of Rs. 451,400 thousand (Previous year Rs. 370,445 thousand) upto March 31, 2010 and adjusted the same against Securities Premium Account in pursuance of section 78 of the Companies Act, 1956. The bonds are considered monetary liability. The bonds are redeemable only if there is no conversion of the bonds earlier.
24. The Company, as per the Companies Accounting Standard Rules, 2009, had exercised the option of deferring the charge to Profit & Loss Account arising on exchange differences in respect of accounting periods commencing on or after December 07, 2006, on long term foreign currency monetary items. As per the option, exchange differences related to long term foreign currency monetary items and so far as they relate to the acquisition of depreciable capital assets are capitalized and depreciated over the useful life of the assets and in other cases, have been transferred to Foreign Currency Monetary Item Translation Difference Account and amortized over the balance period of such long term assets/liabilities but not beyond accounting period ending on or before March 31, 2011. The unamortized balance in this account as at March 31, 2010 is Rs. 2,319 thousand (Previous year Rs. (462,946) thousand).

Schedule M: Notes to Accounts

25. Loans to Subsidiaries include Rs. 1,084,503 thousand (Previous year Rs. 1,193,057 thousand) (including interest thereon) on account of loan given by the Company to its step-down subsidiary, Simon Carves Limited, ('Simon') and also encashment of bank guarantee given by the Company to a customer of such step down subsidiary. As per the audited financial statements of Simon as at March 31, 2010, it has incurred substantial losses during the current year and the previous year, resulting in its accumulated losses far exceeding its net worth. The Company is hopeful that in view of the restructuring undertaken by Simon and its future profitability projections, Simon would be able to repay the above amount.

In any case, Punj Lloyd Pte Ltd, Singapore, a subsidiary of the Company and the immediate holding Company of Simon, has guaranteed the payment of above outstanding to the Company in case Simon is unable to pay the same.

26. During the previous year, the Company had entered into an agreement to sell its Internet Services Division (ISP) with Citycom Networks Private Limited. As per the terms of agreement effective from June 01, 2008, the operations and controls of ISP division have been transferred to the acquirer and all profits/losses that arise after that date are to the account of the acquirer.

The Company had accordingly not included the results of operation of ISP Division in its financial statement from June 01, 2008.

For implementation of sale, the Company had filed a Scheme of arrangement and demerger under Sections-391-394 and other relevant provisions of the Companies Act, 1956 with the Hon'ble High Court of Delhi, for demerger of the ISP division of the Company and vesting of the same in Spectra ISP Networks Private Limited (Formerly PL Engineering Private Limited), its wholly owned subsidiary, with effect from the appointed date i.e. June 01, 2008. During the year the Company has received the order from the Hon'ble High Court of Delhi, for demerger of the ISP division of the Company and vesting of the same in Spectra ISP Networks Private Limited w.e.f. the appointed date of June 01, 2008.

- a. The following statement shows the position of assets and liabilities of ISP division as at the date of demerger.

Amount in INR '000

Assets / Liabilities	As At May 31, 2008	
Loan Funds		
Secured Loan	2,393	
Unsecured Loan	<u>100</u>	(2,493)
Fixed Assets		
Gross Block	1,297,724	
Less : Accumulated Depreciation / Amortisation	<u>1,049,261</u>	
Net Block	248,463	
Capital Work in progress (including Capital Advances)	<u>5,020</u>	253,483
Investment		8,000
Current Assets		
Inventories	28,296	
Sundry Debtors	52,802	
Cash Bank Balance	53,478	
Other Current Assets	27	
Loans & Advances	<u>195,320</u>	
	329,923	
Less Current Liabilities and Provisions		
Current Liabilities	(118,852)	
Provisions	<u>(4,143)</u>	
	(122,995)	
Net Current Assets		206,928
Net Asset Value		465,918
Loss on Sale of ISP Division		<u>(145,918)</u>
Assets held for Sale (selling price)		320,000
Demerger expenses reimbursable from Citycom		<u>5,450</u>
Net Assets held for Sale		325,450

Schedule M: Notes to Accounts

- b. Profit and Loss from discontinuing operation for the period April 01, 2008 to May 31, 2008

Profit & Loss Account		For the period ended May 31, 2008
Income		
Sales and Contract Revenue	61,877	
Other Income	5,203	
Total Income		67,080
Expenditure		
Material Consumed and Cost of Goods Sold	1,305	
Operating and Administrative Expenses	43,432	
Financial Charges	114	
Depreciation	12,069	
		56,920
Profit before tax		10,160
Fringe Benefit Tax		285
Profit After Tax		9,875

- c. Net cash flows attributable to the discontinuing operation of ISP division for the period April 01, 2008 to May 31, 2008

Cash Flows		For the period ended May 31, 2008
Cash Flow from		
Operating Activity		23,774
Investing Activity		(7,215)
Financing Activity		(11,875)

27. 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 is of the view that the above statements were made under undue mental pressure and physical exhaustion and it has retracted the above statements subsequently. In view of the above, tax liability, if any that may arise on this account is presently unascertainable.
28. During the year, the Company has issued 27,900,920 equity shares to Qualified Institutional Buyers @ Rs 240.20 per share on August 11, 2009 under chapter XIII A of SEBI (DIP) Guidelines 2000 as amended from time to time. Accordingly, Rs. 6,645,999 thousand has been transferred to Securities Premium Account. Expenses of Rs. 192,760 thousand incurred in connection with the issue have been adjusted against Securities Premium Account in terms of Section 78 of the Companies Act, 1956.
29. The Company had during an earlier year obtained approval of Central Government for a contract entered with a private company in which a director of the Company is a director, to execute a project for them for values not exceeding Rs.1,410,000 thousand. The scope of the project has been enhanced and as at March 31, 2010, it has exceeded the Central Government approval by Rs. 19,476 thousand. The management is in the process of informing the scope enhancements to the Central Government and seeking their approval for the same.
30. Sales include Rs. 1,348,221 thousand (Previous year Rs. 1,819,116 thousand) 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 & conditions of the projects.
31. The Company has during the year accounted for a claim of Rs. 2,430,300 thousand on a contract, based upon management's assessment of cost over-run arising due to design changes and consequent changes in the scope of work on a project and has also not accounted for liquidated damages amounting to Rs. 654,891 thousand deducted by the customer since it is of the view that the delay in execution of the project is attributable to the customer. The management, based on the expert inputs, is confident of recovery of amounts exceeding the recognized claim which they shall pursue once they have fully executed the project and is also confident of waiver of liquidated damages.
32. a) During the current year, in one of the projects being executed by the Company, consequent to revision in estimates of the project costs and revenue on the project has gone up by Rs. 2,248,595 thousand and Rs. 171,981 thousand respectively.
- b) During the current year, in one of the projects being executed by one of the branches of the Company, consequent to revision in estimates of the project, costs and revenue on the project has gone down by Rs. 2,855,900 thousand (QAR 218,508 thousand) and Rs. 256,290 thousand (QAR 19,609 thousand) respectively.
- c) During the current year, in one of the projects being executed by one of the branches of the Company, consequent to revision in estimates of the project, costs and revenue on the project has gone up by Rs. 1,734,521 thousand (LYD 45,442 thousand) and Rs. 842,680 thousand (LYD 22,077 thousand) respectively.

Schedule M: Notes to Accounts

33. Derivative Instruments and Unhedged Foreign Currency Exposure

- a) The Company is operating in Abu Dhabi, Oman, Qatar, Libya and Yemen outside India, through its branch offices established in those countries. The contract revenue of these branch offices are denominated in currencies other than reporting currency and the expenditure of those branch offices are also in currencies other than reporting currency. Accordingly, the Company enjoys notional hedge in respect of its foreign branches assets & liabilities. Hence in case of cross currency exposures, the Company takes appropriate forward covers which are disclosed hereunder.

	March 31, 2010	March 31, 2009
b) (i) Forward contract outstanding as at Balance Sheet date for Indian operations	Rs Nil	Rs Nil
(ii) Forward contract outstanding as at Balance Sheet date for overseas operations	Rs Nil	Rs Nil
(iii) Interest rate swap outstanding as at Balance Sheet date	Rs Nil	Rs Nil

c) Particulars of Unhedged foreign Currency Exposures as at the Balance Sheet date from Indian Operations:

		March 31, 2010			March 31, 2009		
	Currency	Amount In Foreign Currency	Exchange Rate	Amount in INR '000	Amount In Foreign Currency	Exchange Rate	Amount in INR '000
(i) Payable to Suppliers	CAD	35,065	44.91	1,575	-	-	-
	EUR	756,219	60.51	45,760	1,599,685	66.97	107,131
	GBP	16,799	68.62	1,153	79,600	72.42	5,765
	QAR	43,729	12.30	538	43,729	13.93	609
	SGD	3,581,140	32.22	115,377	419,464	33.32	13,977
	USD	7,463,288	45.20	337,341	12,298,560	50.71	623,660
	IDR	14,372,737	0.001	71	36,956,731	0.004	163
	MYR	9,042	13.73	125	161,269	13.86	2,235
(ii) Advances to Suppliers	EUR	406,439	60.51	24,594	1,729,426	66.97	115,820
	GBP	115,711	68.62	7,940	33,393	72.42	2,418
	MUR	11,500	1.43	16	11,500	1.53	17
	SGD	26,084	32.22	840	41,739	33.32	1,391
	USD	7,653,124	45.20	345,921	13,818,379	50.71	700,730
	JPY	5,970,440	0.48	2,860	-	-	-
	BDT	34,700	0.65	23	34,700	0.74	25,625
	QAR	25,000	12.30	307	-	-	-
(iii) Advance from Customers	USD	-	-	-	950,000	50.71	48,174
(iv) Term Loan	USD	20,588,560	45.20	930,602	2,561,000	50.71	129,868
(v) Working Capital Loan	USD	-	-	-	35,889,181	50.71	1,819,940
	EUR	-	-	-	2,525,866	66.97	169,157
(vi) Foreign Currency Convertible Bonds	USD	49,700	45.20	2,246,440	49,700	50.71	2,520,287
(vii) Receivables	USD	31,390,398	45.20	1,418,846	5,705,869	50.71	289,345
	GBP	126,151	68.62	8,659	222	72.42	16
	AED	330,849	12.20	4,035	-	-	-
	SGD	171,395	32.22	5,522	-	-	-
(viii) Bank Balances	USD	2,056,584	45.20	92,958	494,609	50.71	25,082
	AED	63,417	12.196	773	63,417	13.81	876
Fixed Deposit with Bank	GBP	4,101	68.62	281	-	-	-
	AED	-	-	-	5,047,560	13.81	69,707
	QAR	-	-	-	148,610,824	13.93	2,070,149
	YER	-	-	-	117,436,923	0.25	29,359
(ix) Investments	USD	4,002,500	43.810	175,352	4,002,500	43.810	175,352
	KZT	1,107,977,200	0.327	362,798	1,107,977,200	0.327	362,798
	SGD	102,334,601	29.288	2,997,139	102,334,601	29.288	2,997,139
	SAR	980,000	12.036	11,795	980,000	12.036	11,795
(x) Loan to Subsidiaries	USD	179,591,757	45.20	8,117,547	75,424,038	50.71	3,824,753
	GBP	13,500,000	68.62	926,303	13,500,000	72.42	977,670

Schedule M: Notes to Accounts

d) Net Unhedged Foreign Currency Exposure in foreign branches (Assets – Liabilities)

Foreign Branches	March 31, 2010			March 31, 2009		
	Foreign Currency	Exchange Rate	INR in '000	Foreign Currency	Exchange Rate	INR in '000
(i) Abu Dhabi	AED 120,316,347	12.19	1,467,378	AED 112,663,065	13.81	1,555,877
(ii) Oman	OMR 5,079,631	116.35	591,040	OMR 5,818,665	131.72	766,435
(iii) Qatar	QAR 464,289,266	12.29	5,708,901	QAR 166,404,150	13.93	2,318,010
(iv) Libya	LYD 65,782,332	35.39	2,328,629	LYD 50,435,079	39.23	1,978,568
(v) Yemen	YER 2,886,764,658	0.22	635,088	YER 2,518,971,940	0.25	629,743

34. Additional information pursuant to the provisions of paragraphs 3, 4, 4c and 4d of part II of Schedule VI to the Companies Act, 1956.

a) Purchases, Sales and Stocks of Equipments in Internet Service Division.

(Amount in INR '000)

	Opening Stock		Purchases		Sales		Internal Consumption		Disposed Off		Closing Stock	
	Qty in Nos.	Value	Qty in Nos.	Value	Qty in Nos.	Value	Qty in Nos.		Qty in Nos.		Qty in Nos.	Value
Cable Modem	-	-	-	-	-	-	-	-	-	-	-	-
	(95)	(445)	(-)	(-)	(1)	(4)	(-)	(94)	(-)	(-)	(-)	(-)
ADSL Router	-	-	-	-	-	-	-	-	-	-	-	-
	(310)	(832)	(-)	(-)	(4)	(14)	(-)	(306)	(-)	(-)	(-)	(-)
Cable Router	-	-	-	-	-	-	-	-	-	-	-	-
	(22)	(134)	(-)	(-)	(-)	(-)	(-)	(22)	(-)	(-)	(-)	(-)
Transceivers	-	-	-	-	-	-	-	-	-	-	-	-
	(298)	(729)	(58)	(190)	(10)	(83)	(-)	(346)	(-)	(-)	(-)	(-)
Radios	-	-	-	-	-	-	-	-	-	-	-	-
	(99)	(2,876)	(-)	(-)	(-)	(-)	(-)	(99)	(-)	(-)	(-)	(-)
Mast	-	-	-	-	-	-	-	-	-	-	-	-
	(108)	(317)	(45)	(67)	(-)	(-)	(-)	(153)	(-)	(-)	(-)	(-)
Antena	-	-	-	-	-	-	-	-	-	-	-	-
	(49)	(297)	(-)	(-)	(-)	(-)	(-)	(49)	(-)	(-)	(-)	(-)
Other	-	-	-	-	-	-	-	-	-	-	-	-
	(-)	(-)	(5)	(167)	(5)	(14)	(-)	(-)	(-)	(-)	(-)	(-)
Total		-				-						
		(5,631)				(115)						

Note:

a) Sales of goods in Project Division 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 sales has been included under materials consumed.

b) Figures in bracket are for previous year.

b) 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.

c) Imported and indigenous Projects Materials consumed

	INR in '000		Percentage	
	2009-10	2008-09	2009-10	2008-09
A) Imported *	1,915,502	2,415,297	5.89	10.14
B) Indigenous	30,616,856	21,402,317	94.11	89.86
	32,532,358	23,817,614	100.00	100.00

* excluding Material consumed at overseas branches

Schedule M: Notes to Accounts

35. Supplementary statutory information:

a. Directors remuneration

(Amount in INR '000)

	2009-10	2008-09
Salaries	58,738	40,662
Perquisites (excluding the value of non-monetary perquisites)	-	310
Contribution to Superannuation fund	-	200
Contribution to Provident fund	2,520	2,880
Commission to Non Executive Directors	2,000	-
	63,258	44,052

Note: As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and therefore not included above.

b. Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for calculation of commission payable to directors

	2009-10	2008-09
Profit before tax as per Profit & Loss Account	4,126,923	4,947,762
Add : Directors Remuneration	63,258	44,052
Directors' sitting fees	130	140
Loss on Sale/ discard of Fixed Assets (net of profits)	22,120	5,778
Provision for diminution in the value of Investments	5,985	40,239
Less : Profit on sale of Non Trade Long Term Investments	3,110,944	83,117
Net Profit for the year in accordance with Sections 198 & 349 of the Companies Act	1,107,472	4,954,854
Commission @ 1% of Net profit	11,075	49,549
Commission payable	2,000	3,604

c. Earnings in foreign currency (Accrual basis)

	2009-10	2008-09
Hiring Charges	221,141	1,417,713
Exports at F.O.B. Value	11,577	478
Interest Received (including foreign branches Rs. 17,754 thousand (Previous year Rs 12,440 thousand))	183,755	316,099
Contract Revenue (including foreign branches Rs. 43,275,354 thousand (Previous year Rs. 32,153,734 thousand))	44,179,060	36,868,205
Others (including foreign branches Rs. 353,964 thousand (Previous year Rs. 24,408 thousand))	353,964	28,790
	44,949,497	38,631,285

d. Expenditure in foreign currency (Accrual basis)

	2009-10	2008-09
Travelling	23,338	33,357
Project Expenses	1,610,394	6,968,542
Foreign Branch Expenses	39,132,656	28,623,395
Interest	147,283	385,635
Salary	6,246	9,513
Others	540,559	603,786
	41,460,476	36,624,228

Schedule M: Notes to Accounts

e. Value of imports calculated on CIF basis *

	2009-10	2008-09
a) Project materials	1,929,564	2,331,490
b) Capital goods	2,207,086	628,915
	4,136,650	2,960,405

* excluding foreign branches

f. Net dividend remitted in foreign exchange

	2009-10	2008-09
Year to which it relates	01-Apr-08 to 31-Mar-09	01-Apr-07 to 31-Mar-08
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	75,691,430	75,691,430
Amount remitted in INR ('000) (US \$ 473,960.11 (Previous year US \$ 716,902.20))	22,707	30,277

36. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Co.

