

SNP Punj

Chairman (Emeritus)

Board of Directors

Atul Punj – Chairman and Managing Director
VK Kaushik – Jt. Managing Director and COO
Uday Punj – Working Director
Luv Chhabra – Director Finance and CFO
Tarwinder Singh – Working Director
HK Kaul – Working Director
Sandeep Bakshi – Independent Director
Karamjit Singh Butalia - Independent Director
Manish Kejriwal - Independent Director
Alain Aboudaram - Independent Director
Keith Nicholas Henry - Independent Director
Naresh Kumar Trehan - Independent Director
Rajan Jetley - Independent Director

Company Secretary

Dinesh Thairani

Auditors

S. R. Batliboi & Co.

Bankers

Allahabad Bank, Central Bank of India, Citi Bank, Canara Bank, Development Credit Bank, Exim Bank of India, Federal Bank Ltd, ICICI Bank Ltd, ING Vysya Bank, Indian Overseas Bank, IDBI Bank, IndusInd Bank, Karnataka Bank Ltd, Karur Vysya Bank Ltd, Lakshmi Vilas Bank Ltd, Mashreq Bank Psc, Oriental Bank of Commerce, Punjab National Bank, Syndicate Bank, State Bank of India, Standard Chartered Bank, State Bank of Hyderabad, State Bank of Patiala, State Bank of Bikaner & Jaipur, State Bank of Travancore, State Bank of Saurashtra, UCO Bank, Vijaya Bank, Yes Bank Ltd

Registered Office

Punj Lloyd House, 17-18, Nehru Place
New Delhi – 110 019
India

Central Workshop

Banmore Industrial Area,
Banmore – 476 444, District Morena (MP),
India



HIGHLIGHTS (CONSOLIDATED) 2004-05

●	Turnover	:	Rs. 1,790 Crore US\$ 409 Million
●	EBITDA	:	Rs. 304 Crore US\$ 69 Million
●	Cash Profit	:	Rs. 131 Crore US\$ 30 Million
●	Net Profit	:	Rs. 101 Crore US\$ 23 Million
●	Total Assets	:	Rs. 1,678 Crore US\$ 383 Million

The above mentioned INR has been converted into USD @ Rs. 43.79.

PUNJ LLOYD LIMITED

DIRECTORS' REPORT

TO THE MEMBERS OF PUNJ LLOYD LIMITED

The Directors have pleasure in presenting their Seventeenth annual report and audited accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

(In Rupees Million)

	(Apr' 04 - Mar' 05)	(Jul' 03 - Mar' 04)
Turnover	14294.29	11260.20
Operating profit	1300.06	1935.74
Other Income	499.86	113.16
Waiver of funded interest	130.00	-
Financial Charges	1061.59	843.03
Misc. Expenses	46.10	16.76
Depreciation / Amortization	717.82	615.66
Loss of ISP Undertaking - for the period from 01.04.2003 to 30.06.2003	-	49.67
Profit before Tax	104.41	523.78
Less: Provision for Tax	32.06	71.23
Less: Provision for deferred tax	(9.08)	45.71
Profit/(Loss) after Tax	81.43	406.84
Profit Brought Forward	1479.25	1038.09
Add: Amount transferred from Debenture Redemption Reserve	83.31	-
Add: Amount transferred from Foreign Project Utilised Reserve	15.00	121.00
Amount available for appropriation	1658.99	1565.93
Appropriations:		
Transfer to General Reserve	20.00	50.00
Transfer to Foreign Project Reserve	-	7.50
Proposed Dividend	18.24	25.81
Tax on Proposed Dividend	2.56	3.37
Balance Carried Forward	1618.19	1479.25

REVIEW OF PERFORMANCE

The Company's revenues & profitability have been below expectation during the financial year primarily owing to an inordinate increase in price of raw material (diesel, bitumen, steel etc.) and delay by clients in deciding and awarding contracts for various projects. However, with high oil prices and large spends in the infrastructure sector in India, and the Company's strategy to continuously evaluate and enter new high growth markets for leveraging the high margin opportunities, the Company expects robust growth in revenue and profitability in the forthcoming years.

The Company has recently been awarded ONGC's prestigious Uran - Trombay pipeline project of approximately USD 91 million in an international competitive bidding tender. The project involves construction of both off-shore and onshore pipeline. The Company has also been able to secure an order for construction of Bulk Liquid Product Terminals for Horizon Singapore Terminal Pte Limited, Singapore and Tankstore, Singapore worth approximately USD 114 million.

The Company has also been awarded five nos. of projects in Assam and one project in Rajasthan by National Highways Authority of India aggregating approximately Rs. 12775.40 million for construction of highways. The Company has also been awarded a project for execution of Civil, Structural & Architectural Works for 1000 MW Raigarh Thermal Power Plant by Jindal Power Ltd worth approximately Rs. 2085 million.

The Company has presently an outstanding order book of approximately Rs. 32400 million (both in the domestic and international markets), which is expected to increase substantially in the next few months.

CAPITAL EXPENDITURE

As at 31st March 2005, the gross fixed assets of the company were Rs. 7039.07 million and the net fixed assets were Rs. 4327.84 million. Additions to fixed assets during the year under review were Rs. 625.32 million.



PRIVATE PLACEMENT OF SHARES

During the year the Company placed 36,70,510 equity shares and 9,17,628 Preference Shares of the Company to a group of Investors comprising of Standard Chartered Private Equity (Mauritius) II Limited, Merlion India Fund I Limited, New York Life International Investment Asia Limited and Jacob Ballas Capital India Private Limited for an aggregate sum of Rs. 2,262.15 million.

FIXED DEPOSITS

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

SUBSIDIARY AND JOINT VENTURE COMPANIES

During the year, the Company has disinvested shares held in its joint venture / associate companies as per details given below:

	No. of Equity shares of Rs. 10/- each	Name of the Company
a)	10,802,500	Andhra Expressway Limited
b)	10,802,500	Rajahmundry Expressway Limited
c)	17,363,600	North Karnataka Expressway Limited
d)	3,500,000	Vadodara Halol Toll Road Company Limited
e)	100,000	Jacob Ballas Capital India Pvt. Limited

During the year, the Company has also subscribed to 25,000 equity shares of Rs. 10/- each in Thiruvananthapuram Road Development Company Limited, a special purpose joint venture company formed for Thiruvananthapuram City Roads Improvement Project.

The Company has also acquired 10,00,000 equity shares of Rs. 10 each of PLN Construction Limited from the joint venture partner - M/s. Koop International B.V., Holland. Consequent to the acquisition of above shares, PLN Construction Limited has become a wholly owned subsidiary of the Company.

The Company has also invested USD 300,000 by way of cash remittance, in the charter capital of Punj Lloyd Kazakhstan LLP, the wholly owned subsidiary of the Company in Kazakhstan.

The Company is now in the process of setting up a Company in Joint Venture with AL Rushaid Investment Company in Saudi Arabia.

The Company is in the process of making an application to the Central Government under Section 212 (8) of the Companies Act, 1956 for grant of exemption from attaching the copy of the Balance Sheet, Profit & Loss Account, report of the Board of Directors and Auditors of the subsidiaries of the Company. On receipt of the approval, the copy of the Balance Sheet, Profit & Loss Account, report of the Board of Directors and Auditors of the subsidiaries of the Company shall not be attached to the Balance Sheet of the company. These documents will be made available upon request by any member of the Company interested in obtaining the same and will also be available for inspection at the Registered Office of the Company during business hours on all working days, except Sundays, Saturdays and holidays. However the Consolidated Financial Statements pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India and such other financial data of the subsidiaries as may be directed by the Central Government while granting its approval, shall be attached to the Annual report of the Company.

AUDITORS REPORT

The observations/qualification made in the Auditors Report are suitably replied and explained in the addendum to the Directors' Report.

PERSONNEL

The Board of Directors expresses its appreciation to all the employees for their contribution to the Company during the year. A statement of particulars required under Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 is annexed and forms part of this Report.

CONSUMPTION OF ENERGY AND FOREIGN EXCHANGE EARNING AND OUTGO

The Statement pursuant to section 217(i)(e) of the Companies Act, 1956 read with The Companies (Disclosure of particulars in the Report of the Board of Director) Rules 1988, pertaining to consumption of energy and technology absorption as well as Foreign Exchange Earning and Outgo is annexed and forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for the financial year 2004-05;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis.

DIVIDEND

The Directors recommend dividend @ Rs. 0.75 per Equity Share on 24,317,127 fully paid up Equity Shares of Rs. 10/- each.

DIRECTORS

Mr. Uday Punj, Mr. Rajan Jetley and Mr. Tarwinder Singh, Directors retire by rotation, and being eligible, offer themselves for reappointment.

Mr. Alain Aboudaram and Mr. Keith Nicholas Henry have been appointed as Additional Directors w.e.f. 11th November, 2004 and 20th December 2004 respectively and they hold office till the conclusion of the ensuing Annual General Meeting of the Company.

Mr. Karamjit Singh Butalia and Mr. Manish Kejriwal have been appointed as Additional Directors w.e.f. 11th November, 2004 and 20th January, 2005 respectively and they hold office till the conclusion of the ensuing Annual General Meeting of the Company.

Mr. H.K. Kaul has been appointed as Additional Director w.e.f. 19th July, 2005 and he holds office till the conclusion of the ensuing Annual General Meeting of the company. Mr. H.K. Kaul was also appointed as Whole Time Director of the Company for a period of five years effective from 19th July, 2005, liable to retire by rotation subject to approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors at the meeting held on 19th July, 2005 accepted the resignations of Mr. P.K. Gupta and Mr. V.K. Sud. The Directors record their appreciation of the valuable services rendered by Mr. P.K. Gupta and Mr. V.K. Sud.

AUDITORS

The auditors M/s S.R. Batliboi & Co., hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of The Companies Act, 1956.

ACKNOWLEDGEMENT

The Directors place on record its appreciation for the continued co-operation and support by Financial Institutions, Banks, suppliers, subcontractors and various departments of Central and State Governments to the Company.

For and on behalf of the Board**ATUL PUNJ**

Chairman & Managing Director

Place : New Delhi

Dated : 19th July, 2005

ADDENDUM TO THE DIRECTORS' REPORT

The Auditors' observations/qualifications in para 4 (iv) and (vi)(b) of the Auditors' Report, has been suitably explained/clarified in Note 16 of Schedule ANA (Notes to the Accounts) and therefore do not call for any further comments.

The Auditors' observations/qualifications in para 4 (vi)(a) of the Auditors' Report, has been suitably explained/clarified in Note 13 of Schedule ANA (Notes to the Accounts) and therefore do not call for any further comments.

Apropos to the Auditors' observations/qualifications in para (ii) (a) and (c) of Annexure to the Auditors' Report, the Company was informed by Spie- Capag Petrofac JV to terminate its construction activities in Georgia w.e.f. 28th Feb, 2005 owing to the contractual issues between Spie- Capag Petrofac International JV (SPJV) and the client, Baku Tbilisi Ceyhan Pipeline Company. Since the Company had to immediately demobilize its manpower and resources from Georgia, the auditors could not be called for physical verification of inventory on 31st March, 2005. The physical verification was carried out by the management of the Company.

In respect of the Auditors' observations/qualifications in para (iv) and (vii) of Annexure to the Auditors' Report, the Company's accounting is carried out on an oracle 11i ERP platform at its head office and all major project sites. On few occasions, owing to operational exigencies and remoteness of the project sites where connectivity is not available, manual intervention is resorted to. It is expected that as communication facilities improve, the same will be overcome.

In so far as the internal audit is concerned, the scope has been enlarged to cover IT (Information Technology) related risks.

Apropos to the Auditors' observations/qualifications in para (ix) (a) of Annexure to the Auditors' Report, the delay in payment of statutory dues on a few occasions has been owing to oversight.



ANNEXURE TO THE DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The Company is in the construction business and consequently, the provisions of Section 217 (1)(e) of the Companies Act 1956, in respect of total energy consumption and energy consumption per unit of production has not been provided as these particulars do not apply to the company.

B. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

During the year the Company restructured its operations to achieve increased responsiveness to market dynamics and efficiency in operations. The Company has regrouped its overseas operations into different regions viz: Middle east, Asia Pacific, Africa and the Caspian Region. Each region is headed by a senior person from the Company. The restructuring has helped the Company to leverage the options available in the international market.

- (b) Total Foreign Exchange Used and earned

<u>Used</u>	<u>(Rs. In '000)</u>
CIF value of Imports	172,163
Project expenses	98,852
Foreign Branch Expenses	5,367,494
Others (on cash basis)	9,917
Travelling (on cash basis)	16,510
Bandwidth charges (on cash basis)	4,682
 <u>Earned</u>	
Contract Revenues	6,252,375
Export at FOB Value	13,955
Management Fees	112,527
Hiring Charges	143,020
Professional and Consultation Fees and others	17,385

CORPORATE GOVERNANCE

With the infusion of private equity into the Company, the Company has appointed Mr. Karamjit Singh Butalia and Mr. Manish Kejriwal as Directors on Board of the Company. The Company has also appointed Mr. Keith Henry as Independent Director on Board of the Company. Mr Keith Henry, in his position as independent Director, reviews all the projects of the Company on a quarterly basis, and provides an independent feedback to the Board.

