GANNON DUNKERLEY & CO., LTD.

Annual Report 2017-2018

Financial Highlights

(₹ In lacs)

	2017-2018	2016-2017	2015-2016
Total Income	**220,421.73**	**275,073.87**	254,922.21
Profit before Depreciation	**3,424.55**	**13,354.30**	10,590.79
Profit before Tax	**138.05**	**10,060.19**	6,971.27
Earlier Years Tax	**(2,213.59)**	**2,940.19**	132.36
Profit after Tax	**961.21**	**3,887.04**	4,631.88
Total Comprehensive Income	**963.98**	**5,361.29**	4,335.81
Share Capital	**268.80**	**268.80**	268.80
Reserves and Surplus	**66,736.61**	**65,779.90**	61,389.18
Own Funds (Net Worth)	**67,005.41**	**66,048.70**	61,657.98
Deferred Tax	**7,273.28**	**8,089.43**	10,193.91
Gross Block	**68,647.96**	**64,643.91**	62,640.03
Net Block	**21,670.36**	**19,678.25**	20,129.71

GANNON DUNKERLEY & CO., LTD.

ANNUAL REPORT 2017-2018

BOARD OF DIRECTORS:	KAMAL M. MORARKA
	PARAG C. MEHTA
	RAVINDER MANCHANDA
	KIMAYA C. SANCHETI
	MANOJ KUMAR SINGH, *Managing Director*
	H. L. PANDEY, *Executive Director*
BANKERS:	STATE BANK OF INDIA
	CORPORATION BANK
	ORIENTAL BANK OF COMMERCE
	SYNDICATE BANK
	UCO BANK LTD
	IDBI BANK LTD
	THE FEDERAL BANK LTD
	INDUSIND BANK LTD
	YES BANK LTD
AUDITORS:	PARK & COMPANY
REGISTERED OFFICE:	NEW EXCELSIOR BUILDING, 3RD FLOOR, A. K. NAYAK MARG, FORT, MUMBAI - 400 001

GANNON DUNKERLEY & CO., LTD.

MANAGEMENT

Manoj Kumar Singh
Managing Director

V. M. Tripathi
Sr. Vice President, New Delhi

Sunil Kumar Pandey
Vice President, Hyderabad

Pravin Jain
Sr. Asst. Vice President, Water Treatment Division, New Delhi

D. Bhattacharya
Asst. Vice President, Kolkata

H. L. Pandey
Executive Director

R. P. Agarwal
Vice President (Finance) & Company Secretary

Avinash Sunil J. D'Sa
GM (Co-ordination)

DIRECTORS' REPORT

The Directors have pleasure in presenting the Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2018.

FINANCIAL RESULTS:

(₹ in lacs)

	2017-2018	2016-2017
Revenue from operations & Other Income	**220,421.73**	275,073.87
Profit before Depreciation and Taxation	**3,424.55**	13,354.30
Depreciation	**3,286.50**	3,294.11
Profit before Tax	**138.05**	10,060.19
Provision for Taxation (Net)	**2,350.00**	5,375.00
Earlier years Tax	**(2,213.59)**	2,940.19
Deferred Tax	**(959.57)**	(2,142.04)
Profit after Taxation	**961.21**	3,887.04
Other Comprehensive Income for the year	**2.77**	1,474.25
Total Comprehensive Income for the year	**963.98**	5,361.29

DIVIDEND:

Your Directors do not recommend any dividend in view of the inadequacy of profit.

UNCLAIMED DIVIDEND:

As per Section 124 of the Companies Act, 2013, your Company has transferred unpaid/unclaimed dividend for the financial year 2009-2010 to the Investors Education & Protection Fund (IEPF).

TRANSFER OF SHARES TO IEPF:

As per provisions of Section 124(6) of the Companies Act, 2013 and rules thereunder your Company has transferred 1834 equity shares of face value of ₹ 10/- each in respect of seven shareholders to the Demat Account of the IEPF Authority by completing the necessary formalities required under the said Act and Rules thereunder.

REVIEW OF OPERATIONS:

Procurement of jobs has been satisfactory but majority being from the Government Sector. Capex cycle in the Private Sector has still not gathered momentum. Execution of jobs has been slow resulting in decrease in turnover partly due to the continuing deadlock regarding the reimbursement of additional liability being incurred by the Company due to the levy of GST in ongoing Government Contracts since 1/7/2017. Profitability continues to remain under pressure partially due to intense competition especially in the Government jobs and also due to the additional GST liability.

There is no development in the Company's Housing Project in Libya. The present law and order situation in Libya is still not conducive for business operations. The Company is making efforts to amicably settle and close the contract with ODAC, however, Bank Guarantee invocation matter continues to be stayed as per direction of Bombay High Court.

SUBSIDIARIES AND JOINT VENTURES:

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing financial statements of subsidiaries and of joint venture companies in Form AOC 1 is annexed.

AUDITORS' REPORT:

As regards the observations of the Auditors, most of them are informative and their Report also contains comments offered by the Company. The note forming part of the annual accounts also adequately deal with their remarks and provide the required explanations.

AUDITORS:

M/s. PARK & COMPANY, Chartered Accountants, (FRN No. 116825W), were appointed as auditors of the Company in the 94th Annual General Meeting who hold office upto the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommend their appointment as Auditors of the Company.

EXTRACT OF THE ANNUAL RETURN:

Extract of Annual Return in Form MGT-9 in accordance with Section 92(3) of the Companies Act, 2013 read with Companies (Management and Administration) Rules 2014, is annexed herewith to this report.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars of conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, are annexed.

DIRECTORS:

Shri Vijay G. Kalantri (DIN 00019510) resigned from the directorship of the Company with effect from 27th March, 2018. The Board places on record its sincere appreciation towards the valuable guidance given by him during his tenure as Director of the Company.

Shri K.J. Rawal (DIN 00436076) resigned as the Managing Director of the Company with effect from 8th June, 2018.

Mrs. Kimaya C. Sancheti (DIN 08064107) was appointed as Additional Director by the Board on 31st January, 2018 who holds office upto the ensuing Annual General Meeting. You are requested to appoint her as Director of the Company.

Shri Kamal M. Morarka (DIN 00460013) and Shri Parag C. Mehta (DIN 00172972) retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Shri Manoj Kumar Singh (DIN 05286106) was inducted on the Board and was appointed as Managing Director of the Company for a period of 5 years with effect from 18th April, 2018.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

During the year four meetings of Board of Directors were held on 12th June, 2017, 11th September, 2017, 5th January, 2018 and 14th March, 2018. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required pursuant to clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the Board of Directors confirm as under:

(a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 of the Company for that period;

(c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the Directors have prepared the annual accounts on a going concern basis; and

(e) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

PARTICULARS OF LOANS GIVEN, GUARANTEES GIVEN OR INVESTMENTS MADE AND ARRANGEMENT WITH RELATED PARTIES:

The details of loans given, guarantees given or investments made and arrangement with related parties are annexed.

CORPORATE SOCIAL RESPONSIBILITY:

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013. The CSR Policy of the Company and the details about the development of CSR Policy and initiatives taken by the Company on Corporate Social Responsibility during the year as per annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as Annexure to this Report.

PRESENTATION OF FINANCIAL STATEMENTS:

The financial statements of the Company for the year ended 31st March, 2018 have been disclosed as per Division II of Schedule III of the Companies Act, 2013.

INDIAN ACCOUNTING STANDARDS, 2015:

The financial statements comply in all material respects with the Indian Accounting Standard (IND AS) as amended from time to time.

SECRETARIAL AUDIT:

Pursuant to the provision of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed V.N. Deodhar & Company, Practicing Company Secretaries to conduct the Secretarial Audit of your Company. The Secretarial Audit Report is annexed herewith as "Annexure" to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

PARTICULARS OF EMPLOYEES:

The particulars of employees in accordance with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed.

By Order of the Board

H. L. Pandey
Executive Director

Parag C. Mehta
Director

Mumbai, 5th September, 2018

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

CONSERVATION OF ENERGY:

The Company takes adequate measures for conservation of energy wherever possible to commensurate the nature and kind of the operations of the Company.

TECHNOLOGY ABSORPTION:

There is no separate Research and Development Department in the Company. However, Company adopts modern techniques in its operations, wherever feasible.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange earned	₹	293.29 lacs
Foreign Exchange used:		
On account of foreign travel and other matter	₹	129.42 lacs

INFORMATION PURSUANT TO THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDING 31ST MARCH, 2018.

Sr. No.	Name	Designation and nature of duties	Remuneration (₹)	Qualification	Experience Years	Date of commencement of Employment	Age Years	Last employment before joining the Company and period
1.	Rawal K. J.	Managing Director	1,90,76,786	B.E. (Civil)	30	01.12.1988	54	Nil
2.	Pandey H. L.	Executive Director	1,17,69,832	S.S.C., Diploma in Computer	56	01.03.1975	74	Bharat Refractories Ltd.

Notes:

(1) The figures of remuneration include Salary, Allowances, monetary value of perquisites as per Income Tax Rules, Leave Encashment, Bonus, Commission, Company's Contribution to Provident Fund and Superannuation Scheme, Leave Travel Assistance, Reimbursement of Medical Expenses.

(2) The employment of Shri Rawal K.J. and Shri Pandey H.L. is on contractual basis.

INDEPENDENT AUDITORS' REPORT

To
The Members of
Gannon Dunkerley & Co., Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Gannon Dunkerley & Co., Limited** ("the Company") which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in the equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act and the rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Basis for Qualified Opinion

Attention is invited to —

- Note No. 40 regarding non-provision for leave encashment benefits to the employees in accordance with the Indian Accounting Standard (Ind AS) – 19 and thereby overstatement of the profit for the year to that extent; and
- Note No. 41 regarding the losses of publication divisions of the two companies.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the Basis for Qualified Opinion paragraph above*, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018 and of the profit (including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the notes to financial statements:

- Note no. 32 regarding non-availability of details of trade receivables and excepted credit loss thereon;
- Note no. 39 regarding an overseas project of the Company being withheld due to political unrest in that country and financial statements not being audited; and
- Note no. 45 regarding non-charging of interest on loans and advances in the nature of loans to subsidiaries, bodies corporate and others.

Our opinion is not modified in respect of these matters.