Firm Registration No. 301003E
Chartered Accountants

Per Raj Agrawal

Partner
Membership No. : 82028

Place : Gurgaon

Date : May 28, 2010

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

Atul Punj

Chairman

P. K. Gupta

Director

Raju Kaul

President

Dinesh Thairani

Company Secretary

Information Pursuant to Part IV of Schedule VI of Companies Act, 1956

I Registration details :

Registration No. :

L	7	4	8	9	9	D	L	1	9	8	8	P	L	C	0	3	3	3	1	4
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Balance sheet Date :

3	1	0	3	1	0
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 State Code :

5	5
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II Capital raised during the year (Rupees in thousand)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	57,208

III. Position of Mobilization and Deployment of Funds (Rupees in thousand)

Sources of Funds :	Total Liabilities	Total Assets
	92,515,063	92,515,063
	Paid-up Capital	Reserves & Surplus
	664,173	35,106,500
Application of Funds :	Secured Loans	Unsecured Loans
	30,306,962	4,723,043
	Deferred Tax Liability	
	1,200,134	
	Net Fixed Assets	Capital Work in Progress
	11,799,849	1,343,808
	Investments	Deferred Tax Assets
	6,762,659	2,142
	Misc Expenditure	Net Current Assets
	NIL	52,092,354

IV Performance of Company (Rupees in thousand)

Turnover	Expenditure
75,415,999	71,289,078
Profit/(Loss) before Tax and Extraordinary items	Profit/(Loss) after Tax and Extraordinary items
4,126,921	3,674,021
Basic Earning Per Share (Rs.)	Dividend Rate (%)
11.42	7.50

V Generic Name of Three Principal Products/Services of Company as per monetary terms

Item Code No. I.T.C. Code

Product Description Construction, project related activities and engineering services.

For and on Behalf of The Board of Directors of **Punj Lloyd Limited**

Atul Punj	Chairman
P. K. Gupta	Director
Raju Kaul	President
Dinesh Thairani	Company Secretary

Place : Gurgaon
Date : May 28, 2010

The Board of Directors of Punj Lloyd Limited

1. We have audited the attached consolidated balance sheet of Punj Lloyd Limited (the "Company") and its Subsidiaries, Joint Ventures and Associates (collectively referred to as "Punj Lloyd Group"), as at March 31, 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Punj Lloyd Group's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain branches and subsidiaries, whose financial statements (net of eliminations) reflect total assets of Rs. 66,202,553 thousand as at March 31, 2010, the total revenue of Rs. 76,282,355 thousand and negative cash flows amounting to Rs. 2,252,094 thousand for the year then ended. We also did not audit the financial statements of certain joint ventures, whose financial statements reflect (to the extent of the proportionate share of the Punj Lloyd Group) total assets of Rs. 1,708,371 thousand as at March 31, 2010, total revenue of Rs. 918,770 thousand and cash flows amounting to Rs. 130,336 thousand for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included for such branches, subsidiaries and joint ventures, is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Punj Lloyd Group's management in accordance with the requirements of Accounting Standards 21, Consolidated Financial Statements, Accounting Standards 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended).
5. *Attention is invited to note 24 of schedule 'O' to the financial statements. The Company has during the year taken credit for a claim of Rs. 2,430,300 thousand on a contract and has also not accounted for liquidated damages amounting to Rs. 654,891 thousand deducted by the customer in view of the reasons stated in the said note. Due to the uncertainty over ultimate collection of the said amounts, we are unable to comment on the same.*
6. *Attention is drawn to note 14 of schedule 'O' to the financial statements. The Company has during the year accounted for profit of Rs. 1,187,476 thousand on sale of investments in a company which is not in compliance of Accounting Standard 9 on Revenue Recognition issued by the Institute of Chartered Accountants of India.*
7. Without qualifying our opinion, we draw attention to Note 9 in schedule 'O' to the financial statements regarding deductions made/ amounts withheld by some customers aggregating to Rs. 587,863 thousand (Previous year Rs. 605,083 thousand) on various accounts which are being carried as sundry debtors. The Company is also carrying Work in Progress inventory of Rs. 31,455 thousand (Previous year Rs. 95,455 thousand) relating to these customers. The ultimate outcome of the above matters cannot presently be determined although the Company is of the view that such amounts are recoverable and hence no provision is required thereagainst.
8. *Without considering our observations in para 5 above, the impact whereof on the Company's losses is not presently ascertainable, had the impact of our observations in para 6 above been considered, loss for the year after tax would have been Rs. 2,203,730 thousand instead of Rs. 1,084,054 thousand and reserves & surplus at the end of the year would have been Rs. 28,499,566 thousand, instead of Rs. 29,619,242 thousand. Subject to above, in our opinion and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Punj Lloyd Group as at March 31, 2010;
 - (b) in the case of the consolidated profit and loss account, of the loss for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.

Firm Registration Number: 301003E
Chartered Accountants

per Raj Agrawal

Partner
Membership No.: 82028

Place: Gurgaon
Date: May 28, 2010

Consolidated Balance Sheet

As At March 31, 2010

(Amount in INR '000)

		Schedules	As at March 31, 2010		As at March 31, 2009	
Sources of Funds						
Shareholders Funds						
Share Capital	A	664,173		606,964		
Reserves and Surplus	B	29,619,243		24,238,064		
			30,283,416		24,845,028	
Minority Interest			415,004		419,837	
Loan Funds			C			
Secured Loans		39,827,535		29,888,717		
Unsecured Loans		4,726,888		5,703,439		
			44,554,423		35,592,156	
Deferred Tax Liabilities			1,841,960		1,741,629	
(also refer note 28 in Schedule 'O')						
Total			77,094,803		62,598,650	
Application of Funds						
Fixed Assets			D			
Gross Block		31,202,795		26,527,486		
Less : Accumulated Depreciation / Amortisation		9,425,573		7,774,474		
Net Block		21,777,222		18,753,012		
Capital Work in progress including Capital Advances		1,604,593		2,900,394		
Preoperative Expenditure (pending allocation)	E	-	23,381,815	74,068	21,727,474	
Investments	F		3,817,653		6,609,267	
Deferred Tax Assets			37,885		259,525	
(also refer note 28 in Schedule 'O')						
Current Assets, Loans and Advances			G			
Inventories		46,495,717		36,685,853		
Sundry Debtors		21,846,632		26,686,388		
Cash and Bank Balances		6,110,329		8,122,029		
Other Current Assets		3,411,789		925,609		
Loans and Advances		10,417,338		10,534,919		
	I	88,281,805		82,954,798		
Less: Current Liabilities and Provisions			H			
Current Liabilities		36,337,561		47,099,049		
Provisions		2,086,794		1,853,365		
	II	38,424,355		48,952,414		
Net Current Assets (I-II)				49,857,450		34,002,384
Miscellaneous Expenditure			I	-		-
(To the extent not written off or adjusted)						
Total			77,094,803		62,598,650	

Notes to Consolidated Accounts

O

The Schedules referred to above form an integral part of the Consolidated Balance Sheet

As per our Report of Even Date

For S.R. Battliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. : 82028

Place : Gurgaon

Date : May 28, 2010

For and on Behalf of The Board of Directors of **Punj Lloyd Limited**

Atul Punj

Chairman

P. K. Gupta

Director

Raju Kaul

President

Dinesh Thairani

Company Secretary

Consolidated Profit and Loss Account For the Year Ended March 31, 2010

(Amount in INR '000)

	Schedules	Year ended March 31, 2010	Year ended March 31, 2009
Income			
Sales & Contracts Revenue	J	104,478,348	118,760,756
Other Income	K	4,269,465	1,258,561
		108,747,813	120,019,317
Expenditure			
Project Materials Consumed and Cost of Goods Sold	L	37,700,963	37,505,378
Operating and Administrative Expenses	M	63,131,958	77,211,027
Financial Expenses	N	5,434,710	3,518,792
Depreciation / Amortisation		2,273,130	1,773,659
Less : Transfer from Revaluation Reserve		2,893	2,893
		2,270,237	1,770,766
		108,537,868	120,005,963
Profit before Tax		209,945	13,354
Provision for Tax			
Current Tax		1,096,333	1,499,305
Less: MAT Credit Entitlement		(129,630)	-
Deferred Tax		405,755	728,564
Fringe Benefit Tax		-	32,414
Total Tax Expense		1,372,458	2,260,283
Loss after Tax		(1,162,513)	(2,246,929)
Share in Profits/ (Losses) of Associates (net)		95,113	(68,137)
Loss before Minority's Share		(1,067,400)	(2,315,066)
Share of Loss/ (Profit) transferred to Minority		(16,654)	62,170
Loss for the Year		(1,084,054)	(2,252,896)
Balance brought forward from Previous Year		4,279,562	7,498,528
Transfer from Foreign Exchange Translation Reserve		-	(21,052)
Transfer from Foreign Project Utilised Reserve		7,500	36,500
		4,287,062	7,513,976
Profit available for Appropriation		3,203,008	5,261,080
Appropriations			
Transfer to General Reserve		400,000	500,000
Transfer to Debenture Redemption Reserve		600,000	375,000
Proposed Dividend		49,872	91,045
Tax on Proposed Dividend		8,273	15,473
		1,058,145	981,518
Transfer to Reserves and Surplus		2,144,863	4,279,562
Earning Per Share (nominal value per share Rs. 2 each) (Also refer note 16 of schedule 'O')			
Basic (in rupees)		(3.37)	(7.42)
Diluted (in rupees)		(3.37)	(7.42)

Notes to Consolidated Accounts

O

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account

As per our Report of even date

For S.R. Batliboi & Co.

Firm Registration No. 301003E

Chartered Accountants

Per Raj Agrawal

Partner

Membership No. : 82028

Place : Gurgaon

Date : May 28, 2010

For and on Behalf of The Board of Directors of **Punj Lloyd Limited**

Atul Punj

Chairman

P. K. Gupta

Director

Raju Kaul

President

Dinesh Thairani

Company Secretary

Consolidated Cash Flow Statement

For the Year Ended March 31, 2010

(Amount in INR '000)

	Year Ended March 31, 2010	Year ended March 31, 2009
A Cash Flows used in Operating Activities		
Net Profit before Taxation	209,945	13,356
Adjustments for -		
Depreciation/Amortization	2,270,237	1,770,765
Loss / (Profit) on Sale / Discard of Fixed Assets (Net)	33,244	(402,479)
(Profit)/Loss on Sale of Non Trade Long Term Investments	(3,223,565)	95,320
Loss on Liquidation of Subsidiaries & ISP Business (Net)	-	118,810
Interest Income	(130,549)	(98,322)
Dividend on Long Term Investments	(3,554)	(2)
Diminution in Value of Long Term Investments	59,215	-
Unrealised Foreign Exchange Fluctuation (Net)	371,092	503,313
Interest Expense	3,063,205	2,207,606
Amortisation of Foreign Currency Monetary Items Translation Differences	(223,638)	(346,902)
Bad Debts/ Advances Written Off	137,519	-
Unspent Liabilities and Provisions Written Back	(124,797)	(189,719)
Provision for Doubtful Receivable	-	80,181
Operating Profit before Working Capital Changes	2,438,354	3,751,927
Movements in Working Capital:		
(Increase) in Inventories	(9,774,825)	(16,093,979)
Decrease/(Increase) in Sundry Debtors	4,070,847	(5,692,411)
(Increase)/Decrease in Other Current Assets	(41,508)	337,988
Decrease/(Increase) in Margin Money Deposits	286,102	(578,904)
(Increase) in Loans and Advances	(1,309,030)	(3,389,536)
(Decrease)/Increase in Current Liabilities and Provisions	(9,412,694)	15,198,031
Cash Used in Operations	(13,742,754)	(6,466,884)
Direct Taxes Paid	(1,616,738)	(1,227,020)
Net Cash Used in Operating Activities	(15,359,491)	(7,693,903)
B Cash Flows from / (Used in) Investing Activities		
Purchase of Fixed Assets (Including Capital Work in Progress)	(3,160,906)	(7,945,806)
Purchase of Investments	(261,962)	(1,499,010)
Cash Outflow on Acquisition of Subsidiaries	(4,575)	(150,814)
Proceeds from Sale of Investments	4,171,593	203,155
Proceeds from Sale of Fixed Assets	7,572	1,581,986
Dividend Received	3,554	2
Interest Received	140,310	109,873
Net Cash from / (Used in) Investing Activities	895,587	(7,700,614)
C Cash Flows From Financing Activities		
Increase in Share Capital	57,209	72
Share Issue Expenses	(239,794)	-
Increase in Premium on Issue of Share Capital	6,738,960	6,972
Increase in Short-Term Working Capital Loans	(1,835,466)	9,372,124
Repayment of Long-Term Borrowings	(3,497,212)	(1,965,863)
Proceeds from Long-Term Borrowings	15,271,494	12,114,172
Interest Paid	(2,690,390)	(2,152,226)
Dividend Paid	(90,979)	(121,372)
Tax on Dividend Paid	(15,473)	(20,628)
Net Cash From Financing Activities	13,698,350	17,233,251
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(765,554)	1,838,734
Exchange Fluctuation Translation Difference	(956,499)	(1,152,203)
Total	(1,722,053)	686,531
Cash and Cash Equivalents at the Beginning of the Year	6,992,036	6,347,013
Cash Outflow due to disposal of a Branch and a Subsidiary	-	(66,270)
Cash inflow due to acquisition of Subsidiaries	(3,544)	24,762
Cash and Cash Equivalents at the End of the Year	5,266,439	6,992,036
Components of Cash and Cash Equivalents		
Cash on Hand (Including Cheque on Hand Rs. Nil)	65,750	109,388
Balance with Banks		
On Current Accounts	3,649,528	3,359,582
On Cash Credit Accounts	82,145	98,771
On EEFC Accounts	93,028	25,082
On Fixed Deposits	2,219,878	4,529,206
Less : Margin Money Deposits	(843,891)	(1,129,993)
Total	5,266,439	6,992,036

Notes:

1 The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard-3 of the Companies (Accounting Standards) Rules 2006.
As per our Report of Even Date

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Per Raj Agrawal
Partner
Membership No. : 82028

Place : Gurgaon
Date : May 28, 2010

For and on Behalf of The Board of Directors of **Punj Lloyd Limited**

Atul Punj	Chairman
P. K. Gupta	Director
Raju Kaul	President
Dinesh Thairani	Company Secretary

Schedules to the Account For the Year Ended March 31, 2010

(Amount in INR '000)

Schedule A : Share Capital	As at March 31, 2010	As at March 31, 2009
Authorised		
350,000,000 (Previous year 350,000,000) Equity Shares of Rs. 2 each	700,000	700,000
10,000,000 (Previous year 10,000,000) preference shares of Rs. 10 each	<u>100,000</u>	<u>100,000</u>
	800,000	800,000
Issued, Subscribed and Paid Up		
332,086,295 (Previous year 303,482,055) fully paid up Equity Shares of Rs. 2 each		
of the above	664,173	606,964
i) 136,700 Equity Shares of Rs. 10 each were allotted as fully paid up pursuant to a contract for consideration other than cash.		
ii) 28,615,239 Equity Shares of Rs. 10 each were allotted as fully paid up bonus shares by capitalisation of profits		
iii) During the earlier years, the Company had converted 917,928 zero percent convertible preference shares of Rs. 10 each into 3,098,296 Equity Shares of Rs. 10 each.		
iv) The Company has sub-divided nominal value of its Equity Shares from Rs. 10 each to Rs. 2 each on March 6, 2007. Consequently, the number of authorised, issued, subscribed and paid up Equity Shares have increased accordingly during the year ending March 31, 2007. (Also refer note 17, 18 and 22 in schedule 'O')		
Total	664,173	606,964