The Board of Directors of the Company ('the Board') presently consists of 13 directors, of which 7 directors are independent directors. The Independent Directors are Mr. Karamjit Singh Butalia, Mr. Manish Kejriwal, Mr. Sandeep Bakhshi, Mr. Alain Aboudaram, Mr. Keith Henry, Dr. Naresh Trehan and Mr. Rajan Jetley.

Brief resume of the directors who are being appointed or reappointed at the ensuing Annual General Meeting, their functional areas are provided below:

- a) Mr. Karamjit Singh Butalia, age 51 years, is the Global Head of Standard Chartered Private Equity (SCPE) and is the SCPE nominee on the Board of the Company. He holds a Masters degree in Economics and an MBA in Investment and Finance.

He was previously the Managing Director of Citicorp Capital Asia, the private equity arm of Citicorp in Asia. He is a senior private equity professional with many years of experience covering a diverse range of markets and industries. He has held a number of senior positions in various Asian locations during his career spanning 24 years in Citibank and Citicorp International.

- b) Mr. Manish Kejriwal, age 36 years, has received an AB from Dartmouth College where he graduated Magna Cum Laude with a major in Economics and Engineering Sciences. He holds an MBA from Harvard University, where he graduated with high distinction as a Baker Scholar.

He is presently the Managing Director of Temasek Holdings Advisors India Pvt Ltd. Temasek Holdings is an investment holding company involved in a wide range of business activities, from ports, shipping and logistics, to banking and financial services, airlines, telecom and media, power and utilities, and its portfolio includes Singapore Airlines, Singapore Telecom, and DBS Bank.

Prior to joining Temasek Holdings, he was a Partner at McKinsey & Company, Inc and had been a part of their New York, Cleveland and Mumbai offices. Prior to McKinsey, he had worked at the World Bank in Washington D.C. and with Goldman Sachs (Principal Investment/Corporate Finance) in Hong Kong.

He is also a member on the board of Bajaj Auto Limited and is an active member of the Young Presidents Organization (YPO), and the co-President of the Harvard Business School Association of India (HBSAI).

- c) Mr. Keith Henry, age 60 years holds Honours degree in Civil Engineering from London University and M.Sc. in Foundation Engineering from Birmingham University. He has over 33 years of international business experience in development, ownership, design and construction of electricity, civil, oil and gas, process and defense related activities.

He was one of the youngest members to be elected as a Fellow of the Royal Academy of Engineering. He had held the positions of Deputy Chairman, Petroleum Geo - Services ASA, Chief Executive of Kvaerner E&C PLC, Chief Executive of National Power PLC and Chief Executive of Brown & Root Limited.

- d) Mr. Alain Aboudaram, age 67 years is a B.A. (Economics) - HEC from University of Lusanne. He is presently CEO of Couseil Alain Aboudaram SA (CAASA).
- e) Mr. H.K. Kaul, age 60 years holds Honours degree in Electrical from Government Engineering College, Jabalpur and M. Tech - Energetics from IIT, Mumbai. He has over 38 years experience in engineering construction sector. Before joining the Company, he was Director (Commercial) of Engineers India Ltd. and also Director of EIL Asia Pacific Pvt. Ltd.
- f) Mr. Uday Punj, age 43 years is a Commerce Graduate from Delhi University. He has over 22 years experience in manufacturing / contracts management of projects in India & abroad.
- g) Mr. Rajan Jetley, age 58 years is a B.A. from St. Aloysius University of Jabalpur and M.B.A. from Delhi University. He had held the positions of Managing Director of Air India, Managing Director of India Tourism Development Corporation, Chairman of Centaur Group of Hotels, Director of United Breweries Ltd, Consultant of Air Lanka Airlines and Director of Airports Authority of India.

Presently he is Chairman of Jacob Ballas Capital India Pvt. Ltd, Chairman of Radisson Hotels Asia, Sponsor and major shareholder of Bistro Americana Ltd and Director of Zee Telefilms Ltd.

- h) Mr. Tarwinder Singh, age 54 years is a M. Tech. from IIT, Delhi. He has over 30 years experience in project / construction management. Before joining the Company, he was Chief Executive Officer and Director of Dodsai Pvt. Ltd.

Board Meetings

A minimum of four board meetings of the Company are held each year. In case of business exigencies or urgency of matters, resolutions are passed by circulation. The board meetings are ordinarily held at the Registered Office of the Company. However owing to the directors being located in different geographical locations, the board meetings have been sometimes held at places other than the Registered Office of the Company. During the last year, board meetings were held on 16th June, 2004, 3rd September, 2004, 20th December, 2004 and 24th March, 2005. The attendance of directors at board meetings is given below:

Name of the Director	Attendance Particulars
MR. ATUL PUNJ	4
MR. KARAMJIT SINGH BUTALIA *	2
MR. MANISH KEJRIWAL **	Nil
MR. SANDEEP BAKSHI	Nil
DR. NARESH KUMAR TREHAN	3
MR. ALAIN ABOUDARAM	3
MR. RAJAN JETLEY	Nil
MR. KEITH NICHOLAS HENRY ***	2
MR. VIMAL KISHORE KAUSHIK	4
MR. L CHHABRA	4
MR. UDAY PUNJ	4
MR. TARWINDER SINGH ****	2
MR. MAHINDER PRAKASH +	1
MR. V.K.SUD	2
MR. P.K.GUPTA	2
MR. PADMANABH SINHA @	1

* Appointed on 11th November, 2004

** Appointed on 20th January, 2005

*** Appointed on 20th December, 2004

**** Appointed on 9th August, 2004

+ Resigned on 31st October, 2004

@ Appointed on 8th February, 2005 as Alternate Director of Mr. Manish Kejriwal and vacated office on 27th April, 2005.



AUDIT COMMITTEE

The Audit Committee consists of 4 directors of which 3 are independent directors. All the members of the Audit Committee possess financial/accounting knowledge. The constitution of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956. The composition of the Audit Committee is as follows:

1. Dr. Naresh Trehan - Chairman
2. Mr. Rajan Jetley
3. Mr. Atul Punj
4. Mr. Karamjit Singh Butalia

The role of Audit Committee includes review of the financial reporting system and disclosures of its financial results, review of the adequacy of internal audit procedures, systems and quality of audits, recommendation of the appointment of statutory auditors and discussion with the Statutory Auditors about the efficacy of the internal control system.

During last year, Audit Committee meetings were held on 16th June, 2004, 3rd September, 2004 and 20th December, 2004. The attendance of members of Audit Committee at Audit Committee meetings is given below:

Name of Members of Audit committee	Attendance Particulars
Dr. Naresh Trehan	3
Mr. Atul Punj	3
Mr. Rajan Jetley	Nil
Mr. Karamjit Singh Butalia *	1

* Attended as Special Invitee

REMUNERATION COMMITTEE

The Board has also constituted a Remuneration Committee. The Remuneration Committee has 4 directors of which 2 are independent directors.

The Remuneration Committee has been constituted to recommend / review remuneration of Managing Directors and Wholetime Directors based on their performance & assessment criteria and also to decide on remuneration structure & policy of the Company.

For and on behalf of the Board

ATUL PUNJ

Chairman & Managing Director

Place : New Delhi

Dated : 19th July, 2005

PARTICULARS OF EMPLOYEES REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2005.

Sl. No.	Name	Designation & Nature of Duties	Remuneration (Rs.)	Qualification	Experience (Yrs)	Date of commencement of employment	Age	Last employment held before Joining the Company
Employed throughout the year :								
1.	V.K. Kaushik	Joint Managing Director & Chief Op. Officer	5,576,767	B.E. (Elec.)	36	01.11.03	57	Punj Group
2.	Uday Punj	Director	4,919,360	B.Com.(Hons)	25	06.08.97	43	Business
3.	L. Chhabra	Director Finance & Corporate affairs	5,353,859	B.Tech., MBA	28	01.07.01	48	KEC International Ltd
4.	P. K. Gupta	Director	3,257,960	B.E. (Mech.)	31	01.06.04	53	Punj Group
5.	V. K. Sud	Director	3,140,240	B. Tech. (Hons), Mech. Engg.	38	01.11.00	62	Triune Projects Pvt. Ltd.
6.	Sanjay Dwivedi	CEO-ISP Division	2,619,649	FCCA (U.K.), AIQA (U.K.)	24	21.07.00	46	Deloytte & Touche, U.K.
Employed for part of the year								
1.	M. Prakash	Director	2,432,641	B.C.H.E.	44	01.12.97	64	Engineers India Ltd
2.	Tarwinder Singh	Director	1,851,904	M. Tech.	30	09.08.04	54	Dodsal Pvt. Ltd

NOTES:-

1. Remuneration includes salary, allowances, commission, taxable perquisites, Company's contribution to provident fund and superannuation fund.
2. The above employees are/were whole time employees of the company.
3. The condition of employment of the Chairman & Managing Director and other Wholetime Directors and employees are contractual.

For and on behalf of the Board

ATUL PUNJ
Chairman & Managing Director

Place : New Delhi
Date : 19.07.2005



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

1. Name of the Company	PUNJ LLOYD (MALAYSIA) SDN. BHD.	PT PUNJ LLOYD INDONESIA	SPECTRA PUNJ LLOYD LIMITED	PUNJ LLOYD INSULATIONS LIMITED	PUNJ LLOYD INC.	PUNJ LLOYD INTERNATIONAL LIMITED	SPECTRA INFRASTRUCTURE LIMITED	ATNA INVESTMENTS LIMITED	PUNJ LLOYD KAZAKHSTAN LLP	SPECTRA PUNJAB LIMITED	PLN CONSTRUCTION LIMITED	SPECTRA NET LIMITED	SPECTRANET HOLDINGS LIMITED
2. Financial year of the Company ended on:	31-Mar-05	31-Mar-05	31-Mar-05	31-Mar-05	31-Mar-05	31-Mar-05	31-Mar-05	31-Mar-05	31-Mar-05	31-Mar-05	31-Mar-05	31-Mar-05	31-Mar-05
3. Extent of Holding company's interest in the subsidiary Company.	100% Paid-up Share Capital	100% Paid-up Share Capital	97.35% Paid-up Share Capital	100% Paid-up Share Capital	100% Paid-up Share Capital	100% Paid-up Share Capital	100% Paid-up Share Capital	100% Paid-up Share Capital	67.69% Paid-up Share Capital (e)	100% Paid-up Share Capital	100% Paid-up Share Capital	23.47% Paid-up Share Capital (b)	Point (c)
4. The net aggregate amount of profit/loss of subsidiary to the extent it concerns the members of holding Company were :													
a) Not dealt with in Holding Company's account :	RS.	RS. MILLION	RS.	RS.	RS.	RS.	RS.	RS.	RS. '000	RS.		RS.	RS.
(i) For the financial year ended 31.03.2005	(337,639)	231	3,524,682	552,027	35,272,299	1,322,508	(125,527)	(253,043)	(1,463)	NIL	5,543,745	(2,004,620)	NIL
(ii) For the previous financial years of the subsidiary Companies since they became the holding Company's Subsidiary	22,202,766	461	57,004,661	7,718,205	(37,058,285)	11,876,101	(771,567)	(1,107,716)	12,210	NIL	32,958,029	(751,584)	NIL
b) Dealt within holding Companies Account													
(i) For the financial year ended 31.03.2005	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(ii) For the previous financial years of the subsidiary Companies since they became the holding Company's Subsidiary	NIL	NIL	9,012,016	NIL	18,915,000	14,303,000	NIL	NIL	NIL	NIL	NIL	(14,668,844)	NIL

(a) The Company alongwith its subsidiary Punj Lloyd International Limited holding 100% of the Paid up Equity Capital of Punj Lloyd Kazakhstan LLP and the amount shown under 4(a)(i) above represent the net aggregate amount of profits of the subsidiary attributable to the direct holding of the Company.

(b) The Company alongwith its subsidiary Atna Investments Limited holding 73.35% of the Paid up Equity Capital of Spectra Net Limited and the amount shown under 4(a)(i) above represent the net aggregate amount of losses of the subsidiary attributable to the direct holding of the Company.

(c) Spectra Net Limited, a subsidiary of the Company, is holding 100% of the Paid up Equity Capital of Spectranet Holdings Limited.