Other Matters

We did not audit the financial statements of two branches (apart from the Libya branch whose financial statements are unaudited) included in the standalone Ind AS financial statements of the Company whose financial statements reflect total assets of ₹ 54,896.86 lacs as at 31st March, 2018 and total revenues of ₹ 40,318.82 lacs for the year ended on that date, as considered in the standalone financial Ind AS statements. The financial statements of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India terms of sub-section (11) of Section 143 of the Act, we give in the Annexure – A, a statement on the matters specified in clause 3 and 4 of the Order, to the extent possible.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The reports on the accounts of two branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report;

d) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

e) *Except for the effects of the matters described in the Basis for Qualified Opinion paragraph above,* in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

f) On the basis of written representations received from the directors as on 31st March, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018, from being appointed as a director in terms of section 164(2) of the Act;

g) With respect to the adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, our separate report in Annexure – B may be referred; and

h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements under note no. 34;

   ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;

   iii. There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund by the Company except for unpaid dividend for the year 2009-10 ₹ 1.10 lacs which has been transferred subsequent to the balance sheet date.

For PARK & COMPANY
Chartered Accountants
FRN: 116825W

ASHISH DAVE
Partner
Membership No. 170275

Mumbai
5th September, 2018

ANNEXURE – A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state that:

1. In respect of fixed assets:
   a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b. The fixed assets were physically verified by the management at reasonable intervals in a phased manner in accordance with a programme of physical verification. No discrepancies were noticed on such verification.
   c. The title deeds of immovable properties are held in the name of the Company.
2. The inventories were physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on such physical verification carried out by the Company.
3. The Company has granted unsecured loans to the companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Since terms and conditions for some of these loans are not stipulated, we cannot offer any comments as to the repayment of principal amount or overdue amounts, if any. *No interest is charged on some of these loans (refer note no. 45)*.
4. The Company has complied with provisions of Section 185 and 186 of the Act in respect of loans, investments, guarantees and security, to the extent applicable.
5. The Company has not accepted any deposits within the meaning of the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
6. The Central Government has not prescribed maintenance of cost records under Section 148(1) of the Companies Act, 2013.
7. In respect of statutory and other dues:
   a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess, GST and other statutory dues, to the extent applicable, with the appropriate authorities during the year. There are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable except for Value Added Tax, Tax deducted at Source and Service Tax of ₹ 309.10 lacs.

b. There are no statutory dues, which have not been deposited on account of dispute except for the followings:

Nature of Dues	Statute	₹ in lacs	Relevant Year	Forum where dispute is pending
Value Added Tax	Maharashtra Value Added Tax Act	324.13	2007-08, 2010-11, 2013-14	The Jt. Commissioner, Commercial Taxes
Value Added Tax	Punjab Value Added Tax Act	356.20	2008-09, 2009-10	Sales Tax Appellate Tribunal
Value Added Tax	West Bengal Value Added Tax Act	144.15	2011-12, 2012-13	The Jt. Commissioner, Commercial Taxes
Excise Duty	Central Excise Duty Act	3.04		The Supreme Court of India
Service Tax	Service Tax Rules	154.27	2004-05 to 2007-08	CESTAT – New Delhi
Service Tax	Service Tax Rules	843.83	2011-12, 2012-13	CESTAT – Kolkata
Income Tax	Income Tax Act	2,114.58	2006-07 to 2010-11	Bombay High Court
Service Tax	Service Tax Rules	742.38	2004-05 to 2007-08	CESTAT – New Delhi
Value Added Tax	Bihar Value Added Tax Act	231.93	2013-14	Joint Commissioner Appeals
Value Added Tax	Himachal Pradesh Value Added Tax Act	142.90	2002-03 to 2004-05	Assessing Authority
Value Added Tax	Uttar Pradesh Value Added Tax Act	281.79	2009-10, 2010-11	Assessing Authority
Value Added Tax	Odisha Value Added Tax Act	1,111.11	2004-05 to 2008-09	High Court Orissa
Value Added Tax	Chhattisgarh Value Added Tax Act	225.53	2010-11, 2011-12	Deputy Commissioner Appeals

8. The Company has not defaulted in repayment of loans or borrowing to banks. The Company has not obtained any borrowings from any financial institutions or government or by way of debentures.

9. Term loans obtained by the Company have been applied for the purpose for which they were obtained. The Company has not raised any money, during the year, by way of public offer (including debt instruments).

10. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company or on the Company by its officers or employees was noticed or reported during the year.

11. Managerial remuneration paid or provided by the Company during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. Since the Company is not a Nidhi Company, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

13. All transactions with the related parties are in compliance with Section 177 and 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of equity shares or fully or partly convertible debentures during the year under the review.
15. The Company has not entered into any non-cash transactions during the year with directors or persons concerned with him.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For PARK & COMPANY
Chartered Accountants
FRN: 116825W

ASHISH DAVE
Partner
Membership No. 170275

Mumbai
5th September, 2018

ANNEXURE – B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 (g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

We have audited the internal financial controls over financial reporting of **Gannon Dunkerley & Co., Limited** ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that –

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects *except for substantiative documentation of the transactions in certain areas which needs improvement,* an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PARK & COMPANY
Chartered Accountants
FRN: 116825W

ASHISH DAVE
Partner
Membership No. 170275

Mumbai
5th September, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in lacs)

Particulars	Note No.	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-Current Assets:			
Property, Plant and Equipment	2	20,341.19	18,548.14
Investment Properties	3	0.88	0.88
Intangible Assets	4	8.14	10.45
Intangible Assets Under Development	4	1,320.15	1,118.78
Financial Assets:			
Investments	5	6,553.69	6,521.35
Loans	6	4,100.14	20,081.47
Other Financial Assets	7	1,097.91	1,070.84
Other Non-Current Assets	8	13,142.72	13,035.35
		46,564.82	**60,387.26**
Current Assets:			
Inventories	9	53,544.92	38,324.89
Financial Assets:			
Investments		—	—
Trade Receivables	10	108,491.41	113,072.71
Cash and Cash Equivalents	11	8,091.55	9,338.35
Other Bank Balances	12	9,164.50	10,113.26
Loans	6	69,161.45	52,077.88
Other Financial Assets	7	4.75	9.38
Other Current Assets	8	36,168.55	28,183.20
		284,627.13	**251,119.67**
Total Assets		**331,191.95**	**311,506.93**
EQUITY AND LIABILITIES			
Equity:			
Equity Share Capital	13	268.80	268.80
Other Equity	14	66,736.61	65,779.90
		67,005.41	**66,048.70**
Liabilities:			
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	15	19,223.32	18,154.23
Other Financial Liabilities	16	—	—
Provisions	17	—	—
Deferred Tax Liabilities (Net)	18	7,273.28	8,089.43
Other Non-Current Liabilities	19	—	—
		26,496.60	**26,243.66**
Current Liabilities:			
Financial Liabilities:			
Borrowings	15	69,288.52	62,716.28
Trade Payables	20	80,083.76	74,060.12
Other Financial Liabilities	16	9,631.20	10,227.14
Other Current Liabilities	19	78,262.24	71,697.91
Provisions	17	424.22	513.12
		237,689.94	**219,214.57**
Total Liabilities		**331,191.95**	**311,506.93**

The accompanying notes are integral part of these financial statements.

As per our report of even date
For PARK & COMPANY
Chartered Accountants

ASHISH DAVE
Partner

Mumbai, 5th September, 2018

R. P. AGARWAL
Company Secretary

For and on behalf of the Board of Directors

K. M. MORARKA
P. C. MEHTA
R. MANCHANDA
KIMAYA C. SANCHETI
Directors

MANOJ KUMAR SINGH — *Managing Director*
H. L. PANDEY — *Executive Director*

Mumbai, 5th September, 2018

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lacs)

Particulars	Note No.	2017-2018	2016-2017
REVENUE:			
Revenue from Operations	21	218,244.48	269,833.56
Other Income	22	2,177.25	5,240.31
Total Revenue		**220,421.73**	**275,073.87**
EXPENSES:			
Cost of Materials Consumed	23	1,447.59	815.90
Purchases of Traded Goods		33.40	3.47
Operating Charges	24	190,316.04	222,823.34
Changes in Inventories	25	(14,756.95)	(4,533.00)
Employee Benefit Expenses	26	15,076.08	16,664.48
Finance Costs	27	11,597.17	11,862.01
Depreciation and Amortisation Expenses	28	3,286.50	3,294.11
Other Expenses	29	13,283.85	14,083.37
Total Expenses		**220,283.68**	**265,013.68**
Profit Before Tax		**138.05**	**10,060.19**
Tax Expenses:			
Current Tax	8.1	2,350.00	5,375.00
Earlier Years' Tax		(2,213.59)	2,940.19
Deferred Tax		(959.57)	(2,142.04)
Profit for the Year		**961.21**	**3,887.04**
Other Comprehensive Income:			
Items that will not be reclassified to Profit or Loss			
a. Re-measurement of Defined Benefit Plans		414.35	108.56
b. Gains on Investments in Equity Instruments Classified as FVOCI		613.31	682.62
c. Tax impacts on above		(143.40)	(37.57)
Items that may be reclassified to Profit or Loss			
a. Exchange Differences on Foreign Currency Translation of Foreign Operations		(881.49)	720.64
Other Comprehensive Income for the Year		**2.77**	**1,474.25**
Total Comprehensive Income for the Year		**963.98**	**5,361.29**
Basic and Diluted Earning Per Share	30	**35.76**	**144.61**
Face Value Per Share		**10.00**	**10.00**

The accompanying notes are integral part of these financial statements.