Schedule B : Reserves and Surplus	As at March 31, 2010	As at March 31, 2009
Capital Reserve		
Balance as per last account	264,326	10,326
Addition During the year	849	-
Add: Forfeiture of Advance against Share Warrants	-	254,000
Less: Adjusted Against Sale of Investment	<u>1,000</u>	<u>-</u>
	264,175	264,326
Securities Premium Account		
Balance as per last account	18,495,534	18,860,957
Additions during the year	<u>6,738,960</u>	<u>5,022</u>
(also refer note 17, 18 and 22 schedule 'O')	25,234,494	18,865,979
Less : Utilisation during the years		
QIP Issue Expenses (Also refer note 22 in schedule 'O')	239,794	-
Premium on Redemption of Foreign Currency Convertible Bonds (Also refer note 18 in schedule 'O')	<u>80,955</u>	<u>370,445</u>
	24,913,745	18,495,534
Asset Revaluation Reserve		
Balance as per last account	50,044	53,811
Less: Adjustment on account of Depreciation on Revalued Amount of Assets	2,893	2,893
Less: Adjustment on account of Sale / Disposal of Revalued Assets	<u>-</u>	<u>874</u>
	47,151	50,044
General Reserve		
Balance as per last account	589,259	368,548
Add : Transfer from Profit and Loss Account	<u>400,000</u>	<u>500,000</u>
	989,259	868,548
Add: Adjustment for Foreign Currency Monetary Items Translation Difference		
Account Related to earlier years	-	(241,859)
Exchange Differences of earlier years capitalised to Fixed Assets	<u>-</u>	<u>(37,430)</u>
	989,258	589,259

Schedule B : Reserves and Surplus (Continued)	As at March 31, 2010		As at March 31, 2009	
Foreign Project Utilized Reserve				
Balance as per last account	7,500		44,000	
Less : Transfer to Profit and Loss Account	<u>(7,500)</u>		<u>36,500</u>	
	-			7,500
Foreign Currency Monetary Items Translation Difference Account				
Balance as per last account	(496,929)		-	
Foreign Currency Monetary Items Translation Differences related to earlier years	-		243,622	
Foreign Currency Monetary Items Translation Differences related to current year	273,847		(1,087,453)	
Less : Amortisation During the year (Also refer note 19 in schedule 'O')	<u>225,401</u>		<u>346,902</u>	
		2,319		(496,929)
Debenture Redemption Reserve				
Balance as per last account	375,000		-	
Add: Transfer from Profit & Loss Account	<u>600,000</u>	975,000	<u>375,000</u>	375,000
Foreign Currency Translation Reserve				
Balance as per last account	673,768		(264,321)	
Add: Exchange Difference during the year on Net Investment in Non-Integral Operations / Entities	(391,037)		917,037	
Add: Transfer To Profit & Loss Account	<u>-</u>		<u>21,052</u>	
		282,731		673,768
Profit And Loss Account Balance		2,144,863		4,279,562
Total		29,619,243		24,238,064

Schedule C : Loan Funds	As at March 31, 2010		As at March 31, 2009	
SECURED LOANS:				
A) Short Term Working Capital Loans				
I) From Banks		15,425,626		17,211,092
Out of the above,				
i) Rs. 3,237,848 thousand is secured by way of first pari passu charge on current assets (excluding receivables) and second pari passu charge on movable fixed assets of the project division of the Company.				
ii) Rs. 1,114,590 thousand is secured by way of exclusive charge on the receivables of the specific projects, first pari passu charge on the current assets of the project division (excluding receivables of project division) and second pari passu charge on the movable fixed assets of the project division of the Company				
iii) Rs. 5,557,272 thousand is secured by way of first pari passu charge on current assets (excluding receivables), first pari passu charge on the receivables of the project division and second first pari passu charge on movable fixed assets of the project division of the Company.				
iv) Rs. 10,096 thousand is secured by way of irrevocable assignment of receivables				
v) Rs. 2,549,991 thousand is secured by way of subservient charge on the current assets of the project division of the Company.				
vi) Rs. 720,505 thousand is secured by pari passu charge over receivables.				
vii) Rs. 132,555 thousand in respect of a foreign subsidiary is secured by lien over the subsidiary's plant & machinery. The loan is further secured by corporate guarantee of the holding company.				

Schedule C : Loan Funds (Continued)	As at March 31, 2010	As at March 31, 2009
<p>viii) Rs. 448,685 thousand in respect of a foreign subsidiary is secured by hypothecation of equipment and machinery. The loan is further secured by corporate guarantee of the holding company.</p> <p>ix) Rs. 113,000 thousand in respect of an Indian subsidiary is secured by pari passu charge over entire current assets of that subsidiary.</p> <p>x) Rs. 104,479 thousand in respect of an Indian subsidiary is secured by charge on current assets of that subsidiary including receivables, and further secured by first charge over the fixed assets of that subsidiary and also further secured by corporate guarantee of the holding company</p> <p>xi) Rs. 76,303 thousand in respect of an Indian subsidiary is secured by charge on entire current assets of that subsidiary and further secured by corporate guarantee of holding company</p> <p>xii) Rs. 955,519 thousand in respect of a foreign subsidiary is secured by charge on movable assets including receivables of that subsidiary and further secured by corporate guarantee of holding company.</p> <p>xiii) Rs. 92,318 thousand in respect of a joint venture is secured by corporate guarantee of the joint venturer.</p> <p>xiv) Rs. 312,465 thousand in respect of a joint venture is secured by -</p> <ul style="list-style-type: none"> - tangible and movable properties (including plant and machinery) both present and future. - annuity revenues and receivables (excluding bonus for early completion). - all project agreements, all guarantees, performance guarantees or bonds, letters of credit, applicable permits, plant rights, titles, approvals, permits, clearances and interest under the project agreement. - rights, interest, benefits and claims under the insurance contracts and insurance proceeds - intangible assets including but not limited to goodwill. - all bank accounts including Trust and Retention Account and all monies from time to time deposited therein and all permitted Investments or other securities representing all amounts credited to the Trust and Retention Account. 		
<p>II) From Others</p> <p>Rs. 35,192 thousand in respect of an Indian subsidiary is secured by charge on entire current assets of that subsidiary and further secured by corporate guarantee of parent company.</p>	35,192	50,000
<p>B) Term Loans</p>		
<p>I) From Banks</p>		
<p>Out of the above,</p>		
<p>i) Rs. 1,180,052 thousand is secured by way of exclusive charge on the equipment.</p> <p>ii) Rs. 1,332,627 thousand is secured by way of first pari passu charge on movable fixed assets of the project division of the Company.</p> <p>iii) Rs. 687,026 thousand is secured by way of first pari passu charge on the existing and future movable fixed assets of the project division of the Company, second pari passu charge on current assets of the project division of the Company (excluding receivables of the projects).</p> <p>iv) Rs. 1,000,000 thousand is secured by way of equitable mortgage on corporate office of the company. The same is further secured by subservient charge on the current assets of the project division of the company.</p>	14,014,590	8,896,579

Schedule C : Loan Funds (Continued)	As at March 31, 2010	As at March 31, 2009
<p>v) Rs. 1,000,000 thousand is secured by way of second pari passu charge on the fixed assets of the project division of the company.</p> <p>vi) Rs. 2,599,835 thousand is secured by way of subservient charge on the current assets of the project division of the company.</p> <p>vii) Rs. 581,775 thousand is secured by way of irrevocable assignment of receivables and charge on equipment.</p> <p>viii) Rs. 271,200 thousand in respect of an Indian subsidiary is secured by first pari passu charge on the fixed assets of that subsidiary.</p> <p>ix) Rs. 13,082 thousand in respect of an Indian subsidiary is secured by hypothecation of a construction equipment of that subsidiary.</p> <p>x) Rs. 64,389 thousand in respect of a foreign joint venture is secured by way of charge on accounts receivables of that joint venture and further secured by promissory notes of promoters.</p> <p>xi) Rs. 3,766,849 thousand in respect of a foreign subsidiary is secured by first pariparsu charge over current assets of the subsidiary and further secured by corporate guarantee of holding company.</p> <p>xii) Rs. 1,517,755 thousand is secured by exclusive charge by way of hypothecation on specific equipments of certain indian and overseas subsidiaries.</p>		
II) From Others	699,216	1,441,179
<p>i) Rs. 43,216 thousand is secured by first and exclusive charge by way of hypothecation on certain specific equipments.</p> <p>ii) Rs. 250,000 thousand is secured by way of subservient charge on the current assets of the project division of the Company.</p> <p>iii) Rs. 406,000 thousand in respect of an Indian subsidiary is secured by lien over the subsidiary's aircraft acquired. The loan is further secured by corporate guarantee of the holding company.</p>		
III) Hire Purchase Loans		
- From Others	38,128	104,963
Secured by exclusive charge by way of hypothecation on specific equipments of certain holding Company, indian and overseas subsidiaries.		
IV) Non Convertible Debentures	7,500,000	1,500,000
<p>- Rs. 1,500,000 thousand, 12% Secured Redeemable Non Convertible Debentures redeemable in 10 equal half yearly installments from the date of allotment viz., December 22, 2008.</p> <p>Secured by first pari passu charge on movable fixed assets of the project division of the Company and further secured by exclusive charge on the Juhu Property at Mumbai</p> <p>- Rs. 1,750,000 thousand 9.5% Secured Redeemable Non-Convertible Debentures, redeemable after three years of deemed date of allotment i.e. September 10, 2009.</p> <p>- Rs. 4,250,000 thousand 10% Secured Redeemable Non-Convertible Debentures, redeemable in four semi-annual installments at the end of 3.5, 4, 4.5 and 5 year in the ratio of 20:20:30:30 from the deemed date of allotment i.e. September 10, 2009.</p> <p>Secured by pari passu charge on the immovable land situated at Jarod Dist, Vadodara, Gujarat. Pari passu first charge on the movable fixed assets of the project division of the company (Only upto Rs. 1,500,000 thousand), subservient charge on the movable fixed assets and current assets of project division of the company (upto Rs. 4,500,000 thousand only). The above debentures are futher to be secured by charge on investments of the Company</p>		

Schedule C : Loan Funds (Continued)	As at March 31, 2010	As at March 31, 2009
V) External Commercial Borrowings		
- From Others	1,469,000	546,003
i) Rs. 904,000 thousand is secured by first pari passu charge on the movable fixed assets of the project division of the company.		
ii) Rs. 565,000 thousand in respect of an Indian subsidiary is secured by first pari passu charge on the fixed assets of that subsidiary.		
VI) Buyers' Line of Credit From A Bank	645,783	138,901
Secured by charge on the equipment of that Indian subsidiary		
Total	39,827,535	29,888,717
UNSECURED LOANS:		
i) Short term Working Capital Loans from Banks	-	2,768
ii) Term Loans from Banks	-	1,000,000
iii) Intercompany Deposits	203,845	21,345
iv) Zero Coupon Foreign Currency Convertible Bonds	2,246,440	2,520,287
v) Buyers' Line of Credit from Banks	26,603	1,306,667
vi) Commercial Papers from Banks	2,250,000	850,000
vii) Other Loans	-	2,372
Total	4,726,888	5,703,439

Schedules to the Account For the Year Ended March 31, 2010

(Amount in INR '000)

Schedule D : Fixed Assets

Particulars	Gross block					Depreciation / Amortisation					Net block				
	As at April 1, 2009	Additions due to acquisition of a subsidiary	Other additions/ Reclassifications	Deletions/ Adjustments	Disposal of Division	Forex translation adjustments	As at March 31, 2010	As at April 1, 2009	Additions due to acquisition of a subsidiary	For the year	Deletions/ Adjustments	Disposal of Division	Forex translation adjustments	As at March 31, 2010	As at March 31, 2009
TANGIBLES															
Land	276,294	-	64,114	-	-	1,424	341,832	-	-	710	-	-	-	341,122	276,294
Buildings	767,959	-	155,928	14,056	-	1,427	911,258	109,587	-	34,134	1,147	-	(1,326)	770,010	658,372
Leasehold Improvements	558,956	-	109,283	-	-	(17,714)	650,525	354,828	-	32,328	-	-	(11,743)	275,112	204,128
Plant & Machinery	19,672,941	-	5,127,856	288,236	-	(390,048)	24,122,513	6,089,968	-	1,802,191	249,513	-	(150,723)	16,630,590	13,582,973
Furniture, Fixtures and Office Equipments	925,191	-	82,052	144,349	-	(30,117)	832,777	372,514	-	110,888	80,285	-	(16,654)	446,314	552,677
Tools	116,227	-	3,118	13,679	-	(0)	105,666	29,729	-	5,656	7,513	-	-	77,794	86,498
Project Road	543,762	-	6,020	-	-	-	549,782	47,705	-	39,003	-	-	-	463,074	496,057
Vehicles	1,376,547	-	132,953	54,066	-	(94,158)	1,361,276	440,035	-	178,198	21,247	-	(36,899)	801,189	936,512
A) Sub Total	24,237,877	-	5,681,324	514,386	-	(529,186)	28,875,629	7,444,366	-	2,203,108	359,705	-	(217,345)	19,805,205	16,793,511
INTANGIBLES															
Software	403,776	-	26,496	1,178	-	(4,077)	425,017	330,108	-	29,865	1,253	-	(3,571)	69,868	73,668
Goodwill	1,885,833	-	104,805	39,977	-	(48,512)	1,902,149	-	-	40,157	39,977	-	(180)	1,902,149	1,885,833
B) Sub Total	2,289,609	-	131,301	41,155	-	(52,589)	2,327,166	330,108	-	70,022	41,230	-	(3,751)	1,972,017	1,959,501
Total Assets (A+B)	26,527,486	-	5,812,625	555,541	-	(581,775)	31,202,795	7,774,474	-	2,273,130	400,935	-	(221,096)	21,777,222	18,753,012
Capital Work in Progress															
Grand Total	26,527,486	-	5,812,625	555,541	-	(581,775)	31,202,795	7,774,474	-	2,273,130	400,935	-	(221,096)	23,381,815	21,653,406
Previous Year	20,834,161	10,534	7,085,796	1,570,281	652,921	820,197	26,527,486	6,726,073	676	1,773,659	666,041	376,777	316,884	21,653,406	-

Notes:

- Gross block of Fixed Assets includes Rs. 253,244 thousand (Previous year Rs. 253,244 thousand) on account of revaluation of assets carried out in earlier years. The said revaluation is carried out 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. 2,893 thousand (Previous year Rs. 2,893 thousand) and equivalent amount has been withdrawn from revaluation reserve and credited to Profit and Loss Account and there is additional loss of Rs. Nil (Previous year Rs. 874 thousand) on account of discard of assets, an equivalent amount has been withdrawn from revaluation reserve and credited to Profit and Loss Account.
- Gross block of land includes Rs. 20,973 thousand (Previous year Rs. 20,973 thousand) on account of revaluation of assets carried out in earlier years.
- Plant and machinery of the cost of Rs. 405,731 thousand (previous year Rs. 405,731 thousand) are acquired on hire purchase basis. Accumulated depreciation there on is Rs. 144,212 thousand (previous year Rs. 109,213 thousand)
- In compliance with the notification dated March 31, 2009 issued by Ministry of Corporate Affairs, the Company has exercised the option available under newly inserted paragraph 46 to the Accounting Standards AS-11 "The effect of changes in foreign exchange rates". Accordingly the foreign exchange gain of Rs. 161,686 thousand (previous year Rs. 81,656 thousand) for the year has been adjusted to capital assets.
- Addition in Plant & Machinery includes interest on loan for qualifying asset capitalised during the year Rs. 70,260 thousand (Previous year Rs. Nil)
- Capital work in progress includes capital advances Rs. 1,379,817 thousand (Previous year Rs. 1,291,584 thousand).
- Land includes leasehold land Rs. 64,114 thousand (Previous year Rs. 1,367 thousand).
- Furniture, fixture and office equipments includes leasehold equipments of the cost of Rs. 51,727 thousand (Previous year Rs. 69,153 thousand) given on lease, accumulated depreciation thereon is Rs. 26,960 thousand (Previous year Rs. 32,024 thousand). Depreciation thereon for the year included Rs. 8,623 thousand (previous year Rs. 10,932 thousand)

Schedules to the Account For the Year Ended March 31, 2010

(Amount in INR '000)

Schedule : E Preoperative Expenditure (Pending Allocation)	As at March 31, 2010	As at March 31, 2009
Opening Balance	74,068	63,615
Add: Expenditure incurred during the year		
Repair & Maintenance- Others	-	4,546
Workmen and Staff Welfare	-	2,824
Rates & Taxes	-	44
Travelling and Conveyance	-	131
Insurance	-	111
Consultancy / Professional Charges	-	532
Other Expenses	-	5,440
Interest On Term Loans	-	37,097
Bank / Financial Charges	-	46
Less:		
Interest Income	-	(681)
Total	74,068	113,705
Less: Transferred to Fixed Assets	74,068	-
Less: Transferred to Profit and Loss Account	-	39,637
Balance Carried Forward	-	74,068