For and on behalf of the Board
 Sd/-
ATUL PUNJ
 Chairman & Managing Director
 PLACE : NEW DELHI
 DATE : July 19, 2005

DETAILS OF SUBSIDIARY COMPANIES

	PT Punj Lloyd Indonesia		Punj Lloyd Inc.		Punj Lloyd International Ltd.		Punj Lloyd (Malaysia) Sdn Bhd.		Punj Lloyd Kazakhstan LLP		Spectra Lloyd Ltd	Spectra Punj Lloyd Ltd	Alma Investments Punjab Ltd	Spectra Infrastructure Punjab Ltd	Spectra Infrastructure Ltd	Punj Lloyd Insulations Ltd	Spectra Infrastructure Ltd	Alma Investments Ltd	Spectra Punjab Ltd	Punj Lloyd Insulations Ltd	Spectra Infrastructure Ltd	Alma Investments Ltd	Spectra Infrastructure Punjab Ltd	PLN Construction Ltd	Spectramet Ltd	Spectra Net Holding Ltd
	IN IDR	IN INR	IN USD	IN INR	IN USD	IN INR	IN RM	IN INR	IN KZT	IN INR	IN INR	IN INR	IN INR	IN INR	IN INR	IN INR	IN INR	IN INR	IN INR	IN INR	IN INR	IN INR	IN INR	IN INR	IN INR	IN INR
CAPITAL	714,505,000	10,910,125	200,000	8,493,000	100,000	4,451,750	3,661,255	44,141,000	19,065,200	5,823,015	50,000,000	2,552,000	39,922,100	9,000,000	20,000,000	72,691,210	20,500,000									
RESERVE	134,347,136,858	611,318,859	(31,421)	(1,110,926)	297,966	12,975,176	1,779,065	18,564,678	48,701,105	16,600,858	62,177,035	8,270,282	(1,360,759)	-	38,501,774	11,736,317	349,297									
TOTAL ASSET	352,876,125,027	1,625,700,308	770,064	33,721,103	408,566	17,891,100	5,445,321	62,763,309	3,972,812,865	1,314,603,771	278,751,425	26,838,227	48,644,391	60,599,978	133,248,551	119,931,975	20,857,562									
TOTAL LIABILITIES	352,876,125,027	1,625,700,308	770,064	33,721,103	408,566	17,891,100	5,445,321	62,763,309	3,972,812,865	1,314,603,771	278,751,425	26,838,227	48,644,391	60,599,978	133,248,551	119,931,975	20,857,562									
INVESTMENTS	-	-	-	-	40,000	1,751,600	-	-	-	-	-	-	-	-	-	49,000	-	-	-	-	-	-	-	-	-	-
TURNOVER / TOTAL INCOME	606,019,305,397	2,970,252,120	1,456,195	65,530,595	150,641	6,779,033	4,201	49,790	3,762,066,995	1,310,986,296	139,292,537	38,042,497	12,008	-	113,079,102	10,060,851	-	-	-	-	-	-	-	-	-	-
PROFIT BEFORE TAXATION	69,334,364,551	339,825,054	834,927	37,572,763	29,388	1,322,508	(28,489)	(337,639)	114,227,556	39,806,446	5,945,709	634,677	(252,026)	-	9,063,794	(8,541,202)	(64,030)									
PROVISION FOR TAXATION	22,191,171,058	108,764,477	51,120	2,300,464	-	-	-	-	120,431,091	41,967,224	2,325,079	82,600	1,017	-	3,520,049	-	-									
PROFIT AFTER TAXATION	47,143,193,493	231,060,577	783,807	35,272,299	29,388	1,322,508	(28,489)	(337,639)	(6,203,535)	(2,161,779)	3,620,630	552,077	(125,527)	-	5,543,745	(8,541,202)	(64,030)									
PROPOSED DIVIDEND	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES :

The exchange rates taken are as follows:

PT. Punj Lloyd Limited

Balance sheet items
Profit and Loss items

0.004607
0.004901

Punj Lloyd Inc. & Punj Lloyd International

Balance sheet items
Profit and Loss items

43.79000
45.00125

Punj Lloyd Malaysia (SDN) BHD

Balance sheet items
Profit and Loss items

11.53
11.85

Punj Lloyd - Kazak LLP

Balance sheet items
Profit and Loss items

0.330900
0.348500

Equity & reserve and surplus for all the above entities are translated using historical rates.

For and on behalf of the Board

ATUL PUNJ

Chairman & Managing Director

PLACE : NEW DELHI

DATE : July 19, 2005



MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis of the Company provides an overview of the performance of various Strategic Business Units (SBUs) of the Company and the outlook for the future, based on an assessment of the current business environment. It may vary owing to a variety of external factors, both in the domestic and international markets, which are not within the control of the Company.

The real GDP growth of the Indian economy was 6.9% for 2004-05, which was well above the expectations at the commencement of the year. Despite unprecedented hikes in global oil & steel prices, India continues to be one of the fastest growing economies of the World.

The growth drivers for the Indian economy are a buoyant manufacturing sector and continuing upsurge in the services sector. There was a hardening of long-term interest rates during the second half of the financial year; notwithstanding this, there was ample liquidity in the system.

With the continuing surge in the global prices of oil and the enormous investments in the infrastructure and power sectors in developing countries particularly India, our company has positioned itself as a significant player in the engineering & construction sector and expects to leverage the robust opportunities. Though the company's profitability was adversely affected by the steep increase in input cost of hydrocarbon and steel products, the company had a satisfactory profitability of Rs. 1,001 million on a consolidated basis on revenues of Rs. 17,900 million.

The performance highlights of company's strategic business units during the year are under review and the future outlook are provided below:

PIPELINES

One of the major achievements of the pipeline SBU during the year has been the execution (consortium with a local partner, Limak) of the 42" dia, 208 km and 34" dia, 125 km Baku-Tbilisi-Ceyhan pipeline project in Turkey. The 46" dia., 52 km Baku-Tbilisi-Ceyhan pipeline in Georgia was completed in time. The 48" dia, 265 km Gas export pipeline in Oman is progressing as per schedule.

The Company is recognised as a major player in this field both in the domestic as well as the international market. The future outlook of the SBU is encouraging. The SBU expects to win substantial orders, both domestic and international, in the current year.

CIVIL CONSTRUCTION

The SBU's thrust during the year has been mainly on execution of National Highway Projects, as part of NHDP of NHAI. The SBU, during the year successfully completed Rs.450 Crore Belgaum-Maharashtra Border Road Project on BOT basis. This prestigious project was completed in record time of 25 months i.e. 5 months ahead of schedule. In addition, Dharmavaram-Tunni Road Project on NH5, costing Rs.212 Crores was also completed during the year.

The SBU has also successfully completed the construction of an elevated viaduct for Delhi Metro Rail Corporation at Raja Garden in New Delhi. (The Project being executed on BOT basis is the first of its kind in the country).

Work on Mohania-Sasaram Road Project (NH2) in Bihar, Jaipur By Pass Road Project (NH8) in Rajasthan, Rajamundry Road Project (NH5) in Andhra Pradesh, Silchar Balachera Road Project (NH4) in Assam, progressed well during the year. The SBU also secured Rs.186 Crore Thiruvananthapuram City Roads Improvement Project, on BOT basis during the year. The work on this project is progressing well.

PROCESS PLANTS

During the year under review, the SBU executed Indian Oil's prestigious Haldia Motor Spirit Quality Upgradation project.

The execution of this project underlines Punj Lloyd's capability in executing Complex EPC projects in the Hydrocarbon sector involving catalytic processes viz. Naphtha Hydrotreating, gasoline desulphurisation and Naphtha/Gasoline Isomerisation.

Motor Spirit Quality Upgradation project is required for production of gasoline/petrol in order to meet Bharat III environmental requirements stipulated by the Supreme Court of India.

The SBU achieved the Mechanical Completion of the Project within the stipulated period of 17 months i.e. by 31st May, 2005. Presently the pre-commissioning activities are underway and the project is expected to be commissioned in October 2005.

The SBU is presently pursuing various packages of IOCL's Naphtha Cracker Project at Panipat refinery and Hydro Cracker Project at Haldia. These projects are likely to be finalised during the current financial year.

TANKAGE & TERMINALS

It was an eventful year for the SBU having won one EPC tank project in Singapore, a new overseas geographical location. Bulk Liquid Product Terminal on Jurong Island for Horizon Singapore Projects Private Limited with a value of USD 58.26 million.

During the year the SBU also received a tank project at Paradip Refinery from Indian Oil Corporation worth INR 279 million.

The year also witnessed the successful completion of the Hydro Cracker unit project at IOCL's Panipat refinery and the LNG tank project for Shell at Hazira.

The progress on other ongoing projects viz. Crude Tankage project at IOCL's Panipat Refinery, construction work of Cryogenic LPG tank for Reliance Industries Limited at Jamnagar and Mechanical work of PX-2 project at Panipat Refinery is satisfactory.

With the ongoing boom in the infrastructure sector, the growth of this SBU appears globally promising especially as the SBU is well positioned to secure larger projects in different geographical locations around the world.

PLANT & FACILITY MANAGEMENT

The SBU continues to preserve and maintain the Dabhol Power Plant and Daewoo Motor Company facilities.

The SBU is also operating and maintaining the Belgaum - Maharashtra Highway project.

With the Government's thrust on improving the infrastructure in the country, the SBU perceives large opportunities for itself.

POWER

SBU Power made a breakthrough with the award of a contract worth Rs.208 crore by the Jindal Group for setting up a 4x250 MW Power plant at Raigarh in the state of Chhattisgarh.

This SBU has recently been awarded, jointly with BHEL's International Division, 2x60 MW Merak Energy power project worth USD 50.43 million at Indonesia. This is the first EPC contract in the power sector.

SBU Power expects to participate in all future projects of BHEL, NTPC & IPPs. The thrust is now on bidding for more power projects to have a better spread of the power market. There is a good possibility of many of these active bids being converted into business this year.

Initiatives have been made to take up full EPC contracts for captive power plants. This segment is a growing market and projects involved are of short duration, resulting in a quick turnover.

More focussed efforts are being made in Indonesia to secure contracts for power projects. A potential market coupled with our local presence gives us an advantage in developing the power business in Indonesia.

HIGH VALUE ENGINEERING CENTRE

During the year the HVEC SBU undertook project related engineering assignments in association with a large UK based engineering construction firm. The SBU now expects to start detailed engineering work for the onshore pipeline and facilities of ONGC's Uran - Trombay Pipeline project. The SBU is expecting sub-contracts of engineering work of an offshore gas compression platform project, which the UK based firm hopes to secure.

Marketing efforts continue to develop other client relationships, which may result in additional engineering work for the SBU.

BROADBAND DIVISION

The Broadband division continued to function in one of the most competitive markets of the world during the year, competing with most of the established, deep pocketed telecom companies aggressively expanding their Internet operations. The retail prices for Internet services continued to fall, resulting in lower realisation from the subscribers. However, business volumes grew and overall performance witnessed a growth in operations on account of new and retention of existing subscribers despite the churn. The division's commitment to world-class quality, is reflected by two certifications of ISO 9001:2000 and BS 7799:2002, making it the second ISP in India to achieve this milestone.

During the year, the company applied for the Internet Telephony Licence in its name with the Department of Telecommunications (DOT). The application is under process with DOT and is expected to be received within a short span of time. Meanwhile, the Division is exploring possible JVs and alliances with other industry players in order to grow the business.



HEALTH, SAFETY AND ENVIRONMENT

Health, Safety and Environment are of prime importance to us. Punj Lloyd's aim is to eliminate any chances of accidents, harm to people or damage to the environment, caused in the course of our work. Our chief means of achieving this are the Health, Safety and Environment policies we follow. The Company understands, listens to, consults with and responds promptly to customers, communities and employees to continuously improve these aspects of work. We believe that all accidents and occupational health hazards are preventable through systematic analysis and control of risks; awareness and training to stakeholders, employees, subcontractors and communities. Our care has resulted in the following impressive figures in respect to HSE at some of our sites. We have achieved the following safe man-hours without lost time injury at our sites. 16 million at Belgaum - Maharashtra, 4 million each at Haldia, Turkey, 2.5 million in Georgia and 1 million in Oman.

We have won accolades in the form of the IPLOCA Safety Award for the year 2004 on the basis of more than 1,500,000 safe man hours worked, the prestigious Greentech Gold Award for Safety for 2004 - 2005, 5 star rating from British Safety Council for our BTC project in Turkey, Safety Milestone Award for working more than 3,500,000 hrs and Safety Award for Initiation and Exemplary performance of an Internal Safety Audit system in Kazakhstan, "Good" rating for a 3.3 out of 4 score for safety audit in Oman, this is the highest rating scored by a contractor for a PDO safety audit, and 6 consecutive awards in Panipat for the Best Safety Performance, the last of which was won in 2004.

CSR

The corporate philosophy of Punj Lloyd is to bring about an improvement in the lives of those less privileged than us. We care for the upliftment of communities not only in our own country but everywhere we work. We have taken various initiatives to change things for the better in the course of our work worldwide and in India.

The biggest manifestation of our social responsibility is the 'Dayawanti Punj Model School', run by SNP Punj, Chairman (Emeritus) Punj Lloyd and established in 2003. Located between Varanasi and Allahabad this co-educational, English medium school presently has 600 students and 25 teachers. One hundred students mostly girls get free education, books and stationery and school uniforms under the "Sponsorship Scheme". Other students are granted scholarships and fee concessions. This is done to help the parents from the underprivileged sections of society and encourage them to send their wards to school. Punj Lloyd has contributed INR 32.30 lakhs to this venture in the current fiscal year.

General measures we take at all our International & Domestic sites include protecting neighbouring communities from harmful effects of construction activities or the pollution that may result from it, putting several checks and balances in place to ensure a no risk environment, generating employment for locals, imparting new skills to them through training to add value so that they become a part of our international multicultural, multi lingual work force, improving local infrastructure, offering medical services to the local communities, arranging for drinking water or water for irrigation in arid areas, protecting the archaeological treasures of the land we are working on, not letting any harmful effects of construction activity leave a mark on the environment the local people thrive in and conduct educational programmes with school children to make them aware of the dangers of poor hygiene and careless spread of infectious diseases.