As per our report of even date
For PARK & COMPANY
Chartered Accountants

ASHISH DAVE
Partner

Mumbai, 5th September, 2018

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H. L. PANDEY — *Executive Director*

Mumbai, 5th September, 2018

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lacs)

			2017-2018		2016-2017
A	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Profit Before Tax		138.05		10,060.19
	Adjustments for:				
	Depreciation and Amortization	3,286.50		3,294.11	
	Net Foreign Exchange Loss/Gain	(881.48)		720.64	
	Gain on Valuation of Mutual Fund Measured at Fair Value	(29.67)		(14.81)	
	Provision for Doubtful Debts	—		130.15	
	Loss/(Profit) on Sale of Property, Plant & Equipments	(28.86)		4.86	
	Loss/(Profit) on Sale of Investments	(57.50)		—	
	Sundry Balances Written Back	(718.97)		(243.62)	
	Dividend	(16.80)		(3.36)	
	Interest	10,194.15	11,747.37	7,472.31	11,360.28
	Operating Profit Before Working Capital Changes		11,885.42		21,420.47
	Adjustments for:				
	Trade and Other Receivables	(700.87)		(31,040.43)	
	Inventories	(15,220.03)		(4,184.32)	
	Trade and Other Payables	12,622.21	(3,298.69)	17,585.57	(17,639.18)
	Cash Generated from Operations		8,586.73		3,781.29
	Direct Taxes Paid		(2,709.76)		(266.11)
	Net Cash from Operating Activities		**5,876.97**		**3,515.18**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Purchase of Property, Plant & Equipments		(5,393.14)		(2,920.92)
	Purchase/Sale of Investments		668.14		(388.15)
	Sale of Property, Plant & Equipments		143.40		73.42
	Dividend Received		16.80		3.36
	Interest Received		1,177.58		4,091.01
	Net Cash used in Investing Activities		**(3,387.22)**		**858.72**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Proceeds from Loans Borrowed (Net)		7,641.33		8,006.92
	Interest Paid		(11,371.73)		(11,563.32)
	Dividend Paid		(6.15)		(806.62)
	Net Cash used in Financing Activities		**(3,736.55)**		**(4,363.02)**
	Net Increase in Cash and Cash Equivalents		**(1,246.80)**		**10.88**
	Cash and Cash Equivalents as at the beginning of the Year		**9,338.35**		**9,327.47**
	Cash and Cash Equivalents as at the end of the Year		**8,091.55**		**9,338.35**

As per our report of even date
For PARK & COMPANY
Chartered Accountants

ASHISH DAVE
Partner

R. P. AGARWAL
Company Secretary

Mumbai, 5th September, 2018

For and on behalf of the Board of Directors

K. M. MORARKA
P. C. MEHTA
R. MANCHANDA
KIMAYA C. SANCHETI — *Directors*

MANOJ KUMAR SINGH — *Managing Director*
H. L. PANDEY — *Executive Director*

Mumbai, 5th September, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
A SHARE CAPITAL		
At the beginning of the Year	268.80	268.80
Changes in Equity Share Capital during the Year	—	—
At the end of the Year	**268.80**	**268.80**

B OTHER EQUITY

Particulars	General Reserve	Retained Earnings	Other Comprehensive Income: Net Gain/(Loss) on Fair Value of Equity Instruments	Other Comprehensive Income: Exchange Differences on Foreign Currency Translation of Foreign Operations	Other Comprehensive Income: Net Gain/(Loss) on Fair Value of Defined Benefit Plan	Total
As at 1st April, 2016	**65,000.00**	**(3,832.56)**	**952.59**	**(732.26)**	**1.40**	**61,389.17**
Profit for the Year	—	3,887.04	—	—	—	3,887.04
Exchange Differences on Foreign Operations	—	—	—	720.64	—	720.64
Other Comprehensive Income for the Year (Net of Tax)	—	—	682.62	—	70.99	753.61
Transfer from Retained Earnings to General Reserve	—	—	—	—	—	—
Final Dividend, Declared and paid during the Year	—	(806.40)	—	—	—	(806.40)
Dividend Distribution Tax	—	(164.16)	—	—	—	(164.16)
As at 31st March, 2017	**65,000.00**	**(916.08)**	**1,635.21**	**(11.62)**	**72.39**	**65,779.90**
Profit for the Year	—	961.21	—	—	—	961.21
Exchange Differences on Foreign Operations	—	—	—	(881.49)	—	(881.49)
Other Comprehensive Income for the Year	—	—	613.31	—	270.95	884.26
Transfer from Retained Earnings to General Reserve	—	—	—	—	—	—
Final Dividend, Declared and Paid during the Year	—	(6.04)	—	—	—	(6.04)
Dividend Distribution Tax	—	(1.23)	—	—	—	(1.23)
As at 31st March, 2018	**65,000.00**	**37.86**	**2,248.52**	**(893.11)**	**343.34**	**66,736.61**

As per our report of even date
For PARK & COMPANY
Chartered Accountants

ASHISH DAVE
Partner

Mumbai, 5th September, 2018

R. P. AGARWAL
Company Secretary

For and on behalf of the Board of Directors

K. M. MORARKA
P. C. MEHTA
R. MANCHANDA
KIMAYA C. SANCHETI } *Directors*

MANOJ KUMAR SINGH *Managing Director*
H. L. PANDEY *Executive Director*

Mumbai, 5th September, 2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

COMPANY INFORMATION

Gannon Dunkerley & Co. Limited (the 'Company') is a closely held public limited Company domiciled in India and incorporated on 11th March, 1924 under the provisions of the Companies Act applicable in India (CIN: U51109MH1924PLC001107). The Company is engaged in the execution of large construction contracts involving engineering, procurement and construction (EPC) projects. The registered office of the Company is located at New Excelsior Building, 3rd Floor, A. K. Nayak Marg, Fort, Mumbai – 400 001.

The standalone financial statements ('the financial statements") were authorized for issue in accordance with the resolution of the Board of Directors on 5th September, 2018.

1 BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation and measurement:

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to section 133 of the Companies Act, 2013 and the Companies (Indian Accounting Standards) Rules, 2015 as applicable.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. The Company adopts operating cycle based on the project period and accordingly, all project related assets and liabilities are classified into current and non-current. Other than project related assets and liabilities, 12 month period is considered as normal operating cycle.

The Company's financial statements are reported in Indian Rupees, which is also the company's functional currency, and all values are rounded to the nearest lacs except otherwise indicated.

1.2 Significant accounting policies:

a. System of accounting

The Company follows mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties.

These financial statements are prepared under the historical cost convention unless otherwise indicated.

b. Key accounting estimates

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income, expenses and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

c. Property, plant and equipment

(i) Property, plant and equipment are stated at historical cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/installation of the assets less accumulated depreciation and accumulated impairment losses, if any.

(ii) Subsequent expenditure relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit and loss as incurred.

(iii) The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the statement of profit and loss.

(iv) Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

(v) The Company depreciates property, plant and equipment on written down value method over the estimated useful life prescribed in Schedule II of the Companies Act, 2013 from the date the assets are ready for intended use after considering the residual value.

(vi) Intangible assets comprise of implementation cost for software and other application software acquired/developed for in-house use. These assets are stated at cost, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably, less accumulated amortisation and accumulated impairment losses, if any.

(vii) Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

d. Investment properties

(a) Property which is held for long-term rental or for capital appreciation or both is classified as Investment Property. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

(b) Investment properties currently comprise of building.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(c) Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Statement of Profit and Loss in the period in which the property is derecognised.

e. **Investments and financial assets**

(i) Investments in Subsidiaries and Joint Ventures

Investments in subsidiaries and joint ventures are recognised at cost and not adjusted to fair value at the end of each reporting period. Cost represents amount paid for acquisition of the said investments.

The Company assesses at the end of each reporting period, if there is any indication that the said investments may be impaired. If so, the Company estimates the recoverable value of the investments and provides for impairment, if any, i.e. the deficit in the recoverable value over cost.

(ii) Other investments and financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in the statement of profit or loss. In other cases, the transaction costs are attributed to the acquisition value of financial asset.

Financial assets are subsequently classified measured at –

— amortised cost

— fair value through profit and loss (FVTPL)

— fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition except if and in the period the Company changes its business model for managing financial assets.

Financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset. Where the entity has transferred the asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, financial asset is derecognised.

In accordance with Ind AS 109, the Company generally applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition.

f. **Inventories**

(i) Raw materials, construction materials and stores and spares are valued at weighted average cost including all charges in bringing the materials to the present location.

(ii) Work-in-progress is valued on percentage completion method, based on the stage of completion at the reporting date, taking into account the contractual price and revision thereto by estimating total revenue including claims/ variations and total cost till completion of the contract.

(iii) Finished and traded goods are valued at the cost or net realizable value, whichever is lower.

(iv) Obsolete, slow moving and defective inventories are written off/valued at net realisable value during the year as per policy consistently followed by the Company.

g. **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprises of balance with banks and cash on hand and short term deposits with an original maturity of three month or less, which are subject to insignificant risks of changes in value.

h. **Trade receivables**

A receivable is classified as a trade receivable if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured net of any expected credit losses.

i. **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs.

j. **Financial liabilities**

(i) Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(ii) Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Financial liabilities carried at fair value through profit and loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(iii) Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

k. **Trade payables**

A payable is classified as a trade payable if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

l. **Revenue Recognition**

(i) Revenue from construction contracts is recognised by reference to the stage of completion of the contract activity. The Company follows the percentage completion method, based on the stage of completion at the reporting date, taking into account the contractual price and revision thereto by estimating total revenue including claims/variations and total cost till completion of the contract. While recognising the revenue, an appropriate charge for reasonable factors, which have bearing on the income, are duly considered.

(ii) Revenue from sale of goods is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably be measured and significant risk and rewards of ownership are transferred to the buyer, which is generally coincides with dispatch of goods. Revenue from product sales are shown as net of discounts.

(iii) Claims are accounted as income in the period of acceptance by the client or evidence of acceptance received.

(iv) Dividend is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

(v) Revenue in respect of other income is recognised on accrual basis. However, where the ultimate collection of the same lacks reasonable certainty, revenue recognition is postponed to the extent of uncertainty.

m. **Foreign currency transactions**

(i) Foreign currency transactions are initially recorded in the reporting currency at foreign exchange rate on the date of the transaction.

(ii) Monetary items of current assets and current liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. 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. The gain or loss on decrease/ increase in reporting currency due to fluctuations in foreign exchange rates are recognised in the statement of profit or loss.

(iii) Foreign branches functional currency is other than reporting currency of the Company. Foreign branch financial statements are translated into reporting currency of the Company using the year-end closing rate for translation of assets and liabilities and average rate for translation of income and expenses. All resulting exchange rate differences are recognised in other comprehensive income till the disposal of the net investment.

n. **Employee benefit expenses**

(i) Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare fund etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. These benefits are classified as defined contribution schemes as the Company has no further obligations beyond the monthly contributions.

(ii) The Company provides for gratuity which is a defined benefit plan, the liabilities of which are determined based on valuations, as at the reporting date, made by an independent actuary using the projected unit credit method. Re-measurement comprising of actuarial gains and losses, in respect of gratuity are recognised in the other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognised in the statement of profit and loss in the year of plan amendment or curtailment. The classification of the Company's obligation into current and non-current is as per the actuarial valuation report.

(iii) The Company has opted for not to provide for the liability in respect of the leave encashment benefits to the employees and the same are accounted for as and when paid. This accounting policy is, however, not in accordance with the provisions of the Indian Accounting Standards (Ind AS) -19 "Employee Benefits".

o. **Leases**

A lease is classified at the inception date as a finance lease or an operating lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company has identified all its leases as operating leases.