Schedule F : Investments	As at March 31, 2010	As at March 31, 2009
Long Term		
Quoted (Non Trade)		
JCT Electronics Limited	13	13
600 (Previous year 600) Equity Shares of Rs. 10 each, fully paid up		
Continental Construction Limited	34	34
3,000 (Previous year 3,000) Equity Shares of Rs. 10 each, fully paid up		
Max India Limited	9	9
2,500 (Previous year 2,500) Equity Shares of Rs. 2 each, fully paid up		
Kirloskar Pneumatics Company Limited	20	20
1,000 (Previous year 1,000) Equity Shares of Rs. 10 each, fully paid up		
Hindustan Oil Exploration Company Limited	307	307
6,133 (Previous year 6,133) Equity Shares of Rs. 10 each, fully paid up		
Panasonic Energy India Company Limited	45	45
1,300 (Previous year 1,300) Equity share of Rs. 10 each, fully paid up		
Triton Corporation Limited	60	60
6,000 (Previous year 6,000) Equity shares of Rs. 10 each, fully paid up		
Quoted (Trade)		
Great Offshore Limited	-	120,286
Nil (Previous year 220,000) Equity Shares of Rs. 10 each, fully paid up		
Pipavav Shipyard Limited	27	-
1,000 (Previous year Nil) Equity Shares of Rs. 10 each, fully paid up		
Berger Paints Limited	963	963
61,600 (Previous year 61,600) Equity Shares of Rs. 2 each, fully paid up		
Unquoted (Non- Trade)		
Roxul Rockwool Insulation India Private Limited	23,643	-
1,206,250 (Previous year Nil) Equity Shares of Rs. 10 each, fully paid up		
RFB Latex Limited	5,200	5,200
200,000 (Previous year 200,000) Equity Shares of Rs. 10 each, fully paid up		
Thai Industrial Estate Corporation Limited	44,622	46,132
430,000 (Previous year 430,000) Equity Shares of THB 100 each, fully paid up		
Add: Foreign currency translation differences	(15)	16
Arooshi Enterprises Private Limited	5,985	5,985
598,500 (Previous year 598,500) Equity Shares of Rs. 10 each, fully paid up		

Schedule F : Investments (Continued)	As at March 31, 2010	As at March 31, 2009
Vireol PLC	1,504	1,556
115,570 (Previous year 115,570) Equity Shares of GBP 1 each, fully paid up		
Samena Capital	118,909	79,302
3,500,000 (Previous year 3,500,000) Class "A" shares of USD 1 each, USD 0.75 (Previous year USD 0.50) paid up per share		
Samena Capital Investor Company	67,948	-
1,500,000 (Previous year Nil) Class "B" shares of USD 1 each, fully paid up		
Samena Capital Special Situations Fund	224,978	113,288
10,000,000 (Previous year 10,000,000) Equity Shares of USD 1 each, USD 0.50 (Previous year USD 0.25) paid up per share		
Samena Japan Fund	139,182	-
29,930 (Previous year Nil) Units of USD 100 each, fully paid up		
Global Health Private Limited	1,380,000	1,380,000
8,000,000 (Previous year 8,000,000) Equity Shares of Rs. 10 each, fully paid up. Of the above 8,000,000 (Previous year Nil) Equity Shares are under negative lien with Debenture trustee.		
Unquoted (Trade)		
Rajahmundry Expressway Limited	36,975	40,689
3,697,500 (Previous year 3,697,500) Equity Shares of Rs. 10 each, fully paid up Of the above, 1,812,500 (Previous year 1,812,500) shares are pledged with a corporate		
Andhra Expressway Limited	36,975	42,820
3,697,500 (Previous year 3,697,500) Equity Shares of Rs. 10 each, fully paid up Of the above, 1,812,500 (Previous year 1,812,500) shares are pledged with a corporate		
North Karnataka Expressway Limited	75,724	75,724
7,572,400 (Previous year 7,572,400) Equity Shares of Rs. 10 each, fully paid up		
GMR Hyderabad Vijayawada Expressways Private Limited	26	-
2,600 (Previous year Nil) Equity Shares of Rs. 10 each, fully paid up		
Bridge Capital Reality	-	44,114
Nil (Previous year 267) Equity Shares of SGD 6000 each, fully paid up Add: Foreign currency translation differences	-	506
Less: Disposed off during the year	-	(44,620)
Spectra ISP Networks Private Limited (Formerly PL Engineering Private Limited)		
560,000 (Previous year 560,000) Equity Shares of Rs. 10 each, fully paid up	5,600	5,600
32,000,000 (Previous year Nil) Preference Shares of Rs. 10 each, fully paid up	320,000	-
	325,600	5,600
Investments in Associates		
Olive Group India Private Limited	5,000	-
500,000 (Previous year Nil) Equity Shares of Rs. 10 each, fully paid up.		
City Vision Private Limited		
Nil (Previous year Nil) Equity Shares of Rs. 10 each, fully paid up	-	823
Less: Share in opening accumulated losses	-	(823)
Less: Transferred on disposal of ISP business	-	-
Shitul Engineering Private Limited		
Nil (Previous year Nil) Equity Shares of Rs. 100 each, fully paid up	-	785
Less: Share in opening accumulated losses	-	(178)
Less: Transferred on disposal of ISP business	-	(607)
Sunstar Network & Technologies Limited		
Nil (Previous year Nil) Equity Shares of Rs. 10 each, fully paid up	-	2,530
Less: Share in opening accumulated losses	-	(2,530)
Less: Transferred on disposal of ISP business	-	-

Schedule F : Investments (Continued)	As at March 31, 2010		As at March 31, 2009	
Dotcom Holdings Private Limited				
Nil (Previous year Nil) Equity Shares of Rs. 10 each, fully paid up	-		49	
Less: Share in opening accumulated losses	-		(44)	
Less: Transferred on disposal of ISP business	-	-	(5)	-
Ventura Developments (Surabaya) Pte Limited				
Nil (Previous year Nil) Equity Shares of SGD 1 each, fully paid up	-		39,746	
Less: Disposed off during the year	-	-	(39,746)	-
Realand Pte Limited				
Nil (Previous year 798,000) Equity Shares of SGD 1 each, fully paid up	25,712		26,592	
Less: Share in opening accumulated losses	(22,735)		(23,512)	
Add: Foreign currency translation differences	-		(3,080)	
Less: Disposed off during the year	(2,977)	-	-	-
Reliance Contractors Private Limited				
15,000 (Previous year 15,000) Equity Shares of SGD 1 each, fully paid up	75,200		77,772	
Less: Share in opening accumulated losses	(76,640)		(66,265)	
Add: Share in profits/ (losses) for the current year	-		(12,996)	
Add: Foreign currency translation differences	6,323	4,883	6,935	5,446
Ventura Developments (Myanmar) Pte Limited				
35,000 (Previous year 35,000) Equity Shares of SGD 1 each, fully paid up	1,128		1,166	
Less: Share in opening accumulated losses	(961)		(994)	
Add: Foreign currency translation differences	(167)	-	(172)	-
Reco Sin Han Pte Limited				
10,000 (Previous year 10,000) Equity Shares of SGD 1 each, fully paid up	322		333	
Add: Share in opening accumulated profits	14,295		14,784	
Add: Foreign currency translation differences	(14,617)	-	(15,117)	-
Olive Group B.V.				
17,112,005 (Previous year 17,112,005) Convertible Ordinary Shares of Eurocent 1 each, fully paid up. (Including goodwill of Rs. 432,943 thousand)	634,727		656,437	
Add: Share in opening accumulated profits	58,507		-	
Add: Share in profits for the current year	169,092		60,508	
Add: Foreign currency translation differences	(1,823)	860,503	2,595	719,540
Ethanol Ventures Grimsby Limited				
21 (Previous year 21) Equity Shares of GBP 1 each, fully paid up	136,765		141,443	
Add: Share in opening accumulated profits	(130,693)		-	
Add: Share in profits/ (losses) for the current year	-		(135,163)	
Add: Foreign currency translation differences	(93)	5,979	-	6,280
Air Works India Engineering Private Limited				
175,161 (Previous year 175,161) Equity Shares of Rs. 100 each, fully paid up (Including goodwill of Rs. 94,634 thousand)	529,988		529,988	
Add : Share in opening accumulated losses	(37,707)		(17,010)	
Add: Share in profits/ (losses) for the current year	(33,770)	458,511	(20,697)	492,281
Pipavav Shipyard Limited				
Nil (Previous year 129,361,538) Equity Shares of Rs. 10 each, fully paid up	-		3,492,762	
Add: Share in opening accumulated profits	40,211		-	
Add: Share in profits/ (losses) for the current year	-		40,211	
Less: Disposed off during the year	(40,211)	-	-	3,532,973
Hazaribagh Ranchi Expressway Limited				
13,000 (Previous year Nil) Equity share of 10 each, fully paid up		130		-
		3,823,740		6,674,569
Less: Diminution In The Value Of Investments		6,087		65,302
Total		3,817,653		6,609,267
a) Aggregate Cost of Quoted Investments		1,478		121,736
b) Aggregate Cost of Unquoted Investments		3,822,262		6,552,833
c) Aggregate market value of Quoted Investments		6,118		58,110
(Also refer note 13 in Schedule 'O')				

Schedule G : Current Assets, Loans and Advances		As at March 31, 2010	As at March 31, 2009
A. Current Assets			
i) Inventories:			
Raw Materials	-	188	
Project Materials	1,794,459	1,839,088	
Scrap	11,465	15,924	
Work in Progress Projects	44,689,793	34,830,653	
		46,495,717	36,685,853
ii) Sundry Debtors (Unsecured)			
Debts Outstanding for a Period Exceeding Six Months			
Considered Good	6,205,418	4,736,427	
Considered Doubtful	142,201	148,286	
Other Debts			
Considered Good	15,641,214	21,949,961	
	21,988,833	26,834,674	
Less : Provision for Doubtful Debts	142,201	148,286	
		21,846,632	26,686,388
iii) Cash & Bank Balances			
a) Cash on Hand	65,750	109,388	
b) Balances with Banks			
- On Current Accounts	3,649,528	3,359,582	
- On EEFC Accounts	93,028	25,082	
- On Fixed Deposits	2,219,878	4,529,206	
- On Cash Credit Accounts	82,145	98,771	
		6,110,329	8,122,029
iv) Other Current Assets			
Unsecured, Considered Good			
a) Interest Receivable	9,395	19,156	
b) Insurance Claims Receivable	94,377	-	
c) Export Benefit Receivable	766,343	576,778	
d) Receivable Against Sale of Investments (also refer note 12 and 14 in Schedule 'O')	2,541,674	4,225	
e) Assets held for sale	-	325,450	
		3,411,789	925,609
B. Loans And Advances: (Unsecured, Considered Good)			
a) Loans to Employees	50,728	35,154	
b) Intercompany Deposits	71,835	8,500	
c) Advances Recoverable in Cash or in Kind or for Value to be Received	6,302,209	7,678,350	
d) Advances for Proposed Investments	2,501	2,501	
e) Deposits	317,663	182,014	
f) Balances with Customs / Excise Department	435,689	583,040	
g) Advance Income Tax / Tax Recoverable (Net of provisions)	1,975,945	1,307,401	
h) MAT Credit Entitlement	129,630	-	
i) VAT/Sales Tax Receivable	1,131,138	737,959	
		10,417,338	10,534,919
Total		88,281,805	82,954,798

Schedules to the Account For the Year Ended March 31, 2010

(Amount in INR '000)

Schedule H : Current Liabilities And Provisions		As at March 31, 2010	As at March 31, 2009
A. Current Liabilities			
Acceptances	54,397		191,087
Sundry Creditors	22,044,928		28,592,344
Advance Billings	1,121,317		792,271
Book Overdraft	12,076		1,800,557
Security Deposits	218,561		172,024
Advances From Clients	11,429,219		14,338,106
Interest Accrued but not due on Foreign Currency Convertible Bonds	451,400		370,445
Interest Accrued but not due on Loans	466,537		93,722
Advance Against Share Capital from JV Partner	20,151		20,151
Others	518,975		728,342
		36,337,561	47,099,049
B. Provisions			
For Tax (Net of Taxes Paid)	1,650,033		1,366,408
For Fringe Benefit Tax (net of taxes paid)	73,674		87,803
For Employee Benefits	305,001		292,643
Proposed Dividend (Including Tax on Dividend)	58,086		106,511
		2,086,794	1,853,365
Total		38,424,355	48,952,414

Schedule I : Miscellaneous Expenditure (to the extent not written off or adjusted)		As at March 31, 2010	As at March 31, 2009
Preliminary Expenditure			
Balance as per last year	-		159
Less: Adjustment on Disposal of Subsidiary	-		(159)
Total		-	-

Schedule J : Sales & Contracts Revenue		Year ended March 31, 2010	Year ended March 31, 2009
Contracts Revenue	103,502,606		117,237,053
Annuity Income (in respect of City Road Improvements)	57,138		57,134
Income from Hire Charges	913,039		1,368,656
Sales (net of discounts)			
- Exports	5,565		9,822
- Others	-	5,565	26,329
Internet Services	-		61,762
Total		104,478,348	118,760,756

Schedule K : Other Income		Year ended March 31, 2010	Year ended March 31, 2009
Rent	2,228		4,236
Interest on Fixed Deposits	130,549		98,322
Dividend on Non Trade Long Term Investments	3,554		2
Insurance Claims	59,885		78,709
Profit on Sale of Non Trade Long Term Investments / Disposal of ISP Business (Net)	3,184,688		153,757
Income on Transfer of Beneficial Rights in Investment in Shares	38,877		-
Profit on Sale / Discard of Fixed Assets (Net)	-		34,592
Unspent Liabilities and Provisions Written Back	124,797		177,076
Export Benefits	254,274		359,583
Bad Debts Recovered	-		12,643
Miscellaneous Income	470,613		339,641
Total		4,269,465	1,258,561

Schedules to the Account For the Year Ended March 31, 2010

(Amount in INR '000)

Schedule L : Project Materials Consumed and Cost of Goods Sold	Year ended March 31, 2010	Year ended March 31, 2009
Project Materials Consumed	37,654,595	37,457,700
Cost of Goods Sold - Equipments		
Opening Stock	-	5,631
Add: Purchases	-	424
	-	6,055
Less: Closing Stock Transferred on Account of Disposal of ISP Business	-	6,006
	-	49
Amortisation / Depletion in the Value of Scaffolding Inventory	46,368	47,628
Total	37,700,963	37,505,377

Schedule M : Operating and Administrative Expenses	Year ended March 31, 2010	Year ended March 31, 2009
Operating		
Contractor Charges	29,213,217	42,365,152
Site / Connectivity Expenses	2,695,028	3,398,848
Liquidated damages to a customers	1,637,038	-
Encashment of Bank Guarantee/ Performance Bond by a Customer	-	2,690,931
Diesel and Fuel	1,552,116	1,608,363
Repair and Maintenance		
-Buildings	13,240	18,983
-Plant and Machinery	268,580	294,511
-Others	119,539	68,400
Freight & Cartage	1,103,326	1,125,614
Hire Charges	3,971,028	4,864,808
	40,573,112	56,435,610
Personnel		
Salaries, Wages and Bonus	11,989,860	11,804,173
Contribution to Provident & Other Funds	188,501	162,522
Retirement Benefits	319,495	207,733
Workmen and Staff Welfare	953,923	747,713
	13,451,779	12,922,141
Administration and Establishment		
Bad Debts / Advances Written Off	140,838	173,294
Less: Provision made in previous year, now reversed	9,304	-
	131,534	173,294
Rent	674,757	663,896
Insurance	450,021	582,603
Directors' Sitting Fees	130	140
Travelling and Conveyance	1,123,910	1,163,600
Rates & Taxes	1,378,224	521,551
Consultancy/ Professional Charges	3,209,319	2,276,620
Commission on Internet Services	-	1,018
Provision for Diminution in Value of Non-Trade Long Term Investments	5,985	65,268
Provision for Doubtful Debtors	3,219	80,181
Loss on Sales / Discard of Fixed Assets (Net)	33,244	-
Donations	44,383	16,519
Others	2,052,341	2,308,586
	8,975,533	7,679,982
Total	63,131,958	77,211,027

Schedule N : Financial Expenses	Year ended March 31, 2010	Year ended March 31, 2009
Interest On:		
Term Loans	1,621,993	856,594
Debentures	559,839	49,318
Working Capital Loans	877,901	983,695
Others	3,472	269,088
	3,063,205	2,158,695
Foreign Exchange Fluctuation (Net)	1,561,046	448,363
Bank / Financial Charges	632,532	862,823
Discounting Charges of Commercial papers	177,927	48,911
Total	5,434,710	3,518,792

Schedule O: Notes to Consolidated Accounts

SCHEDULE O: NOTES TO CONSOLIDATED ACCOUNTS

1. Nature of Operations

Punj Lloyd Limited (hereinafter referred to as the "Company") is a Company registered under Indian Companies Act 1956. The Company along with its subsidiaries, joint ventures and its associates (these Group entities and the Company hereinafter collectively referred to as the 'Punj Lloyd Group' or 'the Group') is primarily engaged in the business of engineering & construction in the oil & gas sector and infrastructure sector.