From the top management of Punj Lloyd to the newest employee the focus is firmly set on improving the world and making it a more hospitable place. This thought forms the backbone of all our endeavours.

AUDITORS' REPORT

TO THE MEMBERS OF PUNJ LLOYD LIMITED

- 1 We have audited the attached Balance Sheet of Punj Lloyd Limited as at March 31, 2005 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the returns from Georgia, Oman, Abu Dhabi, Qatar, Indonesia and Singapore Branches and an Unincorporated Joint Venture in Turkey audited by other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to above, we report that:
 - i We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches and unincorporated joint venture not visited by us. The branch/ joint venture auditors' report(s) have been forwarded to us and have been appropriately dealt with;
 - iii The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns received from the branches/ joint venture;
 - iv In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *except for Accounting Standard 9 in respect of credit taken for interest revenue as indicated in Note 16 in Schedule 'N' to the financial statements.*
 - v On the basis of the written representations received from the directors, as on March 31, 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi (a) *Included in sundry debtors is an amount of Rs.281,100 thousand related to contract work with Spie Capag-Petrofac International Limited (SCPIL) in Georgia branch. Additionally sundry debtors include an amount of Rs.75,500 thousand due from SCPIL for expenses incurred on their behalf. Further, as stated in Note 13 in Schedule 'N' to the financial statements, the terms of the related contract are currently in dispute. Accordingly, the branch auditors were unable to satisfy themselves as to the accuracy of the revenue of Rs. 281,100 thousand and the recoverability of the receivables of Rs.356,600 thousand as stated above. Also, as stated in Note 13 in Schedule 'N' to the financial statements, the Company has raised variation orders of Rs. 1,457,000 thousand on SCPIL and SCPIL has raised debit notes of Rs.466,700 thousand on the Company. These variation orders and debit notes are being disputed and have not been agreed between the Company and the customer. The ultimate outcome of the dispute cannot presently be determined. Because of the significance of this matter, the branch auditors do not express an opinion on the impact of the above uncertainty on the financial statements.*
 - (b) *As stated in Note 16 in Schedule 'N' to the financial statements, the Company has taken a credit for interest of Rs.65,659 thousand on the amount withheld by a customer, which is not in accordance with Accounting Standard 9 on Revenue Recognition.*
 - vii Without qualifying our opinion, we draw attention to the following Notes in Schedule 'N' to the financial statements:
 - (a) Note 11 regarding deductions made/ amounts withheld by some customers aggregating to Rs. 804,452 thousand on various accounts which are being carried as sundry debtors. The Company is also carrying Work-in-Progress inventory of Rs. 64,000 thousand relating to one of these cases. The ultimate outcome of the above matters cannot presently be determined although the Company is of the view that such amounts are recoverable and hence no provision is required thereagainst.
 - (b) Note 12 regarding claim made by a customer in Oman branch amounting to Rs. 71,669 thousand in respect of shipment charges which are not accounted for, being disputed by the Company. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.



- (c) Note 28A regarding accounting during the current year of revenue and expenses amounting to Rs. 1,050,019 thousand and Rs. 994,516 thousand respectively relating to earlier years (based on unaudited financial statements) in respect of an unincorporated joint venture.

Without considering para vi (a) above, the impact whereof on the Company's profits is not presently ascertainable, had the impact of para vi (b) above been considered, profit for the year after tax would have been Rs. 39,327 thousand instead of Rs. 81,431 thousand and reserves & surplus at the end of the year would have been Rs. 4,537,127 thousand, instead of Rs. 4,579,231 thousand.

- viii *Subject to our comments in para vi (a) & (b) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;*

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;
(b) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
(c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for **S.R. BATLIBOI & CO.**
Chartered Accountants

per **Raj Agrawal**
Partner
Membership No.: 82028

Place : New Delhi
Date : July 19, 2005

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF PUNJ LLOYD LIMITED ON THE ACCOUNTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2005.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, *except of the value of Rs.32,713 thousand at the close of the year in Georgia branch.*
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification, *except in Georgia branch where, in the absence of physical verification, the discrepancies, if any, could not be ascertained.*
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses 4 (iii) (b, c and d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (b) As informed, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii) (e, f and g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets *except in respect of accounting of purchase of inventory and fixed assets which requires strengthening.* Since we have conducted the audit of the Company's financial statements for the first time, the question of reporting on a continuing failure to correct weaknesses in the internal control system does not arise.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause (v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business, *except that its coverage requires to be enlarged to cover controls over information technology (IT) related risks.*
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products/ services of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess have been regularly deposited with the appropriate authorities *except in the early part of the year, where the delays in deposit have not been serious.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, custom duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income tax, sales-tax, wealth tax, service tax, custom duty, excise duty and cess on account of any dispute, are as follows:



Name of the Statute	Nature of dues	Amount (Rs. in '000)	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General Sales Tax Act, 1956	Sales Tax on the material components of the works contract.	3,697	1998-99 to 2001-2002	Sales Tax Appellate Tribunal, Hyderabad/ Dy. Commissioner, Sales Tax (Appeals), Vizag, Andhra Pradesh.
Gujarat Sales Tax Act, 1969	Differential Sales Tax for non submission of statutory forms.	62,337	1998-99 to 1999-2000	Sales Tax Appellate Tribunal, Ahmedabad, Gujarat.
Kerala General Sales Tax Act, 1963	Differential Sales Tax for dis-allowance of deduction on purchases u/s 3 of the CST Act, 1956.	3,645	1998-99 to 1999-2000	Dy. Commissioner, Sales Tax (Appeals), Cochin.
Rajasthan Sales Tax Act, 1994	Sales Tax on the material components of the works contract.	117,807	1999-2000 to 2000-2001	Rajasthan High Court, Jodhpur Bench.
Delhi Sales Tax Act, 1975	Sales Tax Demands on internet services	21,214	2000-2001 to 2002-2003	Additional Commissioner (Appeals), Delhi

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

for **S.R. BATLIBOI & CO.**
Chartered Accountants

per **Raj Agrawal**
Partner
Membership No.: 82028

Place : New Delhi
Date : July 19, 2005

PUNJ LLOYD LIMITED

BALANCE SHEET AS AT MARCH 31, 2005

(Amount in INR '000)

	Schedule	As at March 31, 2005	As at March 31, 2004
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	252,347	206,466
Reserves & Surplus	B	4,579,231	2,357,383
		4,831,578	2,563,849
Loan Funds			
Secured Loans	C	4,529,784	5,936,662
Unsecured Loans		1,168,379	319,857
Deferred Payments		-	65
		5,698,163	6,256,584
Deferred Tax Liability (Net)		569,064	578,143
TOTAL		11,098,805	9,398,576
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	D	7,039,066	6,916,196
Less : Depreciation		2,711,227	2,241,106
Net Block		4,327,839	4,675,090
Capital Work in Progress Including Capital Advances		142,944	33,104
		4,470,783	4,708,194
Investments	E	548,582	919,486
Current Assets, Loans and Advances			
Inventories		3,967,426	2,788,092
Sundry Debtors		3,181,089	1,899,112
Cash and Bank Balances		303,391	309,502
Other Current Assets		53,070	9,548
Loans and Advances		1,426,781	1,652,612
		8,931,757	6,658,866
Less: Current Liabilities and Provisions			
Current Liabilities		2,776,847	2,890,903
Provisions		75,470	43,170
	G	2,852,317	2,934,073
Net Current Assets		6,079,440	3,724,793
Miscellaneous Expenditure (to the extent not written off or adjusted)	H	-	46,103
TOTAL		11,098,805	9,398,576
Significant accounting policies & Notes to Accounts	N		
The Schedules referred to above form an integral part of the Balance Sheet			

As per our report of even date

S.R. BATLIBOI & CO.
Chartered Accountants

For and on behalf of the Board of Directors

per RAJ AGRAWAL
Partner
Membership No. 82028DINESH THAIRANI
Company SecretaryLUV CHHABRA
Director Finance
and Corporate AffairsATUL PUNJ
Chairman and Managing DirectorPlace: New Delhi
Date : July 19, 2005



PUNJ LLOYD LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

(Amount in INR '000)

	Schedule	Year Ended March 31, 2005	Period Ended March 31, 2004
INCOME			
Sales & Contracts Revenue	I	14,294,285	11,260,196
Other Income	J	499,862	113,158
Waiver of Funded Interest (Refer Note 27 of Schedule 'N')		130,000	-
		<u>14,924,147</u>	<u>11,373,354</u>
EXPENDITURE			
Materials Consumed and Cost of Goods Sold	K	3,775,000	3,031,761
Operating and Administrative Expenses	L	9,219,221	6,292,697
Financial Charges	M	1,061,591	843,027
Miscellaneous Expenditure Written Off		46,103	16,756
Depreciation / Amortization (Including Amortization of Goodwill Rs.149,794 Thousand, Previous Period Rs.149,794 Thousand)		751,149	644,245
Less : Transfer from Revaluation Reserve		<u>33,330</u>	<u>28,582</u>
Loss of ISP Undertaking-for the period from April 01, 2003 to June 30, 2003.		-	49,668
		<u>14,819,734</u>	<u>10,849,572</u>
Profit Before Tax		104,413	523,782
Provision for Tax			
Current Tax		32,061	71,236
Deferred Tax Charge/ (Credit)		<u>(9,079)</u>	<u>45,707</u>
		22,982	116,943
PROFIT AFTER TAX		81,431	406,839
Balance Brought Forward from Previous Year		1,479,249	1,038,092
Transfer from Debenture Redemption Reserve		83,305	-
Transfer from Foreign Project Utilised Reserve		15,000	121,000
Profit Available for Appropriation		<u>1,658,985</u>	<u>1,565,931</u>
APPROPRIATIONS			
General Reserve		20,000	50,000
Foreign Project Reserve		-	7,500
Proposed Dividend		18,238	25,809
Tax on Proposed Dividend		<u>2,558</u>	<u>3,373</u>
		40,796	86,682
SURPLUS CARRIED TO BALANCE SHEET		<u>1,618,189</u>	<u>1,479,249</u>
Earning Per Share (Nominal Value Per Share 10/-)			
Basic (in Rupees)		3.69	19.70
Diluted (Refer Note 24(ii) of Schedule 'N')			

Significant Accounting Policies & Notes to Accounts N

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

As per our report of even date

S.R. BATLIBOI & CO.
Chartered Accountants

For and on behalf of the Board of Directors

per RAJ AGRAWAL
Partner
Membership No. 82028DINESH THAIRANI
Company SecretaryLUV CHHABRA
Director Finance
and Corporate AffairsATUL PUNJ
Chairman and Managing DirectorPlace: New Delhi
Date : July 19, 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

(Amount in INR '000)

	Year ended March 31, 2005	Period ended March 31, 2004
A Cash Flow From Operating Activities		
Profit before Tax	104,413	523,782
Adjustment for		
Depreciation/Amortization (Including Goodwill)	717,819	630,355
Miscellaneous Expenditure written off	46,103	16,756
Loss on Sale of Fixed Assets (Net)	57,287	3,472
(Profit)/Loss on Sale of Long Term Investments(Net)	(143,192)	40,229
Interest Income	(90,515)	(6,707)
Waiver of Funded Interest	(130,000)	-
Dividend on Long Term Investments	(5,128)	(1,394)
Depletion in value of Long Term Investment	1,376	-
Amortisation/Depletion in value of Inventory	8,227	-
Foreign Exchange Fluctuation (Net)	1,823	17,209
Financial Charges	737,975	843,027
Bad Debts/ Advances recovered/ liabilities/ written off/written back (net)	(45,497)	12,963
Provision for Doubtful Debts and Advances (Net)	8,300	913
Operating profit before working capital changes	1,268,991	2,080,604
Movement in Working Capital		
(Increase) / decrease in Sundry Debtors	(1,290,278)	370,552
(Increase) / decrease in Loans and Advances	294,839	717,986
(Increase)/decrease in Other Current Assets	(22,239)	-
(Increase) / decrease in Inventories	(1,187,561)	(1,288,016)
Increase / (decrease) in Current Liabilities and Provisions	(24,679)	295,348
(Increase) / decrease in Miscellaneous Expenditure	-	4,069
Cash generated from operations	(960,927)	2,180,544
Direct Tax Refunds /Paid (Net)	(109,790)	(201,708)
Net Cash from/(Used in) Operating Activities	(1,070,717)	1,978,836
B Cash flow from/(used in) Investing Activities		
Purchase of Fixed Assets	(735,159)	(246,037)
Purchase of Investments	(56,158)	(193,342)
Proceeds from Sale of Investments	568,877	92,250
Proceeds from Sale of Fixed Assets	164,134	3,512
Dividend Received	5,128	1,394
Interest Received	69,233	6,827
Exchange Fluctuation Reserve	(5,519)	-
Net Cash From/(Used in) Investing activities	10,536	(335,396)
C Cash flows used in Financing Activities		
Increase/(Decrease) in Share Capital	45,881	-
Increase/(Decrease) in Securities Premium	2,200,062	-
Increase/(Decrease) in Working Capital Loans	(484,565)	(1,142,732)
Increase/(Decrease) in Secured Term Loans	(792,314)	1,133,836
Redemption of Debentures	(12,120)	(26,667)
Increase/(Decrease) in Unsecured Loans	860,642	(890,555)
Increase/(Decrease) in Deferred Payments	(65)	(1,026)
Financial charges	(737,644)	(863,472)
Dividend Paid	(25,809)	(12,111)
Net Cash From/(Used in) Financing activities	1,054,069	(1,802,725)
Net increase in cash and cash equivalents (A+B+C)	(6,111)	(159,285)
Cash and cash equivalents at the beginning of the Year	309,502	489,369
Cash and Cash equivalents at the end of the Year	303,391	330,083
Components of Cash and Cash Equivalents		
Cash in Hand	21,374	23,315
Balance with Scheduled Banks		
Current Account	62,428	130,748
EEFC Account	10,078	30,904
Fixed Deposits	27,526	122,401
Balances with Non Scheduled Banks		
Current Account	30,258	2,134
EEFC Account	151,727	-