(a) Assets taken on operating lease

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(b) Assets given on operating lease

Assets subject to operating leases are included in fixed assets. Rental income from operating leases is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs including depreciation are recognised as an expense in the statement of profit and loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

p. **Borrowing costs**

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Also, the Effective interest rate amortisation is included in finance costs. Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the statement of profit and loss in the period in which they occur.

q. **Taxation**

(i) Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

(ii) Deferred tax is determined by applying the balance sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the reporting date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each reporting date to reassess realisation. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

r. **Provisions and contingent liabilities**

The Company creates a provision when there is present obligation (legal or constructive) as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events. Contingent assets are neither recognised nor disclosed in the financial statements.

s. **Impairment of non financial assets**

As at each reporting date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of profit and loss.

t. **Earnings per share**

(i) Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

u. **Excise duty, custom duty and GST**

Excise duty (applicable till 30th June 2017) in respect of goods manufactured by the Company is accounted for at the time of removal of goods from factory for sale.

Purchased of goods and fixed assets are accounted for net of GST input credits. Custom duty paid on import of materials is dealt with in respective material accounts.

v. **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the operating decision makers. The decision makers regularly monitor and reviews the operating result of the whole Company. The activities of the Company primarily falls under a single segment of "Engineering and Construction" in accordance with the Ind AS 108 "Operating Segments".

1.3 Recent accounting pronouncements:

a. Standards issued but not yet effective

In March, 2018 the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendments Rules, 2018, notifying Ind AS 115, Revenue from Contract with Customers, Appendix B to Ind AS 21, Foreign Currency transactions and advance consideration and amendments to certain other standards. These amendments are applicable to the Company from 1st April, 2018. The Company will be adopting the amendments from their effective date.

1) Ind AS 115, Revenue from Contract with Customers

Ind AS 115 supersedes Ind AS 11, Construction Contracts and Ind AS 18, Revenue. Ind AS 115 requires an entity to report information regarding nature, amount, timing and uncertainty of revenue and cash flows arising from a

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

contract with customers. The principle of Ind AS 115 is that an entity should recognize revenue that demonstrates the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard can be applied retrospectively to each prior reporting period presented or can be applied retrospectively with recognition of cumulative effect of contracts that are not completed contracts at the date of initial application of the standard.

2) **Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary liability arising from the payment or receipts in advance consideration towards such assets, expenses or income. If there are multiple payments or receipts in advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

The Company is in the process of making an assessment of these amendments.

Note 2

PROPERTY, PLANT AND EQUIPMENT

(₹ in lacs)

Particulars	Land		Buildings	Plant & Equipment	Office Equipment	Furniture & Fixtures	Vehicles	Motor Boat Yacht	Total
	Owned	Leased							
Gross carrying value (at deemed cost)									
As at 1st April, 2016	**883.54**	**5.51**	**9,710.75**	**45,139.49**	**1,036.41**	**434.30**	**3,222.77**	**1,198.82**	**61,631.59**
Additions	200.00	—	—	2,291.42	66.29	2.59	144.28	—	**2,704.58**
Disposals	—	—	—	(829.51)	(6.94)	(1.54)	(73.49)	—	**(911.48)**
As at 31st March, 2017	**1,083.54**	**5.51**	**9,710.75**	**46,601.40**	**1,095.76**	**435.35**	**3,293.56**	**1,198.82**	**63,424.69**
Additions	—	—	5.85	4,695.32	32.94	—	453.47	—	**5,187.59**
Disposals	—	—	—	(1,265.99)	—	—	(123.10)	—	**(1,389.09)**
As at 31st March, 2018	**1,083.54**	**5.51**	**9,716.60**	**50,030.74**	**1,128.70**	**435.35**	**3,623.93**	**1,198.82**	**67,223.18**
Accumulated depreciation									
As on 1st April, 2016	**—**	**1.90**	**2,698.75**	**35,184.82**	**922.52**	**373.38**	**2,417.59**	**822.73**	**42,421.69**
Depreciation charged	—	0.06	412.72	2,469.49	60.18	15.22	252.93	78.19	**3,288.79**
Disposals	—	—	—	(756.71)	(6.42)	(1.29)	(69.51)	—	**(833.93)**
As at 31st March, 2017	**—**	**1.96**	**3,111.47**	**36,897.60**	**976.28**	**387.31**	**2,601.01**	**900.92**	**44,876.55**
Depreciation charged	—	0.05	398.26	2,492.84	55.61	10.07	261.23	61.93	**3,279.99**
Disposals	—	—	—	(1,163.98)	(0.25)	(0.16)	(110.16)	—	**(1,274.55)**
As at 31st March, 2018	**—**	**2.01**	**3,509.73**	**38,226.46**	**1,031.64**	**397.22**	**2,752.08**	**962.85**	**46,881.99**
Net carrying value									
As at 1st April, 2016	**883.54**	**3.61**	**7,012.00**	**9,954.67**	**113.89**	**60.92**	**805.18**	**376.09**	**19,209.90**
As at 31st March, 2017	**1,083.54**	**3.56**	**6,599.28**	**9,703.80**	**119.48**	**48.04**	**692.55**	**297.90**	**18,548.14**
As at 31st March, 2018	**1,083.54**	**3.50**	**6,206.87**	**11,804.27**	**97.06**	**38.13**	**871.85**	**235.97**	**20,341.19**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 3

INVESTMENT PROPERTY

(₹ in lacs)

Particulars	Building	Total
Gross carrying value		
As at 1st April, 2016	**17.63**	**17.63**
Additions / transfer	—	—
Disposals	—	—
As at 31st March, 2017	**17.63**	**17.63**
Additions	—	—
Disposals	—	—
As at 31st March, 2018	**17.63**	**17.63**
Accumulated depreciation		
As on 1st April, 2016	**16.75**	**16.75**
Depreciation charged/transfer	—	—
Disposals	—	—
As at 31st March, 2017	**16.75**	**16.75**
Depreciation charged	—	—
Disposals	—	—
As at 31st March, 2018	**16.75**	**16.75**
Net carrying value		
As at 1st April, 2016	**0.88**	**0.88**
As at 31st March, 2017	**0.88**	**0.88**
As at 31st March, 2018	**0.88**	**0.88**

Note: Investment property has been carried at the cost less accumulated depreciation as at 1st April, 2016, as the cost and depreciation determined under the previous GAAP.

(i) Amount recognised in profit or loss for investment properties

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
Rental income	3.42	3.18
Direct operating expenses	—	—
Gain from investment properties before depreciation	3.42	3.18
Depreciation	—	—
Gain from investment properties	3.42	3.18

(ii) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property.

(iii) Fair Value

The fair value of the Company's investment properties at the end of the year have been determined on the basis of valuation carried out by the management based on the transacted prices near the end of the year in the location and category of the properties being valued. The fair value measurement for all of the investment properties has been categoried as a level 2 fair value based on the inputs to the valuation techniques used. The total fair value of investment properties is ₹ 21,183 lacs (31st March, 2017 : ₹ 21,183 lacs).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 4

INTANGIBLE ASSETS

(₹ in lacs)

Particulars	Computer Software	Total
Gross carrying value (at deemed cost)		
As at 1st April, 2016	83.95	83.95
Additions	4.42	4.42
Disposals	(5.56)	(5.56)
As at 31st March, 2017	82.81	82.81
Additions	4.19	4.19
Disposals	—	—
As at 31st March, 2018	87.00	87.00
Accumulated depreciation		
As on 1st April, 2016	71.88	71.88
Depreciation charged	5.32	5.32
Disposals	(4.84)	(4.84)
As at 31st March, 2017	72.36	72.36
Depreciation charged	6.50	6.50
Disposals	—	—
As at 31st March, 2018	78.86	78.86
Net carrying value		
As at 1st April, 2016	12.07	12.07
As at 31st March, 2017	10.45	10.45
As at 31st March, 2018	8.14	8.14
Intangible assets under development		
As at 1st April, 2016	906.86	906.86
As at 31st March, 2017	1,118.78	1,118.78
As at 31st March, 2018	1,320.15	1,320.15

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 5

NON-CURRENT INVESTMENT

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
a. **Investments valued at deemed cost, fully paid-up**		
Investments in Subsidiaries in India		
Gannon Dunkerley Finance Limited 2,50,000 Equity Shares of ₹ 10 each fully paid-up	—	25.00
Gannon Dunkerley Realty Limited 12,30,000 Equity Shares of ₹ 10 each fully paid-up	—	102.30
Khagra Joydev Resources Private Limited 10,000 Equity Shares of ₹ 10 each fully paid-up	140.20	—
The Jaipur Udyog Limited 60,35,000 Equity Shares of ₹ 10 each fully paid-up & 11,17,149 Equity Shares of ₹ 1 each fully paid-up	—	646.70
	140.20	**774.00**
Investments in Subsidiaries outside India		
Gannon Dunkerley & Co., Limited FZE – Sharjah 1 Equity Share of Dhs. 1,50,000 each fully paid-up	16.33	16.33
Gannon Dunkerley Middle East WLL – Bahrain 2,000 Equity Shares of Bhd. 100 each fully paid-up	212.12	212.12
	228.45	**228.45**
Investment in Joint Venture in India		
GDCL CEPL	0.65	0.65
Investments in Joint Ventures outside India		
Gannon Dunkerley Co., LLC – UAE 147 Equity Shares of Dhs. 1,000 each fully paid-up	18.75	18.75
Gannon Dunkerley General Contracting Co., LLC – UAE 73 Equity Shares of Dhs. 1,000 each fully paid-up	7.84	7.84
Gannon Dunkerley Gulf Contracting LLC, Doha 98 Equity Shares of QR 1,000 each fully paid-up	17.04	17.04
	43.63	**43.63**
b. **Investments in Equity Shares of others carried at Fair Value through OCI fully paid-up**		
Graur & Weil (I) Limited 42,00,750 Equity Shares of ₹ 1 each fully paid-up	2,335.62	1,722.31
Gannon Dunkerley Finance Limited 47,500 Equity Shares of ₹ 10 each fully paid-up	4.75	—
Gannon Dunkerley Realty Limited 2,21,400 Equity Shares of ₹ 10 each fully paid-up	18.41	—
	2,358.78	**1,722.31**
c. **Investments in others carried at fair value through Profit & Loss, fully paid-up**		
BSL Saving Fund – Growth	431.98	402.31
Investment in 30,000,000 Preference Shares of ₹ 10 each fully paid-up in Morarka Organic Foods Pvt. Limited	3,000.00	3,000.00
Investment in Bonds of Sardar Sarovar Nigam Limited (Pledged against contracts/ various authorities)	30.00	30.00
Investment in Jewelleries	320.00	320.00
	3,781.98	**3,752.31**
Total Non-Current Investments	**6,553.69**	**6,521.35**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 6
LOANS