The Group, along with its subsidiaries, Sembawang Engineers & Constructors Pte Limited, Singapore, Simon Carves Limited, United Kingdom, and other joint ventures and associates, is entitled to bid for verticals of infrastructure sectors and EPC capabilities in Petrochemical domain including LDPE, PVC, Styrene, and Refinery Process. The Group has strong presence in its home country India and in South East Asia, Middle East and Europe.

2. Statement of Significant Accounting Policies

a) Basis of preparation

The financial statements have been prepared to 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 consolidated financial statements have been prepared under the historical cost convention on an accrual basis except in case of certain fixed assets for which revaluation had been carried out. The accounting policies have been consistently applied by the Group and are consistent with those in previous year.

b) Principles of Consolidation

The Consolidated Financial Statements relate to the Punj Lloyd Group and 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 and intra-group transactions and also unrealized profits or losses, 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, transactions and unrealized profits/losses 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 obligation on the minorities, the same is accounted for by the holding company.
- v) Investments in Associates are accounted for using the equity method under which the investment is initially recorded at cost, identifying any goodwill/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, 2010.
- viii) As per Accounting Standard 21 notified by Companies (Accounting Standards) Rules, 2006 (as amended) Consolidated Financial Statements, 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 a parent having no bearing on the true and fair view of the consolidated financial statements need not be disclosed in the consolidated financial statements.

Schedule O: Notes to Consolidated Accounts

c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and the results of the operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

d) Fixed assets

Fixed assets are stated at cost, (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition / construction of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period such assets are ready to be put to use.

In respect of accounting periods commencing on or after December 07, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

e) Depreciation / Amortization

- i) In respect of Indian Companies comprised within the Group, depreciation is provided using the straight line method, at the rates specified under Schedule XIV to the Companies Act, 1956, (except to the extent stated in Para (ii), (iii), (iv) and (viii) 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 Revaluation Reserve Account.
- ii) Depreciation on the following fixed assets of the Project Division is charged on straight-line method at the rates, based on the useful lives of the assets as estimated by the management which are equal to or higher than the rates prescribed under Schedule XIV to the Companies Act, 1956:

Asset Description	Depreciation Rate
Plant and machinery	4.75% to 11.31%
Vehicles	9.5% to 25%

- iii) Depreciation on the following fixed assets of Internet Service division is charged on straight-line method at the rates, based on the estimated useful lives of the assets as estimated by the management, which are equal to or higher than the rates prescribed under Schedule XIV to the Companies Act, 1956.

Asset Description	Depreciation Rate
Plant and machinery	10%
Networking equipment*	10%
Office equipment	10%
Vehicles	9.5% to 20%
Ducts and optical fiber cables*	4.75%

*Included under Plant & Machinery

- iv) Depreciation on the following fixed assets of some foreign branches and joint ventures is charged on straight line method at the rates, based on the estimated useful lives 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 machinery	3 to 21 years
Furniture and fixtures	3 to 15 years
Office Equipments	5 to 21 years
Vehicles	4 to 10 years

- v) Leasehold land is amortised over the lease period except for Leasehold land which is under perpetual lease.
- vi) Individual assets costing up to Rs. 5,000 are depreciated 100% in the year of purchase.
- vii) Leasehold improvements are depreciated over the period of the lease or estimated useful life of six years whichever is lower.

Schedule O: Notes to Consolidated Accounts

- viii) Depreciation on the Company's share of following fixed assets of an unincorporated joint venture is provided on straight-line method at the following rates based on the useful lives as estimated by the management of the joint venture.

Asset Description	Depreciation Rate
Buildings	10%
Plant and Machinery	20%
Vehicles	20%
Furniture, fixtures & office equipments	20%

- ix) Depreciation on completed phase of road project in a joint venture is provided over the period of 15 years. Overlay cost included in the cost of Road is depreciated over the period of 5 years.
- x) In case of foreign companies comprised within the Group, depreciation is provided for on straight-line basis so as to write off the assets over their useful lives, as estimated by the management, which range from 2 to 30 years. (36.28% of total Net Block of fixed assets at the Punj Lloyd Group as at March 31, 2010 and 37.90% of total depreciation / amortization expenses for the Punj Lloyd Group for the year ended March 31, 2010)

xi) **Intangibles**

Different softwares used by the group are amortized on straight line basis based on the nature and estimated useful lives of these softwares as estimated by the management as mentioned below:

- (i) Softwares of project division are amortized over the period of license or six years whichever is lower.
- (ii) Softwares of internet service division are amortized over the period of license or five years whichever is lower.
- (iii) Software of an unincorporated joint venture are 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 indirectly related to the construction or is incidental thereto. Other indirect expenditure (including borrowing cost) incurred during the construction period, which is not related to the construction activity nor is incidental thereto, is charged to the Profit & Loss Account.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

g) **Impairment**

- i) The carrying amounts of fixed assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

h) **Leases**

Where the Company is 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 lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of lease liability based on the implicit rate of return. Finance charges are charged directly against income lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciation over the shorter of the estimated useful life of the asset or the lease term.

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 Profit and Loss Account on a straight line basis over the lease term.

Where the Company is lessor

Assets subject to operating leases are included in fixed assets, Lease income is recognized in the Profit and Loss Account on straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

Schedule O: Notes to Consolidated Accounts

i) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried 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 such investments.

j) Inventories

Inventories are valued as follows:

- i) Project Materials (excluding scaffoldings)- Lower of cost or net realizable value. Cost is determined on weighted average basis.
- ii) Scrap - Net realizable value.
- iii) Work in progress - projects- Net realizable value.
- iv) 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.

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.

- i) Contract revenue associated with long term construction contracts is recognized as revenue and expenses respectively 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 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 income statement of the year in which revisions are made. Contract revenue earned in excess of billing has been reflected under "Inventory" and billing in excess of contract revenue has been reflected under "Current Liabilities" in the balance sheet. The revenue on account of extra claims and the expenditure on account of liquidated damages on construction contracts are accounted for at the time of acceptance/ settlement by the customers due to uncertainties attached thereto. Similarly, insurance claims are accounted for on settlement with insurers.
- ii) Revenue from long term construction contracts executed in joint ventures under work sharing arrangements is recognized on the same basis as similar contracts independently executed by the Company. Revenue in joint ventures under profit sharing arrangements is recognized to the extent of the Company's share in joint ventures.
- iii) Internet Service revenues comprise of revenues from registration, installation and provision of Internet services. Registration fee and installation charges are recognized on the admission of customer and completion of services respectively. Service revenue from Internet access is recognized pro-rata, calculated on the basis of provision of services or time duration of contract, as may be applicable.
- iv) Revenue from hire charges is accounted for in accordance with the terms of agreements with the customers.
- v) Rental income from lease assets under operating leases is recognized in the profit and loss account on a straight line basis over the term of the lease.
- vi) Interest revenue is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable.
- vii) Dividend revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.
- viii) In respect of one of joint venture of the Company engaged in activities of construction of city road improvement on Build, Operate and Transfer (Annuity) basis, annuity income as per concession agreements entered into by the joint venture with the Government of Kerala is accounted on straight line basis over the period of the annuity.
- ix) Export Benefit under the Duty Free Credit Entitlements is accounted for in the year of export, wherever there is certainty of its realisation.
- x) Sale of Goods: Revenue is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer.

l) Borrowing Costs

Borrowing costs directly attributable to the acquisition and 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 year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds

m) Miscellaneous Expenditure (to the extent not written off or adjusted)

The balance included under the head Miscellaneous Expenditure (to the extent not written off or adjusted) comprises Preliminary Expenses incurred by certain subsidiaries and joint ventures, which are yet to commence commercial operations. Such expenses are amortized over a period of 5 years after commencement of commercial operations by the respective entities.

Schedule O: Notes to Consolidated Accounts

n) Foreign currency

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 reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange Differences

Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

Exchange differences, in respect of accounting periods commencing on or after December 07, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the Company's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before March 31, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year. However, exchange difference in respect of accounting period commencing on or after December 07, 2006 arising on the forward exchange contract undertaken to hedge the long term foreign currency monetary item, in so far as they relate to the acquisition of depreciable capital asset, are added to or deducted from the cost of asset and in other cases, are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term asset / liability but not beyond accounting period ending on or before March 31, 2011.

v) Translation of integral & 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.

In translating the financial statements of a non-integral foreign operation for incorporation in the consolidated financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of transactions and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.

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.

o) Retirement and other employee benefits

- i. Retirement benefits in the form of provident and pension funds are defined contribution scheme and contributions are charged to Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

Schedule O: Notes to Consolidated Accounts

- ii. Gratuity liability is a defined benefit obligation. The Company has taken an insurance policy under Group gratuity scheme with Life Insurance Corporation of India (LIC) / ICICI prudential life insurance Company Limited (ICICI) 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 Profit and Loss Account on the basis of actuarial valuation on the projected unit credit method made at the end of the financial year. In respect of employees of Internet Service Division, gratuity liability is accrued and provided for on the basis of an actuarial valuation on the projected unit credit method made at the end of the financial year.
- iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the end of the financial year. The actuarial valuation is done as per projected unit credit method.
- iv. In respect of overseas Group companies, contributions made towards defined contribution schemes in accordance with the relevant applicable local laws, are charged to Profit and Loss Account 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 Profit and Loss Account on the basis of actuarial valuation on the projected unit credit method made at the end of the financial year.
- v. In respect to overseas operation, provision for employees end of service benefits is made on the basis prescribed in the Local Labour Law of the respective country, for the accumulated period of service at the end of the financial year.
- vi. Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

p) Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 enacted in India and in the overseas branches/companies, as per the respective tax laws. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Company does not have a legal right to do so. Deferred tax assets are recognized 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 entity 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 balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets 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 realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet 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 realised. 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.

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

q) Accounting for Jointly Controlled Operations

The Group's share of revenues, expenses, assets and liabilities are included in the financial statements as Revenues, Expenses, Assets and Liabilities respectively.

r) Segment reporting policies

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

Includes general corporate income and expense items are not allocated to any business segment.

Segment 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.

Schedule O: Notes to Consolidated Accounts

s) Earnings per share

Basic earnings per share is calculated by dividing the net consolidated profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the reported years is adjusted for the events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net consolidated 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.

t) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

u) Employee Stock Option

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. 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.

v) Cash and Cash Equivalents

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

w) Derivative Instruments

As per the Institute of Chartered Accountants of India announcement, derivative contracts, other than those covered under Accounting Standard 11. The Effect of Changes in Foreign Exchange Rates, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

3. The Punj Lloyd Group comprises of the following entities:-

a) Subsidiaries

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2010	% of voting power held as at March 31, 2009
Spectra Punj Lloyd Limited	India	100.00	98.09
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
PT Punj Lloyd Indonesia	Indonesia	100.00	100.00
Punj Lloyd Pte. Ltd.	Singapore	100.00	100.00
PL Engineering Limited (Formerly known as Simon Carves India Limited)	India	97.09	99.01
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 Ltd	India	100.00	100.00
Spectra ISP Networks Private Limited (Formerly known as PL Engineering Private Limited) (w.e.f. October 23, 2008) @	India	100.00	100.00
Indtech Global Systems Limited (Formerly known as Punj Lloyd Systems Private Limited) (w.e.f. March 31, 2009)	India	99.99	99.99
Punj Lloyd SKIL Marine Systems Limited (w.e.f. July 01, 2009)	India	51.00	-

Schedule O: Notes to Consolidated Accounts

b) Step down Subsidiaries

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2010	% of voting power held as at March 31, 2009
Spectra Punjab Limited @	India	100.00	100.00
Sembawang Engineers and Constructors Pte. Limited	Singapore	95.59	100.00
PT Sempec Indonesia	Indonesia	100.00	100.00
Sembawang Development Pte Limited	Singapore	95.59	100.00
PT Indo Precast Utama	Indonesia	95.59	100.00
PT Indo Unggul Wasturaya	Indonesia	64.05	67.00
Sembawang (Tianjin) Construction Engineering Co. Limited	China	66.91	70.00
Construction Technology Pte Limited	Singapore	95.59	100.00
Contech Trading Pte Limited	Singapore	95.59	100.00
PT Contech Bulan	Indonesia	57.35	60.00
Construction Technology (B) Sdn Bhd	Brunei	95.59	100.00
Sembawang (Hebei) Building Materials Co. Limited	China	71.69	75.00
Sembawang Infrastructure (Mauritius) Limited	Mauritius	95.59	100.00
Sembawang-JTCI (China) Pte Limited (Upto February 04, 2010)	Singapore	-	51.00
Sembawang UAE Pte Limited	Singapore	95.59	51.00
SC Architects and Engineers Pte Limited	Singapore	95.59	100.00
Sembawang (Malaysia) Sdn Bhd	Malaysia	95.59	100.00
Jurubina Sembawang (M) Sdn Bhd	Malaysia	95.59	100.00
Simon Carves Limited	United Kingdom	100.00	100.00
Sembawang Simon-Carves Limited De Mexico S.A. de. CV	Mexico	100.00	100.00
Sembawang Engineers and Constructors Middle East FZE	United Arab Emirates	95.59	100.00
Simon Carves (Singapore) Pte. Limited	Singapore	100.00	100.00
Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.	Malaysia	100.00	100.00
Sembawang Bahrain SPC	Bahrain	95.59	100.00
Sembawang Precast System LLC	United Arab Emirates	47.80	50.00
Technodyne International Limited (w.e.f. June 02, 2008)	United Kingdom	74.00	74.00
Punj Lloyd Engineers and Constructors Pte. Limited. (Formerly known as Abu Dhabi Engineers and Constructors Pte. Limited) (w.e.f. November 26, 2008)	Singapore	100.00	100.00
Sembawang Equity Capital Pte. Limited (w.e.f. August 01, 2009)	Singapore	95.59	-
Sembawang Securities Pte Limited (w.e.f. February 05, 2010)	Singapore	95.59	-
Sembawang Australia Pty. Limited (w.e.f. November 05, 2009)	Australia	95.59	-
Sembawang Hong Kong Limited (w.e.f. October 13, 2009)	Hong Kong	95.59	-
Sembawang Caspi Engineers and Constructors LLP (w.e.f. January 11, 2010)	Kazakhstan	47.80	-
Punj Lloyd Delta Renewables Pte.Limited (w.e.f. November 05, 2009)	Singapore	51.00	-
Punj Lloyd Delta Renewables Private Limited (w.e.f. November 05, 2009)	India	51.00	-
Delta Solar (Bangladesh) Limited (w.e.f. November 05, 2009)	Bangladesh	51.00	-
Buffalo Hills Limited (w.e.f. September 30, 2009)	Gibraltar	100.00	-
Technodyne Engineers Limited (w.e.f. March 09, 2010)	India	97.09	-
Sembawang Libya General Contracting & Investment Company (w.e.f. August 11, 2009)	Libya	95.59	-