1 The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

2 Negative figures have been shown in brackets.

As per our report of even date

S.R. BATLIBOI & CO. For and on behalf of the Board of Directors
Chartered Accountants

per **RAJ AGRAWAL**
Partner
Membership No. 82028

DINESH THAIRANI
Company Secretary

LUV CHHABRA
Director Finance
and Corporate Affairs

ATUL PUNJ
Chairman and Managing Director

Place: New Delhi
Date : July 19, 2005



PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED ON MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE A : SHARE CAPITAL		
AUTHORIZED		
30,000,000 Equity shares of Rs. 10/- each	300,000	300,000
20,000,000 Preference shares of Rs. 10/- each	200,000	200,000
	<u>500,000</u>	<u>500,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
24,317,127 (previous period 20,644,800) equity shares of Rs.10 each, fully paid up.	243,171	206,448
917,628 (previous period NIL) zero percent convertible preference shares of Rs. 10 each, fully paid up.	9,176	-
OF THE ABOVE		
i) 136,700 equity shares were allotted as fully paid up pursuant to a contract without payments being received in cash.		
ii) 12,166,000 equity shares of Rs.10 each fully paid up issued as bonus shares by capitalisation of profits.		
iii) Preference shares shall be converted at a price to be decided based on future earnings at any time before March 31, 2007.		
1,817 (previous period 1,817 equity shares shown as share capital suspense account) equity shares of Rs. 10 each, issued as fully paid without consideration being received in cash, pursuant to the scheme of merger and arrangement of ISP undertakings.	-	18
TOTAL	<u>252,347</u>	<u>206,466</u>

(Amount in INR '000)

	As at March 31, 2005	As at March 31, 2004
SCHEDULE B : RESERVES AND SURPLUS		
Capital Reserve		
Balance as per last Account	2,138	2,138
Securities Premium Account		
Balance as per last Account	339,112	339,112
Additions during the year	<u>2,239,122</u>	-
Less: Utilised during the year (Refer Note 26 of Schedule 'N')	<u>2,578,234</u> 39,060	<u>339,112</u> -
	2,539,174	339,112
Asset Revaluation Reserve		
Balance as per last Account	155,859	184,441
Less: Adjustment on Account of Depreciation on Revalued Amount of Assets	<u>33,330</u>	<u>28,582</u>
	122,529	155,859
General Reserve		
Balance as per last Account	165,600	115,600
Transfer from Profit and Loss Account	<u>20,000</u>	<u>50,000</u>
	185,600	165,600
Foreign Project Utilised Reserve		
Balance as per last Account	112,500	207,500
Transfer from Foreign Project Reserve	<u>7,500</u>	<u>26,000</u>
Less Transfer to Profit and Loss Account	<u>120,000</u> <u>15,000</u>	<u>233,500</u> <u>121,000</u>
	105,000	112,500
Foreign Project Reserve		
Balance as per last Account	7,500	26,000
Transfer from Profit and Loss Account	<u>-</u>	<u>7,500</u>
Less Transfer to Foreign Project Utilised Reserve	<u>7,500</u> <u>7,500</u>	<u>33,500</u> <u>26,000</u>
	-	7,500
Debenture Redemption Reserve		
Balance as per last Account	95,425	95,425
Transfer to Profit and Loss Account	<u>83,305</u>	<u>-</u>
	12,120	95,425
Exchange Fluctuation Reserve Account		
	(5,519)	-
Profit And Loss Account Balance	<u>1,618,189</u>	<u>1,479,249</u>
TOTAL	<u>4,579,231</u>	<u>2,357,383</u>

PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE C : LOAN FUNDS		
SECURED LOANS:		
A) ON WORKING CAPITAL LOAN ACCOUNT		
I) FROM BANKS	975,705	1,460,270
Out of the above,		
i) Rs. 56,539 thousand is secured by way of first charge on paripassu basis on current assets (excluding book debts) and second charge on paripassu basis on fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.		
ii) Rs. 210,724 thousand is secured by way of first charge on paripassu basis on current assets (excluding book debts) and second charge on paripassu basis on fixed assets of the project division of the Company.		
iii) Rs. 644,820 thousand is secured by way of exclusive charge on the receivables of the specific projects financed by the bank, first paripassu charge on the current assets of the project division (excluding receivables of the project division), paripassu second charge on the movable assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.		
iv) Rs. 63,622 thousand is secured by way of first charge on paripassu basis on current assets (except book debts) and second charge on fixed assets of the project division of the Company and exclusive charge on receivables of specific projects financed by the bank and further secured by personal guarantee of Chairman & Managing Director of the Company.		
II) FROM OTHERS	-	372,890
i) Secured by hypothecation by way of charge on current assets (other than receivables) both present and future of the project division of the Company and exclusive charge on receivables of the projects financed by the respective financial institutions.		
ii) Further secured by personal guarantee of Chairman & Managing Director of the Company.		
iii) Further secured by way of second charge on all the fixed assets of the Company.		
B) ON TERM LOAN ACCOUNT		
I) FROM BANKS	3,220,036	3,422,530
Loans aggregating to Rs. 1,275,566 thousand (previous period Rs. 493,601 thousand) are repayable within one year.		
Out of the above,		
i) Rs. 149,740 thousand is secured by way of first charge on paripassu basis on fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.		



PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE C : LOAN FUNDS (CONTINUED)		
SECURED LOANS (CONTINUED):		
ii) Rs. 693,010 thousand is secured by way of exclusive charge on the equipment purchased out of the proceeds of loan.		
iii) Rs. 899,988 thousand is secured by way of first paripassu charge on movable fixed assets of the project division of the Company.		
iv) Rs. 162,490 thousand is secured by way of exclusive charge on financed fixed assets and second charge on paripassu basis on current assets of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.		
v) Rs. 50,000 thousand is secured by way of second paripassu charge on the current assets (excluding receivables) of the project division of the Company and second paripassu charge on the fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.		
vi) Rs. 150,000 thousand is secured by way of subservient charge on the entire current and movable fixed assets of the project division of the Company.		
vii) Rs. 514,955 thousand is secured by way of paripassu first charge on the existing and future movable fixed assets of the project division of the Company, paripassu second charge on current assets of the project division of the Company (excluding receivables of the Company) and further secured by personal guarantee of Chairman & Managing Director of the Company.		
viii) Rs. 599,853 thousand is secured by way of second paripassu charge on the movable fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.		
II) FROM OTHERS	223,410	383,114
Loans aggregating to Rs. 38,302 thousand (Previous period Rs. 52,937 thousand) are repayable within one year.		
Out of the above,		
i) Rs. 84,910 thousand is secured by first and exclusive charge by way of hypothecation on certain specific equipments financed through the loan.		
ii) Rs. 138,500 thousand is secured by way of exclusive charge on the land and building for corporate office being built at Gurgaon.		
III) HIRE PURCHASE CREDITORS		
-FROM OTHERS	66,447	238,491
Loans aggregating to Rs. 36,235 thousand (Previous period Rs. 78,688 thousand) are repayable within one year.		
(Secured by exclusive charge by way of hypothecation on certain specific equipments.)		

PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE C : LOAN FUNDS (CONTINUED)		
SECURED LOANS (CONTINUED):		
IV) EXTERNAL COMMERCIAL BORROWINGS FROM BANK	44,187	59,367
Loans aggregating to Rs. 14,729 thousand (Previous period Rs. 14,842 thousand) are repayable within one year.		
(Secured by exclusive charge on the equipment financed through the loan.)		
TOTAL	4,529,784	5,936,662
UNSECURED LOANS:		
i) ON WORKING CAPITAL LOAN ACCOUNT FROM BANKS	332,695	121,965
ii) ON TERM LOAN ACCOUNT FROM BANKS	750,000	-
iii) FROM SUBSIDIARY COMPANY	-	8,248
iv) 10% UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES (Redeemable at par in five equal annual installments starting from the end of third year i.e. 26.11.2001)	12,120	24,240
v) INTER CORPORATE DEPOSITS	32,306	113,140
vi) EXTERNAL COMMERCIAL BORROWINGS FROM BANK	41,258	52,264
TOTAL	1,168,379	319,857
Loans aggregating to Rs. 642,457 thousand (Previous period Rs. 363,992 thousand) are repayable within one year.		
DEFERRED PAYMENTS		
Interest free loan under sales tax deferral scheme	-	65
	-	65



SCHEDULE D : FIXED ASSETS

(Amount in INR '000)

Particulars	Gross block			Depreciation			Net block		
	April 01, 2004	Additions	Deletions/ Transfers	March 31, 2005	April 01, 2004	For the year	Deletions/ Transfers	March 31, 2005	March 31, 2004
TANGIBLES									
Land	132,087	-	-	132,087	-	-	-	132,087	132,087
Buildings	237,623	84,930	102,359	220,194	60,889	17,978	11,984	153,311	176,734
Leasehold Improvements	3,460	-	-	3,460	3,460	-	-	-	-
Plant & Machinery	5,190,453	190,736	304,395	5,076,794	1,793,106	414,526	203,109	3,072,271	3,397,347
Furniture, Fixtures and Office Equipments	285,320	78,306	6,931	356,695	83,322	62,136	2,904	214,141	201,998
Tools	65,696	4,396	-	70,092	13,368	3,917	-	52,807	52,328
Vehicles	162,381	199,817	49,527	312,671	77,260	92,255	35,938	179,094	85,121
A) Sub Total	6,077,020	558,185	463,212	6,171,993	2,031,405	590,812	253,935	3,803,711	4,045,615
INTANGIBLES									
Software	86,702	67,133	39,236	114,599	57,531	9,842	27,093	74,319	29,171
Goodwill	748,974	-	-	748,974	149,795	149,795	-	449,384	599,179
Technical Know-how	3,500	-	-	3,500	2,375	700	-	425	1,125
B) Sub Total	839,176	67,133	39,236	867,073	209,701	160,337	27,093	524,128	629,475
Total Assets (A+B)	6,916,196	625,318	502,448	7,039,066	2,241,106	751,149	281,028	4,327,839	4,675,090
Capital Work in Progress								142,944	33,104
GRAND TOTAL	6,916,196	625,318	502,448	7,039,066	2,241,106	751,149	281,028	4,470,783	4,708,194
PREVIOUS PERIOD	6,309,751	620,285	13,839	6,916,196	1,603,716	644,245	6,855	4,675,090	

NOTES:

- Gross block of Fixed Assets includes Rs. 364,949 thousand (previous period Rs. 364,949 thousand) on account of revaluation of assets carried out in earlier years. Consequent to the said revaluation, there is an additional charge of depreciation of Rs. 33,330 thousand (previous period Rs. 28,582 thousand) and equivalent amount has been withdrawn from revaluation reserve and credited to Profit and Loss Account.
- Plant and machinery of the cost of Rs. 182,938 thousand (previous period Rs. 414,691 thousand) are acquired on hire purchase basis. Accumulated depreciation there on is Rs. 144,904 thousand (previous period Rs. 356,833 thousand).
- Additions to plant and machinery includes Rs. 2,494 thousand (previous period Rs. Nil) being increase in the Rupee liability in respect of foreign currency loan.
- Capital work in progress includes capital advances Rs. 16,301 thousand (previous period Rs. 17,230 thousand).
- Gross block of assets include Rs. 273,502 thousand (written down value Rs. 134,538 thousand) jointly held with others in respect of an unincorporated Joint Venture.
- Pursuant to the merger of ISP division, land and buildings of Rs. 88,670 thousand (gross block) are vested in the Company, which are yet to be registered in the name of the Company.
- Land includes leasehold land Rs. 54,702 thousand (previous period Rs. 54,702 thousand).

PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE E : INVESTMENTS		
(Long Term)		
I - SUBSIDIARY COMPANIES		
A) UNQUOTED		
PUNJ LLOYD INC. 200,000 (previous period 200,000) equity shares of USD 1 each.	8,493	8,493
PUNJ LLOYD INTERNATIONAL LIMITED 100,000 (previous period 100,000) period shares of USD 1 each.	4,452	4,452
SPECTRA INFRASTRUCTURES LIMITED 11,500,200 (previous period 11,500,200) equity shares of Rs. 10 each.	115,002	115,002
PUNJ LLOYD INSULATIONS LIMITED 25,520 (previous period 25,520) equity shares of Rs. 100 each.	2,552	2,552
SPECTRANET LIMITED 1,706,102 (previous period 1,706,102) equity shares of Rs. 10 each.	17,061	17,061
ATNA INVESTMENTS LIMITED 399,221 (previous period 399,221) equity shares of Rs. 100 each.	39,922	39,922
PUNJ LLOYD KAZAKHSTAN - LLP US Dollars 83,800 (previous period 83,800) being 67.69% of the amount of Charter Capital.	4,058	4,058
PUNJ LLOYD (MALAYSIA)SDN,BHD 3,661,255 (previous period 3,661,255) equity shares of 1.00 RM. Each.	44,141	44,141
PLN CONSTRUCTIONS LIMITED 2,000,000 (previous period 1,000,000) equity shares of Rs. 10 each.	30,896	10,000
SPECTRA PUNJAB LIMITED 900,000 (previous period 900,000) equity shares of Rs. 10 each.	8,000	8,000
PT PUNJ LLOYD INDONESIA 605 (previous period 600) equity shares of USD 500 each.	10,910	10,801
	285,487	264,482
B) QUOTED		
SPECTRA PUNJ LLOYD LIMITED 4,867,500 (previous period 4,867,500) equity shares of Rs. 10 each.	48,675	48,675
	48,675	48,675
II- TRADE		
UNQUOTED		
RAJAHMUNDRY EXPRESSWAY LIMITED 3,697,500 (previous period 13,200,000) equity shares of Rs. 10 each. Of the above,1,885,000 shares (Previous period 6,732,000) are pledged with bank.	36,975	132,000
ANDHRA EXPRESSWAY LIMITED. 3,697,500 (previous period 12,800,000) equity shares of Rs. 10 each. Of the above, 1,885,000 shares (previous period 6,732,000) are pledged with bank.	36,975	128,000



PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE E : INVESTMENTS (CONTINUED)		
NORTH KARNATAKA EXPRESSWAY LIMITED 7,572,400 (previous period 24,936,000) equity shares of Rs.10 each.	75,724	249,360
THIRUVANANTHPURAM ROAD DEVELOPMENT COMPANY LIMITED 25,000 (previous period NIL) equity shares of Rs. 10 each.	250	-
VADODRA HALOL TOLL ROAD COMPANY LIMITED NIL (previous period 3,500,000) equity shares of Rs.10 each.	-	35,000
	149,924	544,360
III- NON-TRADE		
A) UNQUOTED		
BISTRO HOSPITALITY (P) LIMITED 3,280,000 (previous period 3,280,000) equity shares of Rs.10 each.	32,800	32,800
RFB LATEX LIMITED 200,000 (previous period 200,000) equity shares of Rs.10 each.	5,200	5,200
AROOSHI ENTERPRISES (P) LIMITED 598,500 (previous period 108,225) equity shares of Rs.10 each.	5,985	1,082
JACOB BALLAS CAPITAL INDIA (P) LIMITED 1,900,000 (previous period 2,000,000) equity shares of Rs.10 each.	19,000	20,000
	62,985	59,082
B) QUOTED		
BERGER PAINTS LIMITED 115,500 (previous period 15,400 equity shares of Rs.10 each) equity shares of Rs. 2 each. (Including 38,500 shares of Rs. 2 each received by way of bonus shares)	2,887	2,887
	2,887	2,887
	549,958	919,486
LESS: DIMINUTION IN THE VALUE OF INVESTMENTS	1,376	-
TOTAL	548,582	919,486
<i>a) Aggregate Cost of Quoted Investments</i>	<i>51,563</i>	<i>51,563</i>
<i>b) Aggregate Cost of Unquoted Investments (Net of provisions)</i>	<i>497,019</i>	<i>867,923</i>
<i>c) Aggregate market value of quoted investments (In the absence of recent market quotation of Spectra Punj Lloyd Limited, latest quotation has been considered for market value)</i>	<i>53,503</i>	<i>50,323</i>
<i>d) (Refer Note 21 of Schedule 'N')</i>		

PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE F : CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
i) INVENTORIES:		
Spares, Stores And Consumables	552,401	458,995
Scrap	18,268	-
Stock in Trade (Equipments)	4,123	11,152
Work in Progress- Projects	3,392,634	2,317,945
	3,967,426	2,788,092
ii) SUNDRY DEBTORS: (Unsecured)*		
Debts Outstanding For A Period Exceeding Six Months Considered Good		
(Includes retention money Rs. 233,566 thousand (previous period Rs. 225,970 thousand))	1,178,580	354,090
Considered Doubtful	8,300	-
OTHER DEBTS Considered Good		
(Includes retention money Rs. 122,388 thousand (previous period Rs. 100,651 thousand))	2,002,509	1,545,022
Less: Provision For Doubtful Debts	3,189,389	1,899,112
*(Includes Rs. 49,876 thousand (previous period Rs. 23,664 thousand) due from subsidiaries).	8,300	-
	3,181,089	1,899,112
iii) CASH AND BANK BALANCES:		
a) Cash In Hand	21,374	23,315
b) Balances With Scheduled Banks		
- In Current Accounts	62,428	130,748
Includes Rs. NIL (previous period Rs. 1,650 thousand) of cheques in transit.		
- In Eefc Accounts	10,077	30,904
- In Fixed Deposits	27,527	122,401
(Receipts pledged with banks for Rs. 27,590 thousand against guarantees, (previous period Rs. 27,590 thousand)).		
c) BALANCES WITH NON-SCHEDULED BANKS (Refer Note 9 of Schedule 'N')		
- In Current Accounts	30,258	2,134
- In Fixed Deposits	151,727	-
(Receipts pledged with banks Rs. 7,329 thousand against guarantees, (previous period Rs. NIL)).		
	303,391	309,502
iv) OTHER CURRENT ASSETS		
a) Interest Receivable on Loans and Deposits	26,606	5,324
b) Insurance Claims Receivable	22,239	-
c) Receivables Against Sale of Investments	4,225	4,224
	53,070	9,548
B) LOANS AND ADVANCES: (Unsecured)		
Considered Good		
a) Loans to Employees	3,569	14,381
b) Inter Corporate Deposits	22,743	4,500
c) Advances Recoverable in Cash or in kind or for value to be Received	549,974	842,381
d) Due from Subsidiaries	102,549	177,354
e) Advances for Proposed Investments	243,104	227,028
f) Security Deposits	23,282	54,811
g) Balance With Custom Department	2,428	16,678
h) Advance Income Tax / Tax Recoverable (Net of Provisions)	346,362	239,945
i) Sales Tax Recoverable	132,770	75,534
Considered Doubtful		
Advances Recoverable in Cash or in kind Or For Value to be Received	-	913
	1,426,781	1,653,525
Less: Provision for Doubtful Advances	-	913
	1,426,781	1,652,612
TOTAL	8,931,757	6,658,866



PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE G : CURRENT LIABILITIES AND PROVISIONS		
(A) CURRENT LIABILITIES		
Acceptances	288,659	-
Sundry Creditors (Refer Note 23 Of Schedule 'N')	<u>1,606,955</u>	<u>1,561,601</u>
Due to subsidiaries	158,324	140,312
Advance Billings	11,396	468,919
Unaccrued Revenue	42,389	38,791
Security Deposits	126,940	8,346
Advances from clients	454,139	604,736
Interest accrued but not due on loans	6,770	4,616
Other Liabilities	<u>81,275</u>	<u>63,582</u>
	<u>881,233</u>	<u>1,329,302</u>
	<u>2,776,847</u>	<u>2,890,903</u>
(B) Provisions		
For Tax (Net of Taxes Paid) (Refer Note 15 of schedule 'N')	32,061	-
For Gratuity	5,766	1,469
For Leave Encashment	16,847	12,519
For proposed dividend (including tax on dividend)	<u>20,796</u>	<u>29,182</u>
	<u>75,470</u>	<u>43,170</u>
TOTAL	<u>2,852,317</u>	<u>2,934,073</u>

(Amount in INR '000)

	As at March 31, 2005	As at March 31, 2004
SCHEDULE H : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
DEFERRED REVENUE EXPENDITURE		
Balance As Per Last Year	46,103	15,480
Additions Pursuant To Merger	<u>-</u>	<u>47,379</u>
	46,103	62,859
Less: Written Off To Profit And Loss Account	46,103	16,756
Total	<u>-</u>	<u>46,103</u>

SCHEDULE I : SALES & CONTRACTS REVENUE

(Amount in INR '000)

	Year Ended March 31, 2005	Period Ended March 31, 2004
Contracts Revenue	13,807,217	10,943,696
Income From Hire Charges	72,372	40,881
Management Services	112,527	32,009
Sales (Net Of Discounts)		
- EXPORTS	13,955	15,444
- OTHERS	<u>6,980</u>	<u>3,779</u>
	20,935	19,223
Internet Services (Net Of Discounts Rs. 665,850 Thousand, Previous Period Rs. 262,981 Thousand)	<u>281,234</u>	<u>224,387</u>
TOTAL	<u>14,294,285</u>	<u>11,260,196</u>

PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	Year ended March 31, 2005	Period ended March 31, 2004
SCHEDULE J : OTHER INCOME		
RENT (Gross, tax deducted at source Rs.445 thousand (previous period Rs. 1,136 thousand))	2,128	5,110
INTEREST (Gross, tax deducted at source Rs.653 thousand (previous period Rs. 1,819 thousand))	90,515	6,707
DIVIDEND ON LONG TERM INVESTMENTS	5,128	1,393
INSURANCE CLAIMS	37,224	38,785
PROFIT ON SALE OF LONG TERM INVESTMENTS	122,892	-
INCOME ON TRANSFER OF BENEFICIAL RIGHTS IN INVESTMENT IN SHARES (Refer Note 21 of Schedule 'N')	20,300	-
UNSPENT LIABILITIES AND PROVISIONS WRITTEN BACK	82,904	1,517
BAD DEBTS RECOVERED	57,606	-
OTHERS	81,165	59,646
TOTAL	499,862	113,158

(Amount in INR '000)

	Year ended March 31, 2005	Period ended March 31, 2004
SCHEDULE K : MATERIALS CONSUMED AND COST OF GOODS SOLD		
Material Consumed	3,722,556	3,029,037
Cost of Goods Sold-equipments		
Opening Stock	11,151	12,042
Add: Purchases	1,546	1,833
	12,697	13,875
Less: Closing Stock	4,123	11,151
	8,574	2,724
Amortisation / Depletion In The Value Of Inventory	43,870	-
TOTAL	3,775,000	3,031,761



PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	Year ended March 31, 2005	Period ended March 31, 2004
SCHEDULE L : OPERATING AND ADMINISTRATIVE EXPENSES		
Operating		
Contractor Charges	2,652,317	1,994,157
Site / Connectivity Expenses	884,322	211,828
Diesel and Fuel	698,494	799,027
Repair and Maintenance		
-Buildings	17,005	15,352
-Plant and Machinery	70,745	150,287
-Others	72,695	66,747
Freight & Cartage	452,667	244,228
Hire Charges	<u>1,157,630</u>	<u>1,092,364</u>
	6,005,875	4,573,990
Personnel Expenses		
Salaries, Wages and Bonus	1,513,009	890,565
Contribution to Provident & other funds	53,915	34,860
Workmen and Staff Welfare	<u>156,711</u>	<u>100,260</u>
	1,723,635	1,025,685
Administration and Establishment		
Rent		
Insurance	64,734	39,745
Directors' Sitting Fee	78,354	55,213
Travelling and Conveyance	100	20
Fee & Taxes	201,476	102,427
Consultancy/Professional Charges	133,594	115,781
Commission on Internet Services	539,054	145,517
Bad Debts / Advances Written Off	7,824	2,352
Provision for Doubtful Debts	37,407	12,963
Diminution in Value of Long Term Investments	8,300	913
Loss on Sale of Long Term Investments	1,376	-
Loss on Sale of Fixed Assets (Net)	-	40,229
Donations (Refer Note 17 of Schedule 'N')	57,287	3,472
Auditors Remuneration (Including to Previous Auditors and Branch Auditors)	14,155	1,045
-Audit Fee	6,315	464
-Certificates	33	109
-Tax Audit Fee	176	95
-Management Services	-	76
Others	<u>339,526</u>	<u>172,601</u>
	1,489,711	693,022
TOTAL	<u>9,219,221</u>	<u>6,292,697</u>
		(Amount in INR '000)
	Year ended March 31, 2005	Period ended March 31, 2004
SCHEDULE M : FINANCIAL CHARGES		
Interest On:		
Term Loans	600,273	428,744
Debentures	2,004	6,216
Others	<u>135,698</u>	<u>216,939</u>
(Interest Including Prepayments Rs. 11,899 Thousand, Previous Period Rs. NIL)	737,975	651,899
Bank/Financial Charges	321,793	173,919
Foreign Exchange Fluctuation (Net)	1,823	17,209
TOTAL	<u>1,061,591</u>	<u>843,027</u>

SCHEDULE N : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. Nature of operations

Punj Lloyd Limited is a Company registered under Indian Companies Act, 1956. The Company is primarily engaged in the business of engineering & construction in the oil & gas sector and infrastructure sector. The Company's focus on customer satisfaction through compliance with the high standards of health, safety and environment, makes it a leading player in the markets in which it operates. The Company also provides broadband services on its optical fiber network.