(₹ in lacs)

Particulars	Non-Current		Current	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Unsecured, considered good				
Loans to Subsidiaries	664.46	16,989.38	—	—
Loans to Joint Ventures	3,412.22	2,978.47	—	—
Loans to Bodies Corporate	—	—	63,861.53	46,360.28
Employee Loans	23.46	109.37	178.65	309.17
Other Loans	—	4.25	5,121.27	5,408.43
Total Loans	**4,100.14**	**20,081.47**	**69,161.45**	**52,077.88**

Particulars of loans and advances in the nature of loans as required by Regulation 34(3) and 53(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Name of the entity	Outstanding balances		Maximum balance outstanding during the year	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Subsidiaries:				
Gannon Dunkerley & Co., Limited FZE	507.73	451.31	507.73	451.31
Gannon Dunkerley Finance Limited	—	984.54	—	1,053.05
Gannon Dunkerley Middle East WLL	—	242.24	—	242.24
Gannon Dunkerley Realty Limited	—	8,139.62	—	8,139.62
The Jaipur Udyog Limited	—	7,171.67	—	7,171.67
Khagra Joydev Resources Private Limited	156.73	—	156.73	—
	664.46	**16,989.38**		
Joint Ventures & Associates:				
Gannon Dunkerley Co., LLC	2,244.14	1,991.67	2,244.14	1,991.67
Gannon Dunkerley General Contracting Co., LLC	57.14	52.08	57.14	52.08
Gannon Dunkerley MIS Shivam	151.74	551.09	151.74	551.09
Gannon Dunkerley Krishna	383.14	—	383.14	—
Gannon Dunkerley CEPL	176.16	—	176.16	—
Gannon Dunkerley Gulf Contracting Co., LLC	399.90	383.63	399.90	383.63
	3,412.22	**2,978.47**		

Note 7
OTHER FINANCIAL ASSETS

(₹ in lacs)

Particulars	Non-Current		Current	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Term Deposits with maturity of more than 12 months	1,097.91	1,070.84	—	—
Interest Receivables	—	—	4.75	9.38
Total Other Financial Assets	**1,097.91**	**1,070.84**	**4.75**	**9.38**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 8
OTHER ASSETS

(₹ in lacs)

Particulars	Non-Current		Current	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Trade Advances to Suppliers, Sub-contractors and Others....	—	—	10,909.33	8,057.06
Capital Advances	1,151.27	1,151.27	—	—
Security Deposits	11,575.00	11,434.59	1,234.54	1,241
Income Tax Assets (Net) (Refer Note No. 8.1)	—	—	6,795.57	4,223.45
Gratuity Fund	376.45	449.49	243.59	187.08
Prepaid Expenses	40.00	—	211.12	312.20
Input Credit Receivables	—	—	11,549.61	7,028.47
Other Advances	—	—	5,224.79	7,133.83
Total Other Assets	**13,142.72**	**13,035.35**	**36,168.55**	**28,183.20**

Note 8.1
Income Tax Assets (Net)

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
The following table provides the details of income tax assets and liabilities:		
Income Tax Assets	12,423.04	10,823.32
Current Income Tax Liabilities	5,582.47	6,599.87
Net Balance	**6,840.57**	**4,223.45**
The gross movement in the Current Tax Asset/(Liability)		
Net Current Income Tax Asset at the beginning	4,223.45	12,436.69
Income Tax Paid (Net of Refunds)	2,708.53	101.95
Current Income Tax Expense	(136.41)	(8,315.19)
Income Tax on Other Comprehensive Income	—	—
Net Current Income Tax Asset at the end	**6,795.57**	**4,223.45**

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before income tax is as below:

	31st March, 2018	31st March, 2017
Profit Before Tax	138.05	10,060.19
Applicable Income Tax Rate	34.608%	34.608%
	47.78	3,481.63
Effect of Expenses not allowed for Tax purpose	163.68	174.72
Effect of Income not considered for Tax purpose	2,342.44	2,288.39
Effect of Income not considered for Tax purpose	(203.91)	(569.74)
	2,302.22	1,893.37
Income Tax Expense Charged to the Statement of Profit and Loss	2,350.00	5,375.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 9
INVENTORIES

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
Stores & Spares	19.25	17.51
Stock-in-Trade	6,846.00	6,845.69
Raw Materials	44.82	53.46
Finished Goods	340.49	206.09
Goods in Transit	796.14	326.16
Work-in-Progress	45,498.22	30,875.98
Total Inventories	**53,544.92**	**38,324.89**

Note 10
TRADE RECEIVABLES
(Unsecured, Considered Good unless otherwise stated)

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
Trade Receivables	114,284.35	119,013.49
Less: Provision for Doubtful Debts	(5,792.94)	(5,940.78)
Total Trade Receivables	**108,491.41**	**113,072.71**

Note 11
CASH AND CASH EQUIVALENTS

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
Balances with Banks	6,070.81	8,066.32
Cash on Hand	2,020.74	1,272.03
Total Cash and Cash Equivalents	**8,091.55**	**9,338.35**

Note 12
OTHER BANK BALANCES

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
Deposits with maturity more than 3 months	1,013.98	2,503.23
Unclaimed Dividend Accounts	5.88	5.99
Balances in Current Accounts*	8,144.64	7,604.04
Total Other Bank Balances	**9,164.50**	**10,113.26**

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31st March, 2018 except for unpaid dividend for the year 2009-10 ₹ 1.10 lacs.

* Balances with banks having restriction on repatriation.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 13

EQUITY SHARE CAPITAL

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
Authorised:		
1,80,00,000 Equity Shares of ₹ 10 each	1,800.00	1,800.00
2,00,000 Preference Shares of ₹ 100 each	200.00	200.00
	2,000.00	2,000.00
Issued, Subscribed and Paid-up:		
2,688,000 Equity Shares of ₹ 10 each fully paid-up	268.80	268.80
Total Equity Share Capital	268.80	268.80

Shares held by each shareholder holding more than 5 percent shares

Name of Shareholder	As at 31st March, 2018		As at 31st March, 2017	
	Numbers	% of holding	Numbers	% of holding
Ramkumar Morarka & Sons Pvt. Ltd.	11,33,832	42.18	11,33,832	42.18
Gannon Dunkerley Holdings Pvt. Ltd	6,17,120	22.96	6,17,120	22.96
United India Agencies Pvt. Ltd.	6,05,220	22.52	6,05,220	22.52
Shri Kamal M. Morarka	3,03,954	11.31	3,03,954	11.31

Rights, Preferences and Restrictions attached to Shares

The Company has one class of equity shares having a face value of ₹ 10 each ranking pari pasu in all respect including voting rights and entitlement to dividend. Each holder of equity shares is entitled to one vote per share. Dividend proposed by the Board of Directors and approved by the shareholders in the annual general meeting is paid to the shareholders.

Note 14

OTHER EQUITY

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
General Reserve:		
Balance at the beginning of the Year	65,000.00	65,000.00
Add: Transferred from Retained Earnings	—	—
Balance at the end of the Year	65,000.00	65,000.00
Retained Earnings:		
Balance at the beginning of the Year	(916.08)	(3,832.56)
Profit for the Year	961.21	3,887.04
Appropriations:		
Transfer to General Reserve	—	—
Final Dividend, Declared and paid during the Year (refer note no. 48)	(6.04)	(806.40)
Dividend Distribution Tax	(1.23)	(164.16)
Balance at the end of the Year	37.86	(916.08)
Other Components of Equity		
Re-measurement of Defined Benefit Plans (Net of Tax)	343.34	72.39
Exchange Differences on Foreign Currency Translation of Foreign Operations	(893.11)	(11.62)
Gains on Investments in Equity Instruments	2,248.52	1,635.21
	1,698.75	1,695.98
Total Other Equity	66,736.61	65,779.90

General Reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under Companies Act, 2013.

Retained Earnings: Retained earnings are the profits that the Company has earned till date, less transfers to general reserve, dividends or other distributions paid to shareholders.

Foreign Currency Translation Reserve: Exchange difference on translation of long term monetary asset is accumulated in separate reserve within equity.

Gain/(Loss) on Investment in Equity Instruments: The Company has elected to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the FVTOCI equity investment reserve within equity. The Company transfers amount from this reserve to retained earning when the relevant equity securities are derecognised.

Net Gain/(Loss) on Fair Value of Defined Benefit Plans: The Company has recognised re-measurement gains/(loss) on defined benefit plans in OCI. These changes are accumulated within the OCI reserve within other equity. The Company transfers amount from this reserve to retained earning when the relevant obligations are derecognised.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 15
BORROWINGS

(₹ in lacs)

Particulars	Non-Current		Current	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Secured:				
Term Loans from Banks	3,750.00	3,750.00	—	—
Term Loans from Others	8,032.92	11,030.07	—	—
Hire Purchase Finance	7,440.40	3,374.16	—	—
Working Capital Finance from Banks	—	—	67,589.79	60,646.87
	19,223.32	18,154.23	67,589.79	60,646.87
Unsecured:				
Term Loans from Banks	—	—	562.83	803.95
Term Loans from Related Parties	—	—	5.41	213.70
Inter Corporate Loans	—	—	1,130.49	1,051.76
	—	—	1,698.73	2,069.41
Total Borrowings	**19,223.32**	**18,154.23**	**69,288.52**	**62,716.28**

Note: Term loans and working capital finance from banks are secured by hypothecation of inventories, book debts and all present future tangible assets except plant and equipment. Hire purchase finance is against hypothecation of specific assets.