Schedule O: Notes to Consolidated Accounts

c) Joint Ventures- Jointly controlled Entities / Operations

i) Jointly Controlled Entities

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2010	% of voting power held as at March 31, 2009
Thiruvananthapuram Road Development Company Limited	India	50.00	50.00
Asia Drilling Services Limited	Mauritius	50.00	50.00
Kaefer Punj Lloyd Limited (Refer Note No. (iii) below)	India	49.00	49.00
Swissport Punj Lloyd India Private Limited – Under Liquidation	India	49.00	49.00
Dayim Punj Lloyd Construction Contracting Company Limited	Saudi Arabia	49.00	49.00
Syna Petrochemical Engineering Company (Upto January 25, 2010)	Iran	-	49.00
Ramprastha Punj Lloyd Developers Private Limited	India	50.00	50.00

ii) Jointly Controlled Operations

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2010	% of voting power held as at March 31, 2009
Persys-Punj Lloyd JV	Refer Note No (i)	Refer Note No (ii)	Refer Note No (ii)
Joint Venture of Whessoe Oil and Gas Limited and Punj Lloyd Limited	Refer Note No (i)	50.00	50.00
Punj Lloyd PT Sempec Indonesia	Refer Note No (i)	Refer Note No (ii)	Refer Note No (ii)
Total-CDC-DNC Joint Operation	Refer Note No (i)	38.24	40.00
Kumagai-Sembawang-Mitsui Joint Venture	Refer Note No (i)	43.02	45.00
Kumagai-SembCorp Joint Venture	Refer Note No (i)	47.80	50.00
Philipp Holzmann-SembCorp Joint Venture	Refer Note No (i)	47.80	50.00
Kumagai-SembCorp Joint Venture (DTSS)	Refer Note No (i)	47.80	50.00
Semb-Corp Daewoo Joint Venture	Refer Note No (i)	57.35	60.00
Sime Engineering Sdn Bhd	Refer Note No (i)	47.80	50.00
Sembawang Malaysia Sdn Bhd Joint Venture			
Sime Engineering Sdn Bhd	Refer Note No (i)	47.80	50.00
SembCorp Malaysia Sdn Bhd Joint Venture			

d) Associates

i) Associates of the Company

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2010	% of voting power held as at March 31, 2009
Pipavav Shipyard Limited (Upto March 27, 2010)	India	-	22.34
Olive Group India Private Limited (w.e.f June 25, 2009)	India	25%	-
Hazaribagh Ranchi Expressway Limited (w.e.f August 01, 2009)	India	26%	-

ii) Associates of Subsidiaries

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2010	% of voting power held as at March 31, 2009
Air Works India Engineering Private Limited	India	33.33	33.33
Olive Group B.V. (w.e.f. August 18, 2008)	Netherland	26.00	26.00

Schedule O: Notes to Consolidated Accounts

iii) Associates of Step down Subsidiaries

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2010	% of voting power held as at March 31, 2009
Reliance Contractors Private Limited	Singapore	47.79	49.99
Ventura Development (Myanmar) Pte Ltd	Singapore	33.46	35.00
Regional Hotel Pte Ltd. (Upto April 15, 2009)	Singapore	-	23.32
System-Bilt (Myanmar) Limited (Upto April 15, 2009)	Myanmar	-	23.32
Realand Pte Ltd (Upto May 06, 2009)	Singapore	-	20.00
Reco Sin Han Pte Ltd	Singapore	19.12	20.00
Ethanol Ventures Grimsby Limited (w.e.f. February 27, 2009)	United Kingdom	22.90	22.90

@ These entities are held with an intention of disposal in near future, hence excluded from consolidation.

- Country of Incorporation is not applicable, as these are Unincorporated Joint Ventures.
- 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.
- During the year ended March 31, 2010, management approved unaudited financial statements were considered for consolidation purposes. The consolidated Profit & Loss Account for the year ended March 31, 2010 includes loss of Rs. 4,648 thousand (previous year profit of Rs. 13,478 thousand) (being the proportionate share of the Punj Lloyd Group) from the entities.

4. Segment Information

Business Segments

The Group's operating businesses are organized and managed separately according to the types of products/services provided. The identified reportable segment is engineering & construction business and Internet Services including broadband services and cable TV operations (discontinuing).

Segmental information is disclosed as under:

(Amount in INR '000)

	Engineering & Construction		Discontinuing Operations (Others)		Unallocable		Total	
	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2009
Segment Revenue	105,387,917	119,058,338	-	62,002	-	-	105,387,917	119,120,340
Segment Results	2,391,644	2,841,493	-	8,449	-	-	2,391,644	2,849,942
Unallocated corporate expenses	-	-	-	-	(2,478,390)	(1,576,870)	(2,478,390)	(1,576,870)
Operating profit	-	-	-	-	-	-	(86,746)	1,321,985
Interest expense	-	-	-	-	(3,063,205)	(2,158,695)	(3,063,205)	(2,158,695)
Interest income	-	-	-	-	130,549	98,322	130,549	98,322
Other Income	-	-	-	-	3,229,347	800,655	3,229,347	800,655
Income taxes	-	-	-	-	(1,372,458)	(2,260,283)	(1,372,458)	(2,260,283)
Net profit/ (loss)	-	-	-	-	-	-	(1,162,513)	(2,246,929)
Segment Assets	99,168,281	94,517,507	-	325,450	16,350,877	16,708,107	115,519,157	111,551,064
Segment Liabilities	37,138,906	43,989,301	-	80,000	49,347,239	42,216,898	84,820,738	86,286,199
Capital Expenditure	7,088,125	7,545,175	-	-	141,000	390,096	7,229,125	7,935,271
Depreciation/Amortization	2,243,869	1,730,291	-	13,802	26,368	26,673	2,270,237	1,770,766
Non-Cash Expenses	-	-	-	-	147,454	156,411	147,454	156,411

Schedule O: Notes to Consolidated Accounts

Reconciliation of Reportable Segments with financial Statements

	Revenues			Results		Assets		Liabilities
	For the year ended March 31, 2010	For the Year ended March 31, 2009	For the year ended March 31, 2010	For the Year ended March 31, 2009	For the year ended March 31, 2010	For the Year ended March 31, 2009	For the year ended March 31, 2010	For the Year ended March 31, 2009
Total of Reportable Segments	108,747,813	120,019,317	(1,162,513)	(2,246,929)	115,519,157	111,551,064	84,820,738	86,286,199
Add: Share in Profits / (Losses) of associates	-	-	95,113	(68,137)	-	-	-	-
Add: Share of (Profits)/Losses transferred to minority	-	-	(16,654)	62,170	-	-	-	-
As per Segment	108,747,813	120,019,317	(1,084,054)	(2,252,896)	115,519,157	111,551,064	84,820,738	86,286,199
As per Financial Statements	108,747,813	120,019,317	(1,084,054)	(2,252,896)	115,519,157	111,551,064	84,820,738	86,286,199

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.

The following table presents revenue and debtors regarding geographical segments for the year ended March 31, 2010 and March 31, 2009.

	Income by Geographical Market		Debtors (including retention money) by Geographical Market	
	2009-10	2008-09	As at March 31, 2010	As at March 31, 2009
India	32,927,977	37,755,673	7,788,538	8,791,211
Other countries	75,819,836	82,263,644	14,058,094	17,895,177
Total	108,747,813	120,019,317	21,846,632	26,686,388

* The Group has common assets for servicing domestic market and overseas markets. Hence, separate figures for assets/additions to assets cannot be furnished.

(Amount in INR '000)

	As at March 31, 2010		As at March 31, 2009	
	Punj Lloyd Limited & Subsidiaries	Joint Ventures	Punj Lloyd Limited & Subsidiaries	Joint Ventures
5. Capital Commitments				
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,396,564	515,805	4,210,409	458,000
6. Contingent liabilities to the extent not provided for :				
a) Bank Guarantees given by the Company	7,926,743	-	6,909,180	-
b) Liquidated damages deducted by customers not accepted by the Company and pending final settlement (Refer Note No. 9 and 24 below)*	2,709,427	-	508,835	-
c) Claims by parties/clients against subsidiaries not acknowledged as debt	8,377	-	8,377	-
d) Demand by custom authorities against import of aircraft	178,923	-	722,400	-
e) Corporate Guarantees given on behalf of associates	1,828,865	-	4,290,465	-
f) Differential amount of customs duty in respect of machinery imported under EPCG Scheme.	-	-	51,645	-

* excludes possible liquidated damages which can be levied by customers for delay in execution of projects. The management believes that there exist strong reasons why no liquidated damages shall be levied by these customers.

Schedule O: Notes to Consolidated Accounts

- g) Estimated future investments in other companies in terms of respective shareholder agreements amount in aggregate to Rs. 289,919 thousand (Previous year Rs. 289,999 thousand).
- h) Uncalled money on partly paid shares held as investments for Rs. 265,550 thousand (Previous year Rs. 469,068 thousand).
- i) i) Sales tax demand of Rs. 68,403 thousand (Previous year Rs. 52,173 thousand) on the material components of the works contracts pending with Sales Tax Authorities and High Court.*
- ii) Sales tax demand of Rs. 66,006 thousand (Previous year Rs. 66,006 thousand) for non submission of statutory forms.*
- iii) Sales tax demand of Rs. 217,545 thousand (Previous year Rs. 41,159 thousand) against disallowance of deduction on purchases.*
- iv) Sales Tax liability of Rs. 84,946 thousand (Previous year Rs. 84,946 thousand) for purchases against sales tax forms not accepted by department.*
- v) Entry Tax liability of Rs. 23,735 thousand (Previous year Rs. 32,806 thousand) against entry of goods into the local area not accepted by department.*
- vi) Sales Tax liability of Rs. 720 thousand (Previous year Rs. 720 thousand) against the Central Sales Tax demand on sales in transit.*
- vii) Penalty for late deposit of Service Tax of Rs. 172,796 thousand (Previous year Rs. 108,068) and Rs. 15,915 thousand (Previous Year Rs. Nil) as disallowance of deduction of supply turnover.*
- viii) Sales tax demand in respect of erstwhile Internet Service Division regarding taxability of internet services Rs. 41,762 thousand (Previous year Rs. 41,762 thousand). The same is contested by the Company in view of similar matter decided by the Hon'ble Supreme Court of India in the case of Bharat Sanchar Nigam Limited & another Vs Union of India & others wherein it was held that internet services are not taxable as goods.*
- *Based on favourable 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 thereagainst is considered necessary.

7. Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days basic salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

Few of the foreign subsidiaries of the Company participate in the national pension schemes as defined by the laws of those countries in which these operates. Contributions to national pension schemes are recognized as expenses in the year in which the related service is performed.

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

Profit and Loss account

Net employee benefit expense recognised under personnel expenses

(Amount in INR '000)

	Gratuity (Parent and Indian Subsidiaries)		Retirement Benefits (Foreign Subsidiaries)	
	2009-10	2008-09	2009-10	2008-09
Current service cost	22,057	23,091	7,920	27,745
Interest cost on benefit obligation	7,878	5,280	137,260	153,344
Expected return on plan assets	(3,125)	(3,487)	(108,217)	(126,266)
Net actuarial(gain) / loss recognized in the year	(15,362)	12,973	(101,307)	324,520
Past service cost	-	-	-	-
Net benefit expense	11,448	37,857	(64,344)	379,343
Actual return on plan assets	(5,224)	2,245	303,711	(122,273)

Balance sheet

Details of Provision for gratuity

	Gratuity (Parent and Indian Subsidiaries)		Retirement Benefits (Foreign Subsidiaries)	
	2009-10	2008-09	2009-10	2008-09
Defined benefit obligation	103,571	103,618	2,179,090	2,175,608
Fair value of plan assets	(45,249)	(38,440)	(2,099,969)	(2,046,480)
	58,322	65,178	79,121	129,128
Less: Unrecognized past service cost	-	-	(34)	(41)
Plan assets/(liability)	58,322	65,178	79,087	129,087

Schedule O: Notes to Consolidated Accounts

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

	Gratuity (Parent and Indian Subsidiaries)		Retirement Benefits (Foreign Subsidiaries)	
	2009-10	2008-09	2009-10	2008-09
Opening defined benefit obligation	103,618	72,256	2,175,567	3,096,660
Translation Difference	-	-	(97,677)	(685,264)
Interest cost	7,878	5,280	137,260	188,235
Current service cost	22,057	23,091	7,920	28,985
Benefits paid	(19,323)	(5,078)	(134,450)	193,409
Employee Contributions	-	-	-	14,328
Actuarial (gains) / losses on obligation	(10,659)	8,069	90,736	(660,786)
Closing defined benefit obligation	103,571	103,618	2,179,056	2,175,567

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

	Gratuity (Parent and Indian Subsidiaries)		Retirement Benefits (Foreign Subsidiaries)	
	2009-10	2008-09	2009-10	2008-09
Opening fair value of plan assets	38,440	41,273	2,046,480	2,482,792
Translation Differences	-	-	(155,928)	(210,335)
Expected return	3,125	3,487	106,094	152,272
Contributions by employer	20,000	-	46,136	80,634
Employee Contributions	-	-	-	14,328
Benefits paid	(19,323)	(5,078)	(134,381)	(193,423)
Actuarial gains / (losses)	3,007	(1,242)	191,568	(279,788)
Closing fair value of plan assets	45,249	38,440	2,099,969	2,046,480

The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by para 120 (o) of the Accounting Standard – 15 (Revised) on Employee Benefits is not disclosed.

The Group has subsidiaries outside India where expected rate of return on assets depend on the local environment based on government bonds in the long term, due to which, rate of return on assets is not disclosed.

Amounts for the current periods are as follows:

	Gratuity (Parent and Indian Subsidiaries)			Retirement Benefits (Foreign Subsidiaries)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Defined benefit obligation	103,572	103,618	72,256	2,179,056	2,175,608	3,096,660
Plan assets	45,249	38,440	40,100	2,099,969	2,046,480	2,483,054
Surplus/ (deficit)	(58,322)	(65,178)	(32,156)	(79,087)	(129,087)	(613,606)
Experience adjustments on plan liabilities	-	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-	-

One of the foreign subsidiary of the Company is having actuarial gain of Rs. 101,675 thousand (Previous year Rs. 209,467 thousand), which has been included in personnel cost

This being the third year of application of Accounting Standard 15 (revised), the information in relation to the actuarial valuation of gratuity for previous two annual periods as required by Para 120(n) (i) is not provided.

8. Leases

a) Assets taken under Finance Lease

The Group has acquired Project Equipment under hire purchase, the cost of which is included in the gross block of Plant & Machinery under Fixed Assets. The lease term is for one year. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements.

Schedule O: Notes to Consolidated Accounts

(Amount in INR '000)

	2009-10	2008-09
Gross block at the end of year	405,731	405,731
Written down value at the end of year	261,519	296,518
Details of payments made during the year:		
- Principal	56,656	59,420
- Interest	4,838	8,985

The break-up of minimum lease payments outstanding as at March 31, 2010 is as under

As at March 31, 2010			
	Principal	Interest	Total
Payable within one year	38,128	1,282	39,410
Payable after one year but before end of fifth year	-	-	-
Total	38,128	1,282	39,410

As at March 31, 2009			
	Principal	Interest	Total
Payable within one year	56,656	4,838	61,494
Payable after one year but before end of five year	38,128	1,282	39,410
Total	94,784	6,120	100,904

b) Assets taken under Operating Lease

Certain Project Equipments and Office premises are obtained on operating leases. There are no contingent rents in the lease agreements. The lease terms are for 1-3 years and are 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.

	2009-10	2008-09
Future minimum lease payments		
Not later than one year	24,320	21,448
Later than one year and not later than five years	43,148	67,468
Later than five years	-	-
Total	67,468	88,916

c) Assets given on operating lease

The Company has leased out certain Furniture & Fixtures on operating lease. The lease term is for 0-3 years and thereafter not renewable. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements.

Year ended		
	March 31, 2010	March 31, 2009
Future minimum lease payments		
Not later than one year	22,293	21,448
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	22,293	21,448

9. The Company had executed certain projects for some customers in earlier years. These customers have withheld amounts aggregating to Rs. 587,863 thousand (Previous year Rs. 605,083 thousand) on account of liquidated damages and other deductions, which are being carried as secondary debtors. Some of these customers had also not certified the final bills amounting to Rs. 31,455 thousand (Previous year Rs. 95,455 thousand), which are being carried forward under work in progress inventory. The company has also filed certain claims against these customers. The Company had gone into arbitration against these customers for recovery of amount withheld as liquidated damages and other deductions and claims of the Company. Pending outcome of arbitration, amount withheld for liquidated damages and other deductions are being carried forward as recoverable. The Company has been legally advised that there is no justification in imposition of liquidated damages and other deductions by these customers and hence the above amounts are considered good of recovery.