2 Statement of significant accounting policies

(a) Basis of preparation

The Company maintains its accounts on accrual basis following the historical cost convention, (except for the revaluation of certain fixed assets), and in accordance with Accounting Standards referred to in section 211(3c) of the Companies Act, 1956 and other requirements of the Act. The accounting policies have been consistently applied by the Company and are consistent with those used in previous period.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(c) Fixed assets

Fixed assets are stated at cost, (other than some fixed assets which are stated at values as determined by the valuer), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

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

(d) Method of depreciation

i) Depreciation on the fixed assets is charged on straight line method, at the rates specified in Schedule XIV of the Companies Act, 1956, (except to the extent stated in para (ii) and (vi) below), which are based on the useful lives of the assets. In case of revalued assets, the difference between depreciation on original cost and revalued amount is transferred from revaluation reserve to profit and loss account.

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

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

* Included under Plant & Machinery.

iii) Amount added to assets on account of foreign exchange fluctuation is depreciated prospectively over the remaining useful lives of the respective assets.

iv) No amortization is made for leasehold land, which is under perpetual lease.

v) Assets costing less than Rs. 5,000 each are depreciated @ 100%.

vi) Depreciation on Company's share of fixed assets of an unincorporated joint venture is provided on straight-line method at the following rates based on their useful lives as estimated by the management of the joint venture.

Asset Description	Depreciation Rate
Buildings	10%
Plant & Machinery	20%
Vehicles	20%
Furniture, fixtures & office equipments	20%

vii) Intangibles

(a) Goodwill arising on acquisition of the Internet Service Division is depreciated using the straight-line method over a period of five accounting years.



(b) Depreciation is provided on different softwares used by the Company based on the nature and useful lives of these softwares as mentioned below:

- (i) Softwares of project division are depreciated @ 16.21%.
- (ii) Softwares of internet service division are depreciated @ 20%.
- (iii) Softwares of an unincorporated joint venture are depreciated @ 33-1/3%.

(c) Depreciation on technical know how capitalized in Internet Service Division of the Company is provided @ 20%, based on its expected useful life as assessed by the management.

(e) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.

(f) Inventories

- i) Stock in trade (Equipments), Stores, Spares and Consumables are valued at lower of cost and net realizable value. Cost is determined on weighted average basis.
- ii) Work in progress related to projects is valued at net realizable value.
- iii) Scrap is valued at net realizable value.
- iv) Scaffoldings (included in Stores, Spares and Consumables) are valued at cost less amortization/charge based on their useful life, which is estimated at 10 years.

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

(g) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i) Revenue from long term construction contracts is recognized on the percentage of completion method. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. However, profit is not recognized unless there is reasonable progress on the contract. In case the total cost of a contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such expected loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the income statement of the year in which revisions are made. The revenue on account of extra claims and the expenditure on account of liquidated damages on construction contracts are accounted for at the time of acceptance in principle by the customers due to uncertainties attached thereto. Similarly, insurance claims are accounted for on settlement with insurers.
- ii) Revenue from long term construction contracts executed in joint ventures under work sharing arrangements is recognized on the same basis as similar contracts independently executed by the Company. Revenue in joint ventures under profit sharing arrangements is recognized to the extent of the Company's share in joint ventures.
- iii) Internet Service revenues comprise of revenues from registration, installation and provision of Internet services. Registration fee and installation charges are recognized on the admission of customer and completion of services respectively. Service revenue from Internet access is recognized pro-rata, calculated on the basis of provision of services or time duration of contract, as may be applicable.
- iv) Revenue from sale of equipment is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.
- v) Revenue from hire charges is accounted for in accordance with the terms of agreements with the customers.
- vi) Interest revenue is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable.
- vii) Dividend revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.

(h) Deferred revenue expenditure

Deferred revenue expenses incurred during the preoperative period in Internet Service Division and expenditure incurred for restructuring of loans are amortized to revenue over a period of five years from the year in which these are incurred.

(i) Foreign currency translation

Foreign currency transactions

i) Initial Recognition

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

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral foreign operations. Exchange differences arising on account of fixed assets acquired from outside India is Capitalized.

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

Foreign branches

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

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

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

(j) Retirement and other employee benefits

- i) Retirement benefits in the form of provident fund and superannuation / pension schemes are charged to Profit and Loss Account of the year when the contributions to the respective funds are due.
- ii) The Company has taken an insurance policy under group gratuity scheme with Life Insurance Corporation of India to cover the gratuity liability of the employees of project division and amount paid/payable in respect of present value of liability for past services is charged to Profit and Loss Account on the basis of actuarial valuation carried out by LIC at the end of the financial year. In respect of employees of ISP division, gratuity liability is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.
- iii) Liability for leave encashment is provided for on actuarial valuation done at the end of the financial year except in case of the overseas branches, where liability is provided on actual basis for leaves standing to the credit of employees.

(k) Income taxes

Tax expense comprises both current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961 and in the overseas branches as per the respective tax laws. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

(l) Lease transactions

In respect of lease transactions entered into on or after April 1, 2001 finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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



(m) Accounting for joint ventures

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

Type of Joint Venture	Accounting Treatment
Jointly Controlled Operations	Company's share of revenues, expenses, assets and liabilities are included in the financial statements as Revenues, Expenses, Assets and Liabilities respectively
Jointly Controlled Entities	Company's investment in joint ventures is reflected as investment and accounted for in accordance with para (e) above.

(n) Segment reporting policies

Identification of segments

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

Unallocated items

General corporate income and expense items are not allocated to any business segment.

(o) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year after taxes attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(p) Provisions

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

3 SEGMENT INFORMATION

Business Segments:

As of March 31, 2005, the Company organized its operations into two major businesses: Engineering & construction and Internet Services. A description of the types of products and services provided by these segments is given in Note on Nature of Operations.

Further information about above segments is given below:

Rs. in '000

	Engineering & construction		Internet Services		Corporate unallocable expenses		Total	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
External Segment Revenue	14,286,472	11,086,889	332,603	258,072	305,304	28,654	14,924,379	11,373,615
Less: Internal Segments	232	261	-	-	-	-	232	261
Segment Revenue	14,286,240	11,086,628	332,603	258,072	305,304	28,654	14,924,147	11,373,354
Segment Results	1,250,087	1,716,541	(94,651)	(145,489)	(1,051,023)	(1,047,270)	104,413	523,782
Segment Assets	11,374,341	9,814,162	1,414,267	1,100,193	1,162,514	1,418,294	13,951,122	12,332,649
Segment Liabilities	2,514,146	2,571,327	120,321	465,544	6,485,077	6,731,929	9,119,544	9,768,800
Capital Expenditure	610,520	239,279	14,798	381,006	109,841	4,961	735,159	625,246
Depreciation/Amortisation	485,997	416,345	220,253	49,523	11,569	149,795	717,819	615,663
Non Cash Expenses	9,676	913	-	-	-	-	9,676	913

Reconciliation of Reportable Segments with the Financial Statements

	Revenues		Results		Assets		Liabilities	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Total of reportable segments	14,924,147	11,373,354	104,413	523,782	13,951,122	12,332,649	9,119,544	9,768,800
Less: Corporate – unallocated: Taxes	-	-	(22,982)	(116,943)	-	-	-	-
As per segment	14,924,147	11,373,354	81,431	406,839	13,951,122	12,332,649	9,119,544	9,768,800
As per Financial Statements	14,924,147	11,373,354	81,431	406,839	13,951,122	12,332,649	9,119,544	9,768,800

Geographical Segments*:

Although the Company's major operating divisions are managed on a worldwide basis, they operate in two principal geographical areas of the world, in India, its home country, and the other countries.

The following table presents revenue regarding geographical segments for the year ended March 31, 2005 and period ended March 31, 2004.

	Sales Revenue by Geographical Market	
	2004-05 Rs. in '000	2003-04 Rs. in '000
India	8,852,080	10,939,972
Other countries	6,072,067	433,382
	<u>14,924,147</u>	<u>11,373,354</u>

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

4 Names of related parties**Subsidiary Companies**

Spectra Punj Lloyd Limited
Punj Lloyd Insulations Limited
Punj Lloyd(Malaysia)SDN,BHD
Punj Lloyd Inc
Punj Lloyd International Limited
Punj Lloyd Kazakhstan Llp
Spectra Infrastructure Limited
Atna Investments Limited
Spectra Net Limited
Spectra Punjab Limited
PT Punj Lloyd Indonesia
Spectra Net Holdings Limited
PLN Construction Limited (w.e.f October 25, 2004)

Joint Ventures

Rajamundry Expressway Limited (Upto January 31, 2005)
Andhra Expressway Limited (Upto January 31, 2005)
North Karnataka Expressway Limited (Upto March 19, 2005)
Thiruvananthpuram Road Development Company Limited
Punj Lloyd - Limak JV
Punj Lloyd - Progressive Construction JV
Persys-Punj Lloyd JV
Punj Lloyd-PT Punj Lloyd Indonesia JV
PLN Construction Limited (Upto October 24, 2004)

Associates

Bistro Hospitality Private Limited
Jacob Ballas Capital India Private Limited (Upto December 31, 2004)
Vadodara Halol Toll Road Company Limited (Upto March 19, 2005)



Key Managerial Personnel

Atul Punj	Chairman & Managing Director
V.K. Kaushik	Joint Managing Director and Chief Operating Officer
Luv Chhabra	Director Finance & Corporate Affairs
Uday Punj	Wholetime Director
Mahinder Prakash	Wholetime Director (Upto October 31, 2004)
P.K.Gupta	Wholetime Director
V.K.Sud	Wholetime Director
Tarwinder Singh	Wholetime Director (w.e.f August 9, 2004)

Relatives of Key Managerial Personnel

S.N.P.Punj - Father of Chairman and Managing director and a director
Arti Singh - Sister of Chairman and Managing director and a director
Saroj Gupta - Wife of a Director
Paresh Gupta - Son of a Director

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

M.Parkash-HUF - A Director's HUF (Upto October 31, 2004)
Punj Business Centre – owned by father of Chairman and Managing Director and a director

RELATED PARTY DISCLOSURES

	Subsidiaries		Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	(Rs.in '000)		(Rs.in '000)		(Rs.in '000)		(Rs.in '000)		(Rs.in '000)		(Rs.in '000)	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
INCOME												
Contract Revenue												
PLN Construction Limited	28,343	-	-	23,906	-	-	-	-	-	-	28,343	23,906
Thiruvananthapuram Road Development Company Limited	-	-	568,511	-	-	-	-	-	-	-	568,511	-
Andhra Expressway Limited North Karnataka Expressway Limited	-	-	431,636	714,499	-	-	-	-	-	-	431,636	714,499
Vadodra Halol Toll Road Limited	-	-	900,799	1,855,492	-	-	-	-	-	-	900,799	1,855,492
Sales - Export												
Punj Lloyd Kazakhstan LLP	13,955	15,444	-	-	-	-	-	-	-	-	13,955	15,444
Rent												
Spectra Punj Lloyd Limited	782	-	-	-	-	-	-	-	-	-	782	-
PLN Construction Limited	720	-	-	720	-	-	-	-	-	-	720	720
Spectra Net Limited	3,600	-	-	-	-	-	-	-	-	-	3,600	-
Punj Lloyd Insulations Limited	626	-	-	-	-	-	-	-	-	-	626	-
Income from Hire charges												
Spectra Punj Lloyd Limited	13,382	26,155	-	-	-	-	-	-	-	-	13,382	26,155
PLN Construction Limited	8,427	-	-	-	-	-	-	-	-	-	8,427	-
Punj Lloyd Kazakhstan LLP	34,304	-	-	-	-	-	-	-	-	-	34,304	-
Management Fees												
Punj Lloyd Kazakhstan LLP	112,527	-	-	-	-	-	-	-	-	-	112,527	-
Others												
Punj Lloyd (Malaysia) Sdn. Bhd.	6,327	-	-	-	-	-	-	-	-	-	6,327	-
PLN Construction Limited	11,980	-	-	-	-	-	-	-	-	-	11,980	-
Spectra Net Limited	2,216	-	-	-	-	-	-	-	-	-	2,216	-
Dividend income from long term investments												
PLN Construction Limited	-	-	4,500	-	-	-	-	-	-	-	4,500	-
EXPENDITURE												
Contractors Charges												
Punj Lloyd Insulations Limited	28,397	33,240	-	-	-	-	-	-	-	-	28,397	33,240
Punj Lloyd International	3,390	-	-	-	-	-	-	-	-	-	3,390	-
Spectra Punj Lloyd Limited	22,927	-	-	-	-	-	-	-	-	-	22,927	-
PLN Construction Limited	-	-	-	58,086	-	-	-	-	-	-	-	58,086
Material Consumed												
Punj Lloyd Insulations Limited	1,142	-	-	-	-	-	-	-	-	-	1,142	-
Hire Charges												
Spectra Punj Lloyd Limited	53,358	-	-	-	-	-	-	-	-	-	53,358	-
Financial Charges												
Punj Lloyd Inc.	409	-	-	-	-	-	-	-	-	-	409	-
Consultancy/Professional charges												
SNP Punj	-	-	-	-	-	-	60	45	-	-	60	45
Arti Jaidev Inder Singh	-	-	-	-	-	-	-	45	-	-	-	45
Managerial Remuneration												
V. K. Kaushik	-	-	-	-	-	-	3,895	2,169	-	-	3,895	2,169
Luv Chhabra	-	-	-	-	-	-	3,759	2,121	-	-	3,759	2,121
Uday Punj	-	-	-	-	-	-	3,247	1,739	-	-	3,247	1,739
Mahinder Prakash	-	-	-	-	-	-	1,928	918	-	-	1,928	918
P.K.Gupta	-	-	-	-	-	-	2,422	1,116	-	-	2,422	1,116
V.K.Sud	-	-	-	-	-	-	2,312	1,088	-	-	2,312	1,088
Tarwinder Singh	-	-	-	-	-	-	1,882	-	-	-	1,882	-
Rent												
Punj Business Center	-	-	-	-	-	-	-	-	22,827	16,972	22,827	16,972
M Prakash HUF	-	-	-	-	-	-	-	-	300	339	300	339
ASSETS												
Fixed Assets Purchased												
Spectra Punj Lloyd Limited	2,242	-	-	-	-	-	-	-	-	-	2,242	-
Share issue expenses												
Jacob Ballas Capital India Private Limited	-	-	-	-	34,275	-	-	-	-	-	34,275	-
Investment made during the year												
PLN Construction Limited	20,896	-	-	-	-	-	-	-	-	-	20,896	-
PT Punj Lloyd Indonesia	109	-	-	-	-	-	-	-	-	-	109	-
North Karnataka Expressway Limited Thiruvananthapuram Road Development Company Limited	-	-	-	149,260	-	-	-	-	-	-	-	149,260
Vadodra Halol Toll Road Company Limited	250	-	-	-	-	-	-	-	-	-	250	-
Andhra Expressway Limited	-	-	17,000	-	-	-	-	-	-	-	17,000	-
Rajahmundry Expressway Limited	-	-	13,000	-	-	-	-	-	-	-	13,000	-
Investment sold during the year												
Rajahmundry Expressway Limited	-	-	108,025	-	-	-	-	-	-	-	108,025	-
Andhra Expressway Limited	-	-	108,025	-	-	-	-	-	-	-	108,025	-
North Karnataka Expressway Limited	-	-	173,636	-	-	-	-	-	-	-	173,636	-
Jacob Ballas Capital India Private Limited	-	-	-	-	1,000	-	-	-	-	-	1,000	-