Note 16
OTHER FINANCIAL LIABILITIES

(₹ in lacs)

Particulars	Non-Current		Current	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Current Maturities of Long-Term Debt	—	—	9,218.65	9,503.43
Interest accrued and due on borrowings	—	—	405.79	716.84
Unclaimed Dividend	—	—	6.76	6.87
Total Other Financial Liabilities	**—**	**—**	**9,631.20**	**10,227.14**

Note 17
PROVISIONS

(₹ in lacs)

Particulars	Non-Current		Current	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Provision for Bonus	—	—	391.68	466.77
Engineers' commission	—	—	32.54	46.35
Total Provisions	**—**	**—**	**424.22**	**513.12**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 18
DEFERRED TAX LIABILITIES

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
Deferred Tax Liabilities/(Assets):		
On account of timing differences in:		
Depreciation on Property, Plant & Equipment	(935.49)	(841.65)
Retention Money on Contracts	11,841.90	10,833.61
Provision for Doubtful Debts	(2,004.82)	(1,990.09)
Disallowances u/s 43B of the Income Tax Act and others	(1,628.31)	87.56
Total Deferred Tax Liabilities / (Assets)	**7,273.28**	**8,089.43**

Note 19
OTHER LIABILITIES

(₹ in lacs)

Particulars	Non-Current		Current	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Advances from Customers	—	—	66,749.83	59,080.79
Statutory Liabilities	—	—	6,465.57	6,829.07
Other Liabilities	—	—	5,046.84	5,788.05
Total Other Liabilities	**—**	**—**	**78,262.24**	**71,697.91**

Note 20
TRADE PAYABLES

(₹ in lacs)

Particulars	Non-Current		Current	
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
Trade Payables	—	—	80,083.76	74,060.12
Total Trade Payables	**—**	**—**	**80,083.76**	**74,060.12**

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosures relating to the amounts unpaid as at the year end together with interest paid/payable under the Act have not been given.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 21
REVENUE FROM OPERATIONS

(₹ in lacs)

Particulars	2017-2018	2016-2017
Work Bills	215,848.10	265,562.40
Sales:		
Finished Goods	1,961.12	1,124.57
Traded Goods	—	—
Sales of Services and Commission Income	153.46	97.79
Other Operating Income	281.80	3,048.80
Total Revenue from Operations	**218,244.48**	**269,833.56**

Note 22
OTHER INCOME

(₹ in lacs)

Particulars	2017-2018	2016-2017
Interest Receipts	1,177.58	4,091.01
Dividend Receipts	16.80	3.36
Insurance Claim Receipts	0.52	199.99
Gains on exchange fluctuations	—	267.56
Lease Rent Receipts	3.42	3.18
Profit on sale of property, plant & equipments (net)	28.86	—
Profit on sale of investments (net)	57.50	—
Gain on Valuation of Mutual Fund Measured at Fair Value	29.67	14.81
Sundry Balance Written Back (Net)	718.97	243.62
Miscellaneous Income	143.93	416.78
Total Other Income	**2,177.25**	5,240.31

Note 23
COST OF MATERIALS CONSUMED

(₹ in lacs)

Particulars	2017-2018	2016-2017
Raw Materials Consumed:		
Opening Stock	53.46	51.45
Add: Purchases	1,438.95	817.91
	1,492.41	869.36
Less: Closing Stock	(44.82)	(53.46)
Total Cost of Material Consumed	**1,447.59**	**815.90**

Note 24
OPERATING CHARGES

(₹ in lacs)

Particulars	2017-2018	2016-2017
Freight, Duty, Clearing and Forwarding Charges	1,717.85	758.82
Sub-Contracts, Materials and Labour Charges	175,483.27	209,751.78
Power and Fuel	4,536.88	4,414.40
Rates and Taxes	3,332.86	2,868.28
Repairs to Machinery and Hire Charges	4,346.04	4,285.74
Loss of Publication Divisions	899.14	744.32
Total Operating Charges	**190,316.04**	**222,823.34**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 25

CHANGES IN INVENTORIES

(₹ in lacs)

Particulars	2017-2018	2016-2017
Closing Stock:		
Work-in-Progress	45,498.22	30,875.98
Finished Goods	340.49	206.09
Stock-in-Trade	6,846.00	6,845.69
	52,684.71	37,927.76
Less:		
Opening Stock:		
Work-in-Progress	30,875.98	26,273.13
Finished Goods	206.09	279.19
Stock-in-Trade	6,845.69	6,842.44
	37,927.76	33,394.76
Changes in Inventories	**(14,756.95)**	**(4,533.00)**

Note 26

EMPLOYEE BENEFIT EXPENSES

(₹ in lacs)

Particulars	2017-2018	2016-2017
Salaries, Bonus, Commission and Service Charges	11,388.15	12,646.21
Directors Remuneration	379.84	271.54
Contribution to Provident Fund & Other Welfare Funds	2,162.44	2,145.19
Staff Welfare Expenses	1,145.65	1,601.54
Total Employee Benefit Expenses	**15,076.08**	**16,664.48**

Note 27

FINANCE COSTS

(₹ in lacs)

Particulars	2017-2018	2016-2017
Interest:		
Banks	7,472.04	7,217.35
Others	3,899.69	4,345.97
	11,371.73	11,563.32
Other Borrowing Costs	225.44	298.69
Total Finance Costs	**11,597.17**	**11,862.01**

Note 28

DEPRECIATION AND AMORTISATION EXPENSES

(₹ in lacs)

Particulars	2017-2018	2016-2017
Depreciation on Tangible Assets	3,279.94	3,288.73
Depreciation on Intangible Assets	6.50	5.32
Amortisation of Leasehold Land	0.06	0.06
Total Depreciation and Amortisation	**3,286.50**	**3,294.11**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 29

OTHER EXPENSES

(₹ in lacs)

Particulars	2017-2018	2016-2017
Stationery, Postage, Telephone and Advertisement	957.23	1,147.33
Office Rent, Restoration and Maintenance Expenses	2,047.49	2,552.20
Travelling and Conveyance Expenses	1,839.63	2,297.83
Vehicle Expenses	1,068.05	1,059.54
Insurance Premiums	659.15	377.49
Brokerage, Commission and Consultancy Fees	27.70	1.42
Repairs to Buildings & Others	109.83	193.41
Legal and Professional Fees	2,623.56	2,852.19
Corporate Social Responsibility Expenses	168.46	192.77
Donations*	1,020.25	751.18
Bad Debts and Provision for Doubtful Advances	—	130.15
Electricity Charges	278.51	225.47
Payment to Auditors	26.00	21.85
Business Promotion Expenses	228.28	202.56
Directors Sitting Fees	2.40	3.57
Rates & Taxes	348.06	120.32
Loss on Sale of Assets (Net)	—	4.86
Loss on exchange fluctuations	40.41	—
Miscellaneous Expenses	1,838.84	1,949.23
Total Other Expenses	**13,283.85**	**14,083.37**
* includes donations to political parties	225.00	—

Expenditure Towards Corporate Social Responsibility (CSR) Activities

Gross amount required to be spent by the Company during the Year	162.82	149.40
Amount spent in cash during the Year:		
i) Construction/Acquisition of any Asset	—	—
ii) On purposes other than (i) above	168.46	192.77
	168.46	192.77

Payments to Auditors

Audit Fees	20.55	14.19
Tax Audit Fees	2.27	2.40
Other Services	2.93	4.65
Reimbursement of Expenses	0.25	0.61
	26.00	21.85

Note 30

EARNING PER SHARE

Particulars	2017-2018	2016-2017
Profit for the Year (₹ in lacs)	961.21	3,887.04
Weighted Average Number of Shares (Nos.)	2,688,000	2,688,000
Earning Per Share (Basic and Diluted) ₹	35.76	144.61
Face Value Per Share ₹	10.00	10.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 31

FAIR VALUE MEASUREMENT

i. Financial Instruments by Category

(₹ in lacs)

Particulars	31st March, 2018			31st March, 2017		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial Assets						
Investments						
Equity Shares (quoted)	—	2,335.62	—	—	1,722.31	—
Equity Shares (unquoted)	—	23.16	—	—	—	—
in Subsidiaries and Joint Ventures	—	—	412.92	—	—	1,046.72
Mutual Fund	431.98	—	—	402.31	—	—
Preference Shares	3,000.00	—	—	3,000.00	—	—
Bonds & Others	350.00	—	—	350.00	—	—
Trade Receivables	—	—	108,491.41	—	—	113,072.71
Loans	—	—	73,261.58	—	—	72,159.35
Other Financial Assets	—	—	1,102.66	—	—	1,080.22
Cash and Cash Equivalents	—	—	8,091.55	—	—	9,338.35
Other Bank Balances	—	—	9,164.50	—	—	10,113.26
Total Financial Assets	**3,781.98**	**2,358.78**	**200,524.62**	**3,752.31**	**1,722.31**	**206,810.62**
Financial Liabilities						
Borrowings	—	—	88,511.84	—	—	80,870.51
Trade Payables	—	—	80,083.77	—	—	74,060.12
Other Financial Liabilities	—	—	9,631.20	—	—	10,227.14
Total Financial Liabilities	—	—	**178,226.81**	—	—	**165,157.77**

ii. Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels prescribed under Ind AS -113 "Fair Value Measurements".

Financial Assets measured at Fair Value — Recurring Fair Value Measurements at 31st March, 2018

(₹ in lacs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Investment at FVOCI				
Investment in Equity Shares (quoted)	2,335.62	—	—	2,335.62
Investment in Equity Shares (unquoted)	—	—	23.16	23.16
Financial Investment at FVPL				
Investment in Mutual Fund	431.98	—	—	431.98
Investment in Preference Shares	—	—	3,000.00	3,000.00
Investment in Bonds & Others	—	—	350.00	350.00
Total	**2,767.60**	**—**	**3,373.16**	**6,140.76**

Financial Assets measured at Fair Value — Recurring Fair Value Measurements at 31st March, 2017

(₹ in lacs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Investment at FVOCI				
Investment in Equity Shares (quoted)	1,722.31	—	—	1,722.31
Financial Investment at FVPL				
Investment in Mutual Fund	402.31	—	—	402.31
Investment in Preference Shares	—	—	3,000.00	3,000.00
Investment in Bonds & Others	—	—	350.00	350.00
Total	**2,124.62**	**—**	**3,350.00**	**5,474.62**

Level 1: Hierarchy includes financial instruments measured using quoted prices in active markets. Quotes would includes rates/values/valuation references published periodically by stock exchanges on basis of which trades take place in a linked or unliked active market. This includes traded bonds and Mutual funds, as the case may be.

Level 2: The fair value of financial instruments that are not traded in an active market are determined using valuation techniques which maximise the use of observable market data (either directly as prices or indirectly derived from prices) and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contigent consideration and indetermination asset included in level 3.