Schedule O: Notes to Consolidated Accounts

10. The Company had executed a pipeline project for Petronet MHB Limited in an earlier year. The customer had withheld Rs. 4,440 thousand from the running bills, which are being carried forward under sundry debtors. The customer had also not certified the final bill amounting to Rs. 64,000 thousand which is being carried forward under Work in Progress inventory. During the year, arbitration award has been pronounced in favour of the Company and accordingly the Company has accounted for additional sums of Rs. 96,988 thousand and Rs. 72,999 thousand as contract revenue and interest income respectively over and above what is already shown as recoverable in books as receivable and work in progress. The amount is yet to be received by the Company.
11. The disclosures as per provisions of Clause 38, 39 and 41 of Accounting Standard 7 notified by Companies (Accounting Standard) Rules, 2006 (as amended) are as under:

(Amount in INR '000)

	As at March 31, 2010	As at March 31, 2009
a) Contract revenue recognised as revenue in the period (Clause 38 (a))	103,325,695	117,237,053
b) Aggregate amount of costs incurred and recognised profits up to the reporting date on Contracts under progress (Clause 39 (a))	212,581,135	223,666,002
c) Advance received on Contracts under progress (Clause 39 (b))	10,952,351	14,258,108
d) Retention amounts on Contract under progress (Clause 39 (c))	2,735,054	2,839,878
e) Gross amount due from customers for contract work as an asset (Clause 41(a))	44,689,793	34,830,653
f) Gross amount due to customers for contract work as a liability (Clause 41 (b))	1,121,317	792,271

12. Current Assets include Rs. 4,225 thousand (Previous year Rs. 4,225 thousand) recoverable pursuant to agreements for sale of 128,400 shares of Panasonic Energy India Company Limited entered into on March 27, 1992, which are subject matter of a dispute in the Honorable High Court at Mumbai, wherein the Company has been restrained from transferring these shares till the final disposal of the suit. These shares remain in the possession of the Company and the market value thereof at close of the year is Rs. 7,967 thousand (Previous year Rs. 4,102 thousand).
13. a) During an earlier year, the Company had entered into agreements to sell its investments in the shares of certain companies of the cost of Rs. 111,974 thousand and had received advances representing consideration for the future sale of shares (as defined in the above agreements) in these companies, including all accretions thereto till the date of sale. Through the above agreements to sell, the Company had agreed to give all the powers and rights in these shares to purchasers. In terms of the above arrangement, the Company in that previous year had accounted for Rs. 20,300 thousand, being the amount received in excess of book value of shares (for all the companies) as income on transfer of the powers and rights in the underlying shares to purchasers and the balance consideration of Rs. 111,974 thousand equivalent to the amount of investment in above shares appearing in the books is shown as deposit under Current Liabilities to be adjusted against the sale of shares in the above companies on the date of sale.
- b) During the year, the Company had entered into agreements to sell its investments in the shares of certain Companies of the cost of Rs. 37,700 thousand and had received advances representing consideration for the future sale of shares (as defined in the above agreement) in these companies, including all accretions thereto till the date of sale. Through the above agreements to sell, the Company had agreed to give all the powers and rights in these shares to purchasers. In terms of the above arrangement, the Company had accounted for Rs. 38,877 thousand, being the amount received in excess of book value of shares (for all the companies) as income on transfer of the powers and rights in the underlying shares to purchasers and the balance consideration of Rs. 37,700 thousand equivalent to the amount of investment in above shares appearing in the books is shown as deposit under Current Liabilities to be adjusted against the sale of shares in the above companies on the date of sale.
14. Pursuant to an agreement dated March 27, 2010, entered into with some parties (Purchasers), the Company agreed to sell its investments in 49,999,000 equity shares of a company to Purchasers subject to fulfilment of certain conditions by the Company and the Purchasers. The Company has booked the sale of investments amounting to Rs. 2,537,300 thousand during the year, while the conditions precedent to such sales have been fully complied with and the Company has received full consideration against sale of these shares after the close of year. The Company has recognized profit of Rs. 1,187,476 thousand on sale of such shares.
15. (a) Donations include an amount of Rs. 33,000 thousand (Previous year Rs. Nil) paid for political purposes to Bhartiya Janta Party – Rs. 16,000 thousand (Previous year Rs. Nil), Indian National Congress – Rs. 14,000 thousand (Previous year Rs. Nil), Shiromani Akali Dal – Rs. 2,000 thousand (Previous year Rs. Nil), Mahesh Jethmalani – Rs. 500 thousand (Previous year Rs. Nil) and Yashodhara Raju Scindia – Rs. 500 thousand (Previous year Rs. Nil).
- (b) The Company had made a commitment to make contributions to Indian School of Business, Mohali amounting to Rs. 500,000 thousand in a phased manner over a period of three years vide a resolution passed in the meeting of Board of Directors dated May 30, 2008. Out of above, the Company has contributed Rs. 50,000 thousand (Previous Year Rs. 50,000 thousand) till the close of the year.

Schedule O: Notes to Consolidated Accounts

16. Earning Per Share

Basic Earnings	2009-10	2008-09
a) Calculation of weighted average number of equity shares of Rs. 2 each		
Number of equity shares at the beginning of the year	303,482,055	303,446,081
Equity shares at the end of the year	332,086,295	303,482,055
Weighted average number of equity shares outstanding during the year (taking into consideration split of equity shares in terms of para 24 of Accounting Standard-20 'Earning per Share')	321,708,088	303,469,082
b) Net Consolidated Profit after tax available for equity share holders (Rs. in thousands)	(1,084,054)	(2,252,896)
c) Basic earning per share of Rs. 2 each	(3.37)	(7.42)
d) Basic earning per share on continuing operations	(3.37)	(7.43)
e) Nominal value of share (Rs.)	2	2

Diluted Earnings	2009-10	2008-09
a) Calculation of weighted average number of equity shares of Rs. 2 each		
Number of equity shares at the beginning of the year	303,482,055	303,446,081
Equity shares at the end of the year	332,086,295	303,482,055
Weighted average number of equity shares outstanding during the year (taking into consideration split of equity shares in terms of para 24 of Accounting Standard-20 'Earning per Share')	330,886,741	312,743,940
b) Net Consolidated Profit after tax available for equity share holders (Rs. in thousands)	(1,084,054)	(2,252,896)
c) Diluted earning per share of Rs. 2 each	(3.37)*	(7.42)*
d) Diluted earning per share on continuing operations	(3.37)*	(7.43)*
e) Nominal value of share (Rs.)	2	2

* Diluted earnings for the current year is anti dilutive in nature, hence basic earning per share is reported.

Reconciliation of equity shares considered between Basic and Diluted earnings per share:

Description	2009-10	2008-09
Weighted average number of equity shares considered for Basic Earnings	321,708,088	303,469,082
Add: Equity shares deemed to be issued on conversion of foreign currency convertible bonds	8,086,230	8,086,230
Add : Equity shares to be issued on stock options	1,092,423	1,188,628
Weighted average number of equity shares considered for Diluted Earnings	330,886,741	312,743,940

17. (a) The Company has provided various share based payment schemes to its employees. During the year ended March 31, 2010, the following schemes were in operation:

	ESOP 2005 (Plan 1 and 2)	ESOP 2006 (Plan 1, 2, 3, 4 and 5)
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 for pre IPO price and ratified on April 3, 2006 for post IPO price	September 22, 2006
Number of options granted	4,000,000	5,000,000
Method of Settlement	Cash	Cash
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	Three Years from the date of vesting
Vesting Condition	Employee should be in Service	Employee should be in Service

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

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	1,651,941	126.00	1,698,606	126.00
Granted during the year	-	-	-	-
Exercised during the year	575,090	126.00	16,244	126.00
Expired during the year	87,457	126.00	30,421	126.00
Outstanding at the end of the year	989,394	126.00	1,651,941	126.00
Exercisable at the end of the year	989,394	126.00	1,494,518	126.00

The weighted average share price at the date of exercise for stock option was Rs. 126.00

Schedule O: Notes to Consolidated Accounts

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

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	333,233	235.99	358,763	235.99
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	24,875	235.99	25,530	235.99
Outstanding at the end of the year	308,358	235.99	333,233	235.99
Exercisable at the end of the year	308,358	235.99	221,154	235.99

The weighted average share price at the date of exercise for stock option was Rs. 235.99

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

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	1,062,545	154.46	1,150,705	154.46
Granted during the year	-	-	-	-
Exercised during the year	128,230	154.46	19,730	154.46
Expired during the year	114,075	154.46	68,430	154.46
Outstanding at the end of the year	820,240	154.46	1,062,545	154.46
Exercisable at the end of the year	820,240	154.46	361,860	154.46

The weighted average share price at the date of exercise for stock option was Rs. 154.46

The details of activities under ESOP 2006 (Plan 2) have been summarized below:

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	30,000	299.90	30,000	299.90
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	30,000	299.90	30,000	299.90
Exercisable at the end of the year	30,000	299.90	-	-

The weighted average share price at the date of exercise for stock option was Rs. 299.90

The details of activities under ESOP 2006 (Plan 3) have been summarized below:

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	20,000	310.35	-	-
Granted during the year	-	-	40,000	310.35
Exercised during the year	-	-	-	-
Expired during the year	-	-	20,000	310.35
Outstanding at the end of the year	20,000	310.35	20,000	310.35
Exercisable at the end of the year	20,000	310.35	-	-

The weighted average share price at the date of exercise for stock option was Rs. 310.35

Schedule O: Notes to Consolidated Accounts

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

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	30,000	90.40	-	-
Granted during the year	-	-	30,000	90.40
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	30,000	90.40	30,000	90.40
Exercisable at the end of the year	30,000	90.40	-	-

The weighted average share price at the date of exercise for stock option was Rs. 90.40

The details of activities under ESOP 2006 (Plan 5) have been summarized below:

	2009-10		2008-09	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	30,000	198.90	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	30,000	198.90	-	-
Exercisable at the end of the year	30,000	198.90	-	-

The weighted average share price at the date of exercise for stock option was Rs. 198.90

For the purpose of valuation of the options granted upto year ended March 31, 2010 under ESOP 2005 and ESOP 2006, the compensation cost relating to Employee Stock Options, calculated as per the intrinsic value method is Nil .

- (b) One of the subsidiary of the Company has provided various share based payment schemes to its employees. During the year ended March 31, 2010, the following schemes were in operation in that subsidiary:

	ESOP 2007 (Sweat equity)	ESOP 2008
Date of Board of members approval	September 02, 2009 January 8, 2010	April 07, 2008
Date of Shareholder's approval	September 02, 2009 January 8, 2010	April 07, 2008
No. of options granted	50,000 50,000	123,500
Method of settlement	Consideration other than cash	Cash
Vesting Period	Four Years from the date of Grant	Four Years from the date of Grant
Exercised Period	-	Three Years from the date of Vesting
Vesting conditions	Employee should be in service	Continuous association with the company and performance

Schedule O: Notes to Consolidated Accounts

The details of activities under ESOP 2007 (Sweat Equity) have been summarized below:

	2009-10		2008-09	
	Number of options	Weighted Average Exercise Price (Rs.)	Number of options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	50,000	32.00	-	-
	50,000	30.00		
Exercised during the year	50,000	32.00	-	-
	50,000	30.00		
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The Weighted average share price at the date of exercise for stock options was Rs. 32.00 and Rs. 30.00 respectively.

The details of activities under ESOP 2008 have been summarized below:

	2009-10		2008-09	
	Number of options	Weighted Average Exercise Price (Rs.)	Number of options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	206,150	100.00	-	-
Granted during the year	123,500	32.00	238,950	100.00
Exercised during the year	-	-	-	-
Expired during the year	55,060	100.00	32,800	100.00
	12,500	32.00		
Outstanding at the end of the year	151,090	100.00	206,150	100.00
	111,000	32.00		
Exercisable at the end of the year	-	-	-	-

The Weighted average share price at the date of exercise for stock options was Rs. 100.00 and Rs. 32.00 respectively.

- (c) 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 1, 2005. The said guidance note requires the Proforma 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 losses and earning per shares.

18. Foreign Currency Convertible Bonds

- During an earlier year, the Company had issued at par, 5 years and 1 day Zero Coupon US \$ denominated Foreign Currency Convertible Bonds (FCCB) aggregating to US \$ 125,000 thousand (Rs. 5,543,750 thousand as on the date of issue) comprising 1,250 bonds of US \$ 100,000 each to invest in capital goods, repayment of international debts, possible acquisitions outside India, investment in BOOT projects, any other use as may be permitted under applicable law or by the regulatory bodies from time to time. The bond holders have an option of converting these bonds into equity shares. For the purpose, the number of equity shares to be issued shall be determined taking the initial conversion price of Rs. 1,362.94 per equity share (Face value Rs. 10) and a fixed rate of exchange conversion of Rs. 44.35 = US \$ 1.00, at any time on or after July 1, 2006 and prior to close of business on March 24, 2011, unless redeemed, repurchased and cancelled or converted. This rate is used to determine dilutive Equity Shares against outstanding bonds.
- Subsequent to the issue of these FCCBs, the Company during the year ended March 31, 2007, sub-divided the face value of equity shares from Rs. 10 to Rs. 2.
- Zero Coupon Convertible Bonds due 2011 amounting to USD 49,700 thousand (Rs. 2,246,440 thousand) (Previous year USD 49,700 thousand (Rs. 2,520,287 thousand)) are pending for redemption as on March 31, 2010. Unless these Bonds have been previously converted, redeemed, repurchased and cancelled, the Company will redeem these Bonds at a redemption premium equal to 125.86% of the outstanding principal amount on the maturity date. The Company as a matter of abundant caution has provided for redemption premium of Rs. 451,400 thousand (Previous year Rs. 370,445 thousand) upto March 31, 2010 and adjusted the same against Securities Premium Account in pursuance of section 78 of the Companies Act, 1956. The bonds are considered monetary liability. The bonds are redeemable only if there is no conversion of the bonds earlier.

Schedule O: Notes to Consolidated Accounts

19. The Company, as per the Companies Accounting Standard Rules, 2009, had exercised the option of deferring the charge to Profit & Loss Account arising on exchange differences in respect of accounting periods commencing on or after December 07, 2006, on long term foreign currency monetary items. As per the option, exchange differences related to long term foreign currency monetary items and so far as they relate to the acquisition of depreciable capital assets are capitalized and depreciated over the useful life of the assets and in other cases, have been transferred to Foreign Currency Monetary Item Translation Difference Account and amortized over the balance period of such long term assets/liabilities but not beyond accounting period ending on or before March 31, 2011. The unamortized balance in this account as at March 31, 2010 is Rs. 2,319 thousand (Previous year Rs. (462,946) thousand)).
20. During the previous year, the Company had entered into an agreement to sell its Internet Services Division (ISP) with Citycom Networks Private Limited. As per the terms of agreement effective from June 01, 2008, the operations and controls of ISP division have been transferred to the acquirer and all profits/losses that have arisen after that date are to the account of the acquirer.

The Company had accordingly not included the results of operation of ISP Division in its financial statement from June 01, 2008.

For implementation of sale, the Company had filed a Scheme of arrangement and demerger under Sections-391-394 and other relevant provisions of the Companies Act, 1956 with the High Court of Delhi, for demerger of the ISP division of the Company and vesting of the same in Spectra ISP Networks Private Limited (Formerly PL Engineering Private Limited), its wholly owned subsidiary, with effect from the appointed date i.e. June 01, 2008. During the year the Company has received the order from the Hon'ble High Court of Delhi on scheme of arrangement under sections 391-394 and other relevant provision of the Companies Act, 1956, for demerger of the ISP division of the Company and vesting of the same w.e.f. the appointed date of June 01, 2008.

- a. The following statement shows the position of assets and liabilities of ISP division as at the date of demerger.