RELATED PARTY DISCLOSURES (CONTINUED)

	Subsidiaries		Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	(Rs.in '000)		(Rs.in '000)		(Rs.in '000)		(Rs.in '000)		(Rs.in '000)		(Rs.in '000)	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
OTHERS												
Bank Guarantees Issued during the year												
Thiruvananthapuram Road Development Company Limited	-	-	25,000	-	-	-	-	-	-	-	25,000	-
Bank Guarantees redeemed during the year												
Pt. Punj Lloyd Indonesia	-	161,614	-	-	-	-	-	-	-	-	-	161,614
Punj Lloyd Kazakhstan LLP	27,137	-	-	-	-	-	-	-	-	-	27,137	-
Corporate Guarantees Issued during the year												
Spectra Punj Lloyd Limited	15,368	-	-	-	-	-	-	-	-	-	15,368	-
Punj Lloyd Kazakhstan LLP	1,687,258	75,013	-	-	-	-	-	-	-	-	1,687,258	75,013
Pt. Punj Lloyd Indonesia	1,254,548	1,214,749	-	-	-	-	-	-	-	-	1,254,548	1,214,749
Bistro Hospitality Private Limited	-	-	-	-	-	16,000	-	-	-	-	-	16,000
Corporate Guarantees redeemed during the year												
Spectra Net Limited	-	1,155,000	-	-	-	-	-	-	-	-	-	1,155,000
Spectra Punj Lloyd Limited	-	99,785	-	-	-	-	-	-	-	-	-	99,785
Bistro Hospitality Private Limited	-	-	-	-	16,000	-	-	-	-	-	16,000	-
Share application money given												
Punj Lloyd Kazakhstan LLP	13,104	-	-	-	-	-	-	-	-	-	13,104	-
Andhra Expressway Limited	-	-	111,000	63,875	-	-	-	-	-	-	111,000	63,875
North Karnataka Expressway Limited	-	-	-	81,540	-	-	-	-	-	-	-	81,540
Rajamundry Expressway Limited	-	-	119,000	75,442	-	-	-	-	-	-	119,000	75,442
BALANCE OUTSTANDING AS AT MARCH 31, 2005												
Receivable / (payables)												
Spectra Net Limited	11,038	93,076	-	-	-	-	-	-	-	-	11,038	93,076
Spectra Punj Lloyd Limited	(63,372)	(64,885)	-	-	-	-	-	-	-	-	(63,372)	(64,885)
Punj Lloyd Insulations Limited	(8,924)	(954)	-	-	-	-	-	-	-	-	(8,924)	(954)
PT Punj Lloyd Indonesia	5,068	20,129	-	-	-	-	-	-	-	-	5,068	20,129
Punj Lloyd (Malaysia) Sdn. Bhd.	(44,141)	(53,912)	-	-	-	-	-	-	-	-	(44,141)	(53,912)
Punj Lloyd Inc.	6,976	7,066	-	-	-	-	-	-	-	-	6,976	7,066
Punj Lloyd International	(5,244)	(585)	-	-	-	-	-	-	-	-	(5,244)	(585)
Punj Lloyd Kazakhstan LLP	39,377	8,598	-	-	-	-	-	-	-	-	39,377	8,598
PLN Construction Limited	47,509	-	-	15,601	-	-	-	-	-	-	47,509	15,601
Spectra Punjab Limited	-	52,173	-	-	-	-	-	-	-	-	-	52,173
Spectra Net Holding Limited	-	(8,248)	-	-	-	-	-	-	-	-	-	(8,248)
Thiruvananthapuram Road Development Company Limited	-	-	174,227	-	-	-	-	-	-	-	174,227	-
Andhra Expressway Limited	-	-	-	115,378	-	-	-	-	-	-	-	115,378
North Karnataka Expressway Limited	-	-	-	153,939	-	-	-	-	-	-	-	153,939
Rajamundry Expressway Limited	-	-	-	84	-	-	-	-	-	-	-	84
Vadodra Halol Toll Road Limited	-	-	-	-	-	38,912	-	-	-	-	-	38,912
Bistro Hospitality Private Limited	-	-	-	-	-	38	-	-	-	-	-	38
Jacob Ballas Capital India Private Limited	-	-	-	-	-	-	-	-	-	-	-	-
Investments												
Punj Lloyd Inc.	8,493	8,493	-	-	-	-	-	-	-	-	8,493	8,493
Punj Lloyd International Limited	4,452	4,452	-	-	-	-	-	-	-	-	4,452	4,452
Spectra Infrastructure Limited	115,002	115,002	-	-	-	-	-	-	-	-	115,002	115,002
Punj Lloyd Insulations Limited	2,552	2,552	-	-	-	-	-	-	-	-	2,552	2,552
Spectranet Limited	17,061	17,061	-	-	-	-	-	-	-	-	17,061	17,061
Atna Investments Limited	39,922	39,922	-	-	-	-	-	-	-	-	39,922	39,922
Punj Lloyd Kazakhstan LLP	4,058	4,058	-	-	-	-	-	-	-	-	4,058	4,058
Punj Lloyd (Malaysia) Sdn. Bhd.	44,141	44,141	-	-	-	-	-	-	-	-	44,141	44,141
PLN Construction Limited	30,896	-	-	10,000	-	-	-	-	-	-	30,896	10,000
Spectra Punjab Limited	8,000	8,000	-	-	-	-	-	-	-	-	8,000	8,000
PT Punj Lloyd Indonesia	10,910	10,910	-	-	-	-	-	-	-	-	10,910	10,910
Spectra Punj Lloyd Limited	48,675	48,675	-	-	-	-	-	-	-	-	48,675	48,675
Rajamundry Expressway Limited	-	-	-	132,000	-	-	-	-	-	-	-	132,000
Andhra Expressway Limited	-	-	-	128,000	-	-	-	-	-	-	-	128,000
North Karnataka Expressway Limited	-	-	-	249,360	-	-	-	-	-	-	-	249,360
Thiruvananthapuram Road Development Company Limited	-	-	250	-	-	-	-	-	-	-	250	-
Vadodra Halol Toll Road Company Limited	-	-	-	-	-	35,000	-	-	-	-	-	35,000
Bistro Hospitality Private Limited	-	-	-	-	32,800	32,800	-	-	-	-	32,800	32,800
Jacob Ballas Capital India Private Limited	-	-	-	-	-	20,000	-	-	-	-	-	20,000
Bank Guarantees												
Pt. Punj Lloyd Indonesia	250,616	227,561	-	-	-	-	-	-	-	-	250,616	227,561
Punj Lloyd Kazakhstan LLP	-	27,137	-	-	-	-	-	-	-	-	-	27,137
Punj Lloyd - Progressive Construction JV	-	-	154,640	154,640	-	-	-	-	-	-	154,640	154,640
Andhra Expressway Limited	-	-	-	59,000	-	-	-	-	-	-	-	59,000
North Karnataka Expressway Limited	-	-	-	73,000	-	-	-	-	-	-	-	73,000
Thiruvananthapuram Road Development Company Limited	-	-	25,000	-	-	-	-	-	-	-	25,000	-
Corporate Guarantees												
Spectra Punj Lloyd Limited	105,583	90,215	-	-	-	-	-	-	-	-	105,583	90,215
Punj Lloyd Kazakhstan LLP	1,762,271	75,013	-	-	-	-	-	-	-	-	1,762,271	75,013
Punj Lloyd Insulations Limited	22,500	22,500	-	-	-	-	-	-	-	-	22,500	22,500
PT. Punj Lloyd Indonesia	2,469,297	1,214,749	-	-	-	-	-	-	-	-	2,469,297	1,214,749
Bistro Hospitality Private Limited	-	-	-	-	68,000	84,000	-	-	-	-	68,000	84,000

5 Interest in joint ventures:

The Company's interest and share in joint ventures in the jointly controlled entities/operations are as follows:

a) List of joint ventures

S.No	Name of Joint Ventures	Description of Interest	Nature of Project	Ownership Interest	Country of Incorporation or residence
1	Thiruvananthapuram Road Development Company Limited	Jointly Controlled Entity	Thiruvananthapuram City Improvement	50%	India
2	Punj Lloyd-Progressive Constructions JV	Jointly Controlled Operations	6 Laning of Jaipur By- pass	See Note (a)	**
3	Persys-Punj Lloyd JV	Jointly Controlled Operations	Construction of Elevated Viaduct from Kirti Nagar to Tilak Nagar, Delhi	See Note (a)	**
4	Punj Lloyd-PT Punj Lloyd Indonesia JV	Jointly Controlled Operations	Construction of Pipeline from Panaran to Pemping	See Note (a)	**
5	Punj Lloyd - Limak JV	Jointly Controlled Operations	Construction of Baku Tbilisi Ceyhan Crude Oil Pipeline Project in Turkey	50%See Note 28 (a) below	**
6	Rajamundry Expressway Limited (REL) *	Jointly Controlled Entity	4 laning of a Section of NH-5	See Note (b)	India
7	Andhra Expressway Limited (AEL) *	Jointly Controlled Entity	4 laning of a Section of NH-5	See Note (b)	India
8	PLN Construction Limited (PLN) *	Jointly Controlled Entity	HDD Operations in India	See Note (b)	India
9	North Karnataka Expressway Limited (NKEL) *	Jointly Controlled Entity	4 Laning of Belgaum-Maharashtra Border on NH-4	See Note (b)	India

* Only for part of the year

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

Note: (a) The Company has entered into Joint Ventures with:

- (i) Progressive Constructions Limited for 6 Laning of Jaipur By-pass,
- (ii) Persys SDN,BHD for Construction of Elevated Viaduct from Kirti Nagar to Tilak Nagar, Delhi,
- (iii) PT Punj Lloyd Indonesia for Construction of pipeline from Panaran to Pemping.

As per joint venture agreements, the scope & value of work of each partner has been clearly defined and accepted by the clients. The Company's share in Assets, Liabilities, Income and Expenses are duly accounted for in the accounts of the Company in accordance with such division of work and therefore does not require separate disclosure. However, joint venture partners are, jointly & severally, liable to clients for any claims in these projects.

- (b) (i) AEL & REL have ceased to be jointly control entities w.e.f. January 31, 2005. Prior to this date, ownership interest of the Company was 50%.
- (ii) NKEL has ceased to be jointly control entity w.e.f. March 19, 2005. Prior to this date, ownership interest of the Company was 42%.
- (iii) PLN has ceased to be jointly control entity w.e.f. October 24, 2004. Prior to this date, ownership interest of the Company was 50%.



b) Financial interest in jointly controlled entities

Rs. in '000

S. No	Name of Joint Ventures Entity	Company's Share of						
		Assets	Liabilities	Income	Expenditure	Tax	Capital Commitments	Contingent Liabilities
1	Rajamundry Expressway Limited*	- (1,083,040)	- (875