Note 32

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to credit risk, liquidity risk and market risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, financial assets and trade receivables	Credit ratings Agency analysis, credit evaluation	Diversification of counter parties, investment limits, check on counter parties basis credit rating and number of overdue days
Liquidity Risk	Borrowings, trade payables and other liabilities	Maturity analysis	Maintaining sufficient cash/cash equivalents and marketable securities
Market Risk	Financial assets and liabilities not denominated in INR	Sensitivity analysis	Constant evaluation and proper risk management policies

The Board provides guiding principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, credit risk and investment of surplus liquidity.

A. Credit Risk

Credit risk refers to the risk of a counter party default on its contractual obligation resulting into a financial loss to the Company. The maximum exposure of the financial assets represents trade receivables, work in progress and receivables from group companies and others.

In respect of trade receivables, the Company uses a provision matrix to compute the expected credit loss allowances for trade receivables in accordance with the excepcted credit loss (ECL) policy of the Company. The Company regulary reviews trade receivables and necessary provisions, whenever required, are made in the financial statements. However, in absence of the detailed age-analysis being provided, the auditors have not been able to verify the working for the same.

B. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial assets quickly at close to its fair value.

The Company, to the best extent possible, attempts to manage liquidity risk by maintaining adequate liquid assets and banking facilities by continuously monitoring forcast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Contractual maturities of significant financial liabilities are as follows:

(₹ in lacs)

Particulars	Less than or equal to one year	more than one year	Total
As on 31st March, 2018			
Borrowings	69,288.52	19,223.32	88,511.84
Trade payables	80,083.77	—	80,083.77
Other Financial liabilities	9,631.20	—	9,631.20
As on 31st March, 2017			
Borrowings	62,716.28	18,154.23	80,870.51
Trade payables	74,060.12	—	74,060.12
Other Financial liabilities	10,227.14	—	10,227.14

C. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

The Company has several balances in foreign currency and consequently, the Company is exposed to foreign exchange risk. The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies, to the extent possible.

a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings, wherever possible.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

b) **Interest rate sensitivity:**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	Effect of profit before tax
March 31, 2018	+100	(885.12)
	-100	885.12
March 31, 2017	+100	(808.71)
	-100	808.71

Company's exposure to foreign currency risk at the end of each reporting period is as under:

c) **Exposure in foreign currency - unhedged:**

(Respective foreign currency in lacs)

Currency	31st March, 2018	31st March, 2017
Receivables		
Taka	3,600.03	951.73
USD	—	0.13
LYD	165.95	165.95
Payables		
Taka	3,243.96	2,460.24

d) **Foreign currency sensitivity:**

The Company is mainly exposed to changes in LYD and Taka. The below table demostrates the sentivity to a 5% increase or decrease in the LYD and Taka against INR, with all other variables held constant. The sensitivity analysis is prepared on the the net unhedged exposure of the Company as at reporting date. 5% reprents management's assessment of reasonably possible change in foreign exchange rate.

(₹ in lacs)

Particulars	Currency	Change in rate	Effect on profit before tax
March 31, 2018	LYD	+5%	407.26
	LYD	-5%	(407.26)
March 31, 2017	LYD	+5%	378.86
	LYD	-5%	(378.86)
March 31, 2018	Taka	+5%	13.89
	Taka	-5%	(13.89)
March 31, 2017	Taka	+5%	(61.09)
	Taka	-5%	61.09

Note 33

CAPITAL MANAGEMENT

The Company's capital management objective is to maximise the total shareholder returns by optimising cost of capital through flexible capital structure that supports growth. Further, the Company attempts ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The following table summarises the capital of the Company:

(₹ in lacs)

Particulars	As at	
	31st March, 2018	31st March, 2017
Total debt	97,730	90,374
Total equity	67,005	66,049
Total debt to equity ratio	1.46	1.37

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Dividends

Dividends recognised in the financial statements

(₹ in lacs)

	31st March, 2018	31st March, 2017
Final dividend for the year ended 31st March, 2016 of ₹ 30 per Equity Share	—	805.40
Final dividend for the year ended 31st March, 2017 of ₹ 30 per Equity Share (refer note no. 47)	6.04	—
Dividends not recognised in the financial statements		
Directors have recommended the payment of final dividend of ₹ 30 per share. The proposed dividend is subject to the approval of the shareholders in the ensuing general meeting. Promoter shareholders holding in aggregate 26,67,854 shares have waived their dividend for the year ended 31st March, 2017.	6.04	0.00

Note 34

CONTINGENT LIABILITIES

(₹ in lacs)

No.	Particulars	31st March, 2018	31st March, 2017
1.	For indemnity and guarantees by banks against contracts which include Advance Payment Guarantees (APGs) aggregating to ₹ 72,524.32 lacs (Previous Year ₹ 76,846.54 lacs). The actual liability against the APGs of ₹ 66,749.83 lacs (Previous Year ₹ 59,080.79 lacs) is already shown in Note No. 19)	224,265.99	202,425.02
2.	For inland letter of credits	5,923.51	3,890.28
3.	Guarantees given by the Company in respect of facilities sanctioned by the bank to other company	2,800.00	2,800.00
4.	In respect of disputed income tax liabilities	—	83.39
5.	Excise, service tax and sales tax matters	3,765.73	1,248.68
6.	Claims filed against the Company not acknowledged as debts	39,458.00	—

Note 35

EMPLOYEE BENEFITS

Funded scheme

Gratuity

Liability for employee gratuity has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Indian Accounting Standard 19, the details of which are as hereunder. The Company makes contributions to approved gratuity fund.

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
Amount recognised in Balance Sheet		
Present Value of Funded Defined Benefit Obligation	2,408.65	2,490.74
Fair Value of Plan Assets	(3,028.68)	(3,127.31)
Net Funded Obligation	**(620.03)**	**(636.57)**
Expense Recognised in the Statement of Profit and Loss		
Current Service Cost	207.00	197.16
Past Service Cost	498.19	—
Interest on Net Defined Benefit Asset	(56.17)	(46.98)
Total Expense Charged to Profit and Loss Account	**649.02**	**150.18**
Amount recorded as Other Comprehensive Income		
Opening amount recognised in OCI outside Profit & Loss Account	110.71	2.15
Re-measurement during the period due to:		
Changes in Financial Assumptions	—	—
Actual return on Plan Assets less interest on Plan Assets	414.35	108.56
Closing amount recognised in OCI outside Profit & Loss Account	**525.06**	**110.71**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
Reconciliation of Net Liability/(Asset)		
Opening Net Defined Benefit Liability/(Asset)	**(636.57)**	**(581.19)**
Expense charged to Profit and Loss Account	649.02	150.18
Amount recognised outside Profit and Loss Account	(414.35)	(108.56)
Benefits paid	(218.13)	(97.00)
Closing Net Defined Benefit Liability/(Asset)	**(620.03)**	**(636.57)**
Movement in Benefit Obligation		
Opening of Defined Benefit Obligation	**2,490.75**	**2,433.95**
Current Service Cost	207.00	197.16
Past Service Cost	498.19	0.00
Interest on Defined Benefit Obligation	156.04	171.63
Acturial Loss/(Gain) arising from change in Financial Assumptions	(626.56)	(45.58)
Benefits paid from the fund	(316.76)	(266.42)
Closing of Defined Benefit Obligation	**2,408.66**	**2,490.74**
Movement in Plan Assets		
Opening Fair Value of Plan Assets	**3,127.31**	**3,015.14**
Return on plan assets excluding interest income	(24.09)	62.99
Interest Income	212.21	218.61
Contributions by Employer	30.00	97.00
Benefits Paid	(316.76)	(266.42)
Closing of Defined Benefit Obligation	**3,028.67**	**3,127.32**
Principal Actuarial Assumptions		
Discount Rate	7.65	6.69
Salary Escalation Rate p.a.	6.00	6.00

Sensitivity analysis for significat assumption is as shown below:

(₹ in lacs)

Particulars	Sensitivity level	31st March, 2018
Discount Rate	1% Increase	2,268.33
	1% Decrease	2,567.67
Salary	1% Increase	2,565.55
	1% Decrease	2,267.84

The following are the expected future benefit payments for the defined benefit plan:

(₹ in lacs)

Particulars	31st March 2018
Within the next 12 months (next annual reporting period)	214.48
Between 2 and 5 years	933.73
Beyond 5 years	1,066.87

Note 36

Disclosure as required by the Ind AS 17, "Leases" as specified in the Companies (Accounting Standards) Rules, 2015 (as amended) are given below:

a) The aggregate lease rentals payable are charged to the statement of profit & loss as rent in note no. 29.

b) The Company has taken properties on operating lease. The lease rentals are payable by the Company on a monthly or quarterly basis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note 37

RELATED PARTY TRANSACTIONS

(i) Subsidiaries

Sr. No.	Particulars	Country of incorporation	Extent of holding
1	Gannon Dunkerley Finance Limited*	India	100.00%
2	Gannon Dunkerley Realty Limited*	India	100.00%
3	Virat Infra Projects Pvt. Limited*	India	100.00%
4	I.K. Infrastructure Pvt. Limited*	India	100.00%
5	Greenland Realcon Pvt. Limited*	India	100.00%
6	Greenland Township Pvt. Limited*	India	100.00%
7	Modern Ultra Home Solutions Pvt. Limited*	India	100.00%
8	The Jaipur Udyog Limited*	India	97.03%
9	Gannon Dunkerley & Co. Limited FZE	UAE	100.00%
10	Gannon Dunkerley Middle East WLL	Bahrain	80.00%
11	Khagra Joydev Resources Private Limited	India	51.00%

* ceased to be subsidiary during the year and became associate.