Amount in INR '000

Assets / Liabilities	As At May 31, 2008	
Loan Funds		
Secured Loan	2,393	
Unsecured Loan	<u>100</u>	
		(2,493)
Fixed Assets		
Gross Block	1,297,724	
Less : Accumulated Depreciation / Amortisation	<u>1,049,261</u>	
Net Block	248,463	
Capital Work in progress (including Capital Advances)	<u>5,020</u>	
		253,483
Investment		8,000
Current Assets		
Inventories	28,296	
Sundry Debtors	52,802	
Cash Bank Balance	53,478	
Other Current Assets	27	
Loans & Advances	<u>195,320</u>	
	329,923	
Less Current Liabilities and Provisions		
Current Liabilities	(118,852)	
Provisions	<u>(4,143)</u>	
	(122,995)	
Net Current Assets		206,928
Net Asset Value		465,918
Loss on Sale of ISP Division		<u>(145,918)</u>
Assets held for Sale (selling price)		320,000
Demerger expenses reimbursable from Citycom		<u>5,450</u>
Net Assets held for Sale		325,450

Schedule O: Notes to Consolidated Accounts

- b. Profit and Loss from discontinuing operation for the period April 01, 2008 to May 31, 2008

Profit & Loss Account		For the period ended May 31, 2008
Income		
Sales and Contract Revenue	61,877	
Other Income	5,203	
Total Income		67,080
Expenditure		
Material Consumed and Cost of Goods Sold	1,305	
Operating and Administrative Expenses	43,432	
Financial Charges	114	
Depreciation	12,069	
		56,920
Profit before tax		10,160
Fringe Benefit Tax		285
Profit After Tax		9,875

- c. Net cash flows attributable to the discontinuing operation of ISP division for the period April 01, 2008 to May 31, 2008

Cash Flows		For the period ended May 31, 2008
Cash Flow from		
Operating Activity		23,774
Investing Activity		(7,215)
Financing Activity		(11,875)

21. 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 is of the view that the above statements were made under undue mental pressure and physical exhaustion and has retracted the above statements subsequently. In view of the above, tax liability, if any that may arise on this account is presently unascertainable.
22. During the year, the Company has issued 27,900,920 equity shares to Qualified Institutional Buyers @ Rs. 240.20 per share on August 11, 2009 under chapter XIII A of SEBI (DIP) Guidelines 2000 as amended from time to time. Accordingly, Rs. 6,645,999 thousand has been transferred to Securities Premium Account. Expenses of Rs. 192,760 thousand incurred in connection with the issue have been adjusted against Securities Premium Account in terms of Section 78 of the Companies Act, 1956.
23. The Company had during an earlier year obtained approval of Central Government for a contract entered with a private company in which a director of the Company is a director, to execute a project for them for values not exceeding Rs. 1,410,000 thousand. The scope of the project has been enhanced and as at March 31, 2010, it has exceeded the Central Government approval by Rs. 19,476 thousand. The management is in the process of informing the scope enhancements to the Central Government and seeking its approval for the same.
24. The company has during the year accounted for a claim of Rs. 2,430,300 thousand on a contract, based upon management's assessment of cost over-run arising due to design changes and consequent changes in the scope of work on a project and has also not accounted for liquidated damages amounting to Rs. 654,891 thousand deducted by the customer since it is of the view that the delay in execution of the project is attributable to the customer. The management, based on the expert inputs, is confident of recovery of amounts exceeding the recognized claim which they shall pursue once they have fully executed the project and is also confident of waiver of liquidated damages.
25. a) During the current year, in one of the projects being executed by the Company, consequent to revision in estimates of the project costs and revenue on the project has gone up by Rs. 2,248,595 thousand and Rs. 171,981 thousand respectively.
- b) During the current year, in one of the projects being executed by one of the branches of the Company, consequent to revision in estimates of the project, costs and revenue on the project has gone down by Rs. 2,855,900 thousand (QAR 218,508 thousand) and Rs. 256,290 thousand (QAR 19,609 thousand) respectively.
- c) During the current year, in one of the projects being executed by one of the branches of the Company, consequent to revision in estimates of the project, costs and revenue on the project has gone up by Rs. 1,734,521 thousand (LYD 45,442 thousand) and Rs. 842,680 thousand (LYD 22,077 thousand) respectively.
- d) During the current year, in one of the projects being executed by one of the subsidiaries of the Company, consequent to revision in estimates of the project, costs on the projects has gone up by Rs. 3,288,296 thousand (GBP 48,695 thousand) due to delay and overrun. Further, the customer has deducted liquidated damages of Rs. 1,637,038 thousand (GBP 23,100 thousand).

Schedule O: Notes to Consolidated Accounts

26. One of the projects executed by one of the subsidiary of the Company has incurred a significant increase in cost estimate by Rs. 2,462,150 thousand. During the previous year, the customer terminated the contract with the subsidiary of the Company and subsequently encashed, a performance bond of Rs. 1,058,805 thousand (GBP 13,500 thousand) and advance payment guarantee of Rs. 1,176,450 thousand (GBP 15,000 thousand). The loss incurred on the encashment of the two bonds and increase in costs has been appropriately recognised in the books of account in the previous year. Despite the adverse decision of an early adjudication process, based on legal opinion obtained by the Company, the management believes that the Company has good chances of success in the case. .
27. During the year, one of the subsidiary of the Company has breached certain covenants of bank loans amounting to Rs. 4,996,529 thousand as at March 31, 2010, as the Subsidiary was in a loss position. As at the date of issuance of these financial statements, the terms of the bank loans have not been re-negotiated. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount in the event of breach of covenant.
28. **Deferred Tax Liability (Net)** (Amount in INR '000)

Components of Deferred Tax Liability (Net)	Deferred Tax Asset/ (Liability) as at April 01, 2009	Current Period (Charge)/ Credit	Deferred Tax Asset/ (Liability) as at March 31, 2010
Differences in depreciation in block of fixed assets as per Income Tax and Financial Books	(1,027,419)	(112,423)	(1,139,842)
Effect of expenditure not debited to Profit and Loss account but allowable in Income Tax	(247,655)	(102,608)	(350,263)
Unrealised foreign exchange on purchase of Fixed assets	(5,182)	117	(5,065)
Difference in carrying value of Scaffolding as per Income Tax & Financial Books	(55,853)	16,460	(39,393)
Exchange fluctuation on foreign currency monetary items translation difference account	(272,843)	161,019	(111,824)
Effect of expenditure debited to Profit and Loss Account in the current year but allowable in following years under Income Tax	296,870	(14,229)	282,641
Deduction u/s 35D	(2,514)	-	(2,514)
Employee Retirement Benefits	(23,010)	(103,084)	(126,094)
Unabsorbed Losses/Carried Forward Losses	5,951	(5,690)	261
Others	(153,734)	(245,316)	(399,050)
Foreign currency translation	3,285	-	87,068
Deferred Tax Liability (Net)*	(1,482,104)	(405,755)	(1,804,075)

*After setting off Deferred Tax Assets aggregating Rs. 37,885 thousand as on March 31, 2010 in respect of certain Group companies.

29. Related Party Disclosures

Names & Description of Related Parties

i) Joint Ventures of the Company

a) Jointly Controlled Entities

- 1) Thiruvananthapuram Road Development Company Limited
- 2) Asia Drilling Services Limited
- 3) Swissport Punj Lloyd India Private Limited – Under Liquidation
- 4) Dayim Punj Lloyd Construction Contracting Company Limited
- 5) Kaefer Punj Lloyd Limited
- 6) Ramprastha Punj Lloyd Developers Private Limited
- 7) Syna Petrochemical Engineering Company (Upto January 25, 2010)

b) Jointly Controlled Operations

- 1) Persys-Punj Lloyd JV
- 2) Joint Venture of Whessoe Oil and Gas Limited and Punj Lloyd Limited
- 3) Total-CDC-DNC Joint Operation
- 4) Kumagai-Sembawang-Mitsui Joint Venture
- 5) Kumagai-SembCorp Joint Venture

Schedule O: Notes to Consolidated Accounts

- 6) Philipp Holzmann-SembCorp Joint Venture
- 7) Kumagai-SembCorp Joint Venture (DTSS)
- 8) Semb-Corp Daewoo Joint Venture
- 9) Sime Engineering Sdn Bhd Sembawang Malaysia Sdn Bhd Joint Venture
- 10) Sime Engineering Sdn Bhd SembCorp Malaysia Sdn Bhd Joint Venture
- 11) Punj Lloyd PT Sempec Indonesia

ii) Associates of the Company

- 1) Pipavav Shipyard Limited (Upto March 27, 2010)
- 2) Olive Group India Private Limited (w.e.f June 25, 2009)
- 3) Hazaribagh Ranchi Expressway Limited (w.e.f August 01, 2009)

iii) Associates of Subsidiaries

- 1) Gaiety Cable Network Private Limited (upto May 31, 2008)
- 2) Air Works India Engineering Private Limited
- 3) Olive Group B. V. (w.e.f. August 18, 2008)

iv) Associates of Step down Subsidiaries

- 1) City Vision Private Limited (upto May 31, 2008)
- 2) Shitul Engineering Private Limited (upto May 31, 2008)
- 3) Sunstar Network & Technologies Limited (upto May 31, 2008)
- 4) Dot Com Holding Private Limited (upto May 31, 2008)
- 5) Satellite Vision Private Limited (upto May 31, 2008)
- 6) Reliance Contractors Private Limited
- 7) Ventura Development (Myanmar) Pte Limited
- 8) Regional Hotel Pte Limited (Upto April 15, 2009)
- 9) System-Bilt (Myanmar) Limited (Upto April 15, 2009)
- 10) Realand Pte Limited (Upto May 06, 2009)
- 11) Reco Sin Han Pte Limited
- 12) Ethanol Ventures Grimsby Limited (w.e.f. February 27, 2009)

v) Key Managerial Personnel of the Punj Lloyd Group

- | | |
|-----------------|--|
| 1) Atul Punj | Chairman |
| 2) V.K. Kaushik | Managing Director (Upto December 16, 2009) |
| 3) Luv Chhabra | Director Corporate Affairs |
| 4) P.K.Gupta | Director |
| 5) Sandeep Garg | Chief Operating Officer |
| 6) Navina Punj | Director |
| 7) Sanjay Goel | Chief Executive Officer |
| 8) Rohit Kapur | Chief Executive Officer (upto July 31, 2009) |
| 9) P C Sinha | Chief Executive Officer (upto December 18, 2008) |

vi) Relatives of Key Managerial Personnel

- | | |
|-------------------|-----------------------------|
| 1) S.N.P.Punj | Father of Chairman |
| 2) Arti Singh | Sister of Chairman |
| 3) Indu Rani Punj | Mother of Chairman |
| 4) Uday Punj | Brother of Chairman |
| 5) Manglam Punj | Wife of Brother of Chairman |
| 6) Shiv Punj | Son of Chairman |
| 7) Jai Punj | Son of brother of Chairman |

Schedule O: Notes to Consolidated Accounts

- | | | |
|-----|----------------|--|
| 8) | Dev Punj | Son of brother of Chairman |
| 9) | Kumkum Kaushik | Wife of Managing Director (Upto December 16, 2009) |
| 10) | Navina Punj | Wife of Chairman |
| 11) | Jyoti Punj | Sister of Chairman |

vii) Enterprises over which relatives of Key managerial Personnel are exercising significant influence.

- 1) Pt. Kanahya Lal Dayawanti Punj Charitable Society – Chairmanship of father of Chairman
- 2) Collectible @ The Inside Story – Owned by Sister of Chairman
- 3) Spectra Punj Finance Private Limited – Shareholding of Chairman
- 4) Cawdor Enterprises Limited – Shareholding of Chairman
- 5) Uday Punj (HUF) – HUF of brother of Chairman
- 6) K.R Securities Private Limited – Shareholding of Brother of Chairman
- 7) Indtech Global Systems Limited (Formerly known as Punj Lloyd Systems Pvt Ltd) – Shareholding of Chairman (upto March 31, 2009)
- 8) Atul Punj (HUF) – HUF of Chairman
- 9) Vishwadeva Builders and Promoters Private Limited – Shareholding of sister of Chairman
- 10) PTA Engineering and Manpower Services Private Limited – Shareholding of Chairman
- 11) PLE Hydraulics Private Limited - Shareholding of Chairman
- 12) Special Steel Forgings Private Limited – Shareholding of Chairman
- 13) Petro IT Limited – Shareholding of Brother of Chairman

Related party disclosures

(Amount in INR '000)

	Joint Ventures		Associates		Key management personnel or their relatives			Enterprises over which relatives of Key Managerial Personnel are exercising significant influence			Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009		
INCOME												
Rent												
Kaefer Punj Lloyd Limited												
Swissport Punj Lloyd India Private Limited	-	595								-	595	
Air Works India Engineering Private Limited	-	102								-	102	
Olive Group India Private Limited			-	238						-	238	
Hire Charges			1,848	-					1,848	-		
Air Works India Engineering Private Limited			77,098	25,991					77,098	25,991		
Kaefer Punj Lloyd Limited	237	-							237	-		
Consultancy Charges												
Kaefer Punj Lloyd Limited	-	3,364							-	3,364		
Others Income												
Kaefer Punj Lloyd Limited	-	221							-	221		
Air Works India Engineering Private Limited			-	200					-	200		
Swissport Punj Lloyd India Private Limited	-	113							-	113		
EXPENDITURE												
Contractors Charges												
Kaefer Punj Lloyd Limited	6,838	95,276							6,838	95,276		
Material Purchased												
Kaefer Punj Lloyd Limited	110,653	8,935							110,653	8,935		
Rent												
V K Kaushik					6,600	6,600			6,600	6,600		
Air Works India Engineering Private Limited			22,631	20,112					22,631	20,112		
Managerial Remuneration												
V K Kaushik					44,259	24,034			44,259	24,034		
Luv Chhabra					14,479	16,414			14,479	16,414		
Scott R Bayman					500	800			500	800		
Naresh Kumar Trehan					500	800			500	800		
Sanjay Gopal Bhatnagar					500	800			500	800		
Phiroj Vandrevala					500	404			500	404		
Rajan Jetley					-	800			-	800		
PT Punj Lloyd Indonesia												
Atul Punj					14,234	13,812			14,234	13,812		
PL Engineering Limited (Formerly known as Simon Carves India Limited)												
Sanjay Goel					20,113	12,143			20,113	12,143		

Related party disclosures

(Amount in INR '000)

	Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence			Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2009
Corporate Guarantees Issued during the year											
Kaefer Punj Lloyd Limited	110,000	-							110,000	-	
Dayim Punj Lloyd Construction Contracting Co. Limited	2,231,533	-							2,231,533	-	
Pipavav Shipyard Limited											
Air Works India Engineering Private Limited											
Corporate Guarantees redeemed during the year											
Kaefer Punj Lloyd Limited	52,500	-							52,500	-	
Balance outstanding as at March 31, 2010											
Receivable / (payables)											
Kaefer Punj Lloyd Limited	(12,257)	(20,406)							(12,257)	(20,406)	
Dayim Punj Lloyd Construction Contracting Co. Limited	52,798	(12,376)							52,798	(12,376)	
Joint Venture of Whessoe Oil & Gas Limited and Punj Lloyd Limited	95	-							95	-	
Air Works India Engineering Private Limited			17,112	-					17,112	-	
Salary / Commission Payable											
V K Kaushik								1,867	-	1,867	
Luv Chhabra					1,203			1,319	1,203	1,319	
Scott R Bayman					500			800	500	800	
Naresh Kr. Trehan					500			800	500	800	
Sanjay Gopal Bhatnagar					500			800	500	800	
Phiroj Vandrevala					500			404	500	404	
Rajan Jetley					-			800	-	800	
Security Deposits											
Pt. Kanahya Lal Dayawanti Punj Charitable Society							-	5	-	5	
Atna Investments Limited											
Pt. Kanahya Lal Dayawanti Punj Charitable Society							-	5	-	5	
Investments											
Pipavav Shipyard Limited											
Olive Group India Private Limited											
Hazaribagh Ranchi Expressway Limited											
Corporate Guarantees outstanding											
Air Works India Engineering Private Limited											
Kaefer Punj Lloyd Limited	303,957	246,457	650,000	-					650,000	-	
Dayim Punj Lloyd Construction Contracting Co. Limited	3,404,929	1,328,002							3,404,929	1,328,002	
Pipavav Shipyard Limited											
			-	4,290,465					-	4,290,465	

Schedule O: Notes to Consolidated Accounts

30. Details of the Company's share in Joint Ventures included in the Consolidated Financial Statements are as follows:

(Amount in INR '000)

Particulars	As at March 31, 2010	As at March 31, 2009
Assets		
Fixed Assets (including Capital Work In Progress)	888,667	622,302
Deferred Tax Asset	-	474
Investments	23,643	-
Current Assets, Loans and Advances	1,267,019	686,708
Liabilities		
Loan Funds	471,880	428,422
Current Liabilities and Provisions	1,164,359	338,576
Deferred Tax Liabilities	523	-

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Income	938,431	905,639
Expenditure	1,256,590	998,587

31. a) Previous year's figures have been regrouped wherever necessary to conform to this year's classification.
- b) Figures pertaining to Subsidiaries, Joint Ventures and Associate companies have been reclassified wherever considered necessary to bring them in line with the holding Company's financial statements.

As per our Report of even date

For S.R. Batliboi & Co.

Firm Registration No. 301003E
Chartered Accountants

Per Raj Agrawal

Partner
Membership No. : 82028

Place : Gurgaon

Date : May 28, 2010

For and on Behalf of The Board of Directors of **Punj Lloyd Limited**

Atul Punj

Chairman

P. K. Gupta

Director

Raju Kaul

President

Dinesh Thairani

Company Secretary

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