(ii) Joint Ventures

12	Gannon Dunkerley & Co. LLC	UAE	49.00%
13	Gannon Dunkerley General Contracting Co. LLC	UAE	49.00%
14	Gannon Dunkerley Gulf Contracting LLC	UAE	49.00%
15	GDCL – TEIL	India	69.00%
16	GDCL MIS Shivam	India	51.00%
17	GDCL CEPL	India	65.00%
18	GDCL Krishna	India	80.00%
19	GDCL - SMISL	India	60.00%
20	GDCL - PSP (Gift City)	India	51.00%
21	GDCL - PSP (Metro Amd))	India	51.00%

(iii) Associates

22	Balaji Infrastructure & Development Company Limited
23	Facor Power Limited
24	Gannon Dunkerley Holdings Pvt. Limited
25	Hindustan Housing Finance & Development Corporation Limited
26	Nalanda Consultants Pvt. Limited
27	Ramkumar Morarka & Sons Pvt. Limited
28	Travelera Pvt. Limited
29	Courier Publication Pvt. Limited
30	Ankush Publications Pvt. Limited
31	United India Agencies Pvt. Limited

(iv) Key Managerial Personnel

32	Shri Kamal M. Morarka	Director
33	Shri Narayandas Saraf	Director
34	Shri Parag C. Mehta	Director
35	Shri Vijay G. Kalantri	Director
36	Shri Ravinder Manchanda	Director
37	Smt. Kamaya Chirag Sancheti	Director
38	Shri K. J. Rawal	Managing Director
39	Shri H. L. Pandey	Executive Director
40	Shri R. P. Agarwal	Vice President and Company Secretary

(v) Relatives of Key Managerial Personnel

41	Smt. Bharti K. Morarka
42	Shri S. K. Pandey
43	Shri A. K. Pandey

(vi) Others

44	GDCL Employees Gratuity Fund
45	MRM GDC Rural Research

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lacs)

Nature of transaction		Year ended 31st March, 2018	Year ended 31st March, 2017
Subsidiaries, Joint Ventures and Associates:			
1. Service charges paid			
Nalanda Consultants Pvt. Limited	Associate	5.81	5.26
Balaji Infrastructure & Development Company Limited	Associate	6.00	6.90
Ramkumar Morarka & Sons Pvt. Limited	Associate	2.13	2.01
Total		**13.94**	**14.17**
2. Travel related services			
Travelera Pvt. Limited	Associate	188.22	233.35
3. Works bills			
Facor Power Limited	Associate	4.21	27.07
4. Loss of Divisions			
Courier Publication Pvt. Limited	Associate	443.00	450.58
Ankush Publications Pvt. Limited	Associate	455.09	293.74
Total		**898.09**	**744.32**
5. Loan granted			
Gannon Dunkerley Finance Limited	Subsidiary/ Associate	174.47	—
Gannon Dunkerley Realty Limited	Subsidiary/ Associate	252.35	819.33
The Jaipur Udyog Limited	Subsidiary/ Associate	148.40	84.50
Khagra Joydev Resources Private Limited	Subsidiary	156.73	—
GDCL Krishna	Joint Venture	246.79	135.60
GDCL MIS Shivam	Joint Venture	—	63.06
GDCL CEPL	Joint Venture	—	246.90
Gannon Dunkerley General Contracting Co. LLC	Joint Venture	—	40.05
Total		**978.74**	**1,389.44**
6. Sale of investments			
Gannon Dunkerley Holdings Pvt. Limited	Associate	153.46	—
Ramkumar Morarka & Sons Pvt. Limited	Associate	373.67	—
United India Agencies Pvt. Limited	Associate	281.21	—
Total		**808.34**	**—**
7. Loan repaid			
Gannon Dunkerley Finance Limited	Subsidiary/ Associate	208.57	152.33
Gannon Dunkerley Middle East WLL	Subsidiary	337.04	—
Gannon Dunkerley & Co. LLC	Joint Venture	605.04	—
Gannon Dunkerley General Contracting Co. LLC	Joint Venture	9.85	—
Gannon Dunkerley Gulf Contracting LLC	Joint Venture	38.99	—
GDCL MIS Shivam	Joint Venture	9.49	—
GDCL CEPL	Joint Venture	79.76	—
Total		**1,288.74**	**152.33**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lacs)

Nature of transaction		Year ended 31st March, 2018	Year ended 31st March, 2017
Outstanding balances:			
1. **Loans**			
Gannon Dunkerley Finance Limited	Subsidiary/ Associate	1,497.61	1,304.54
Gannon Dunkerley Realty Limited	Subsidiary/ Associate	8,391.97	8,139.62
The Jaipur Udyog Limited	Subsidiary/ Associate	7,320.07	7,171.67
Khagra Joydev Resources Private Limited	Subsidiary	156.73	—
Virat Infra Projects Private Limited	Subsidiary/ Associate	2.89	2.89
I K Infrastruture Private Limited	Subsidiary/ Associate	2.12	2.12
Gannon Dunkekerley & Co. Limited FZE	Subsidiary	644.90	645.72
Gannon Dunkerley Middle East WLL	Subsidiary	5.99	343.04
Gannon Dunkerley & Co. LLC	Joint Venture	2,849.18	2,849.18
Gannon Dunkerley General Contracting Co. LLC	Joint Venture	66.99	67.95
Gannon Dunkerley Gulf Contracting Co. LLC	Joint Venture	438.89	438.89
GDCL Krishna	Joint Venture	383.14	136.35
GDCL MIS Shivam	Joint Venture	154.12	161.24
GDCL CEPL	Joint Venture	176.16	255.92
Total		**22,090.76**	**21,519.13**
2. **Other advances**			
Travelera Pvt. Limited	Associate	39.92	27.37
Balaji Infrastructure & Development Company Limited	Associate	2,000.00	2,000.00
Courier Publication Pvt. Limited	Associate	155.80	138.79
Nalanda Consultants Pvt. Limited.......................................	Associate	0.55	—
Ankush Publications Pvt. Limited	Associate	2,522.29	2,583.77
Total		**4,718.56**	**4,749.93**
3. **Trade receivables**			
Facor Power Limited	Associate	362.57	366.78
4. **Other current liabilities**			
Gannon Dunkerley Holdings Private Limited	Associate	10.86	164.78
United India Agencies Pvt. Limited	Associate	29.01	311.00
Ramkumar Morarka & Sons Pvt. Limited	Associate	190.63	575.98
Total		**230.50**	**1,051.76**
Key Managerial Personnel and Relatives:			
1. **Sitting Fees**			
Shri Parag C. Mehta..	Director	0.60	0.80
Shri Ravinder Manchanda..	Director	0.80	0.40
Smt. Kamaya Chirag Sancheti	Director	0.20	—
Shri N. D. Saraf	Director	—	0.40
Shri Vijay G. Kalantri..	Director	0.80	0.60
Total		**2.40**	**2.20**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARTH, 2018

(₹ in lacs)

Nature of transaction		Year ended 31st March, 2018	Year ended 31st March, 2017
2. Remuneration			
Shri K. J. Rawal	Managing Director	190.77	215.72
Shri H. L. Pandey	Executive Director	117.70	107.79
Shri R. P. Agarwal	Vice President and Company Secretary	60.91	56.91
Shri S. K. Pandey		77.58	58.74
Shri A. K. Pandey		56.77	46.72
Total		**503.73**	**485.88**
3. Mobilisation advance			
GDCL MIS Shivam	Joint Venture	1,123.25	1,739.15
Outstanding balances:			
1. Current borrowings			
Shri Kamal M. Morarka	Director	5.41	213.70
2. Current liabilities			
Shri K. J. Rawal	Managing Director	—	53.50

38. Disclosure in accordance with Ind AS 11 'Construction Contracts' (₹ in lacs)

Particulars	31st March, 2018	31st March, 2017
Contract revenue for the Year	2,15,848.10	2,65,562.40
Advances received for contracts in progress	40,374.24	34,543.11
Retention money for contracts in progress	34,217.22	40,975.29
Gross amount due from customer for contract work (net of retention)	80,067.31	78,038.20

39. In respect of Libya division of the Company, the situation in Libya continues to be uncertain as a result of which there is no progress in the Company's project in Libya. The Company has already provided for all expenses till date and does not consider the need for making any further provision for losses as on date.

40. The Company has not provided for the liability in respect of the leave encashment benefits to the employees and the same are accounted for as and when paid, which is not in accordance with the provisions of the Indian Accounting Standard (Ind AS) – 19 – Employee Benefits. In absence of any information available, the liability thereof could not be ascertained. The profit of the Company for the year is overstated to that extent.

41. The Company has entered into agreements with two companies, viz. Ankush Publications Pvt. Limited and Courier Publications Pvt. Limited and thereby exercised control over publication divisions of these two companies for a payment of fixed annual compensation. Consequently, the Company has, based on the unaudited financial statements, accounted for losses for the year of these two companies aggregating to ₹ 898.09 lacs (Previous Year: ₹ 744.32 lacs) in its profit & loss statement.

    In absence of further details for ownership and operational controls and audited financial statements of these two companies, we are unable to comment on the same.

42. The Company's business activity, in the opinion of the management, falls mainly within a single primary segment i.e. construction, which is subject to the same risks and returns. Other operational activities being insignificant in nature and volume, separate reportable segments are not identified and as such, the disclosure requirements of Indian Accounting Standards (Ind AS) – 108 – Operating Segments, are in the opinion of the management, not applicable.

43. In absence of any formal agreements with the respective parties, classification of loans and advances into long-term and short-term could not be verified by the auditors and the same is relied upon the information and explanations given by the management.

44. Balance confirmations from certain financial institutions, some of the banks, sundry debtors, sundry creditors and in respect of deposits, and loans and advances have not been obtained. In the absence of balance confirmation not being made available, the entries and other supporting records have been relied upon by the auditors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

45. Interest on certain loans, advances in the nature of loans and inter-corporate deposits including loans to subsidiary companies aggregating to ₹ 63,045.11 lacs (Previous Year: ₹ 67,544.61 lacs) is not charged.

46. In respect of loans and trade advances to bodies corporate and others ₹ 5,820.34 lacs (Previous Year: ₹ 4,887.31 lacs), which are stagnant or in respect of which there are no regular supplies, efforts are continued for recovery/adjustment of such loans and advances. It is expected that there would be suitable recoveries/adjustments within a reasonable period.

47. The Company has, during the year, sold off its investments in three subsidiaries aggregating to ₹ 750.84 lacs. The said transactions have been made at book value of the respective companies or at cost, where net worth of the investee company is negative.

48. Promoter shareholders holding in aggregate 26,67,854 shares have waived their dividend for the year ended 31st March, 2017. Accordingly, final dividend of ₹ 6.04 lacs has been paid as against dividend proposed and approved of ₹ 806.40 lacs.

49. Figures of previous years have been regrouped and rearranged wherever necessary.

Signatures to Notes 1 to 49

As per our report of even date
For PARK & COMPANY
Chartered Accountants

ASHISH DAVE
Partner

Mumbai, 5th September, 2018

R. P. AGARWAL
Company Secretary

For and on behalf of the Board of Directors

K. M. MORARKA
P. C. MEHTA
R. MANCHANDA
KIMAYA C. SANCHETI
Directors

MANOJ KUMAR SINGH — *Managing Director*
H. L. PANDEY — *Executive Director*

Mumbai, 5th September, 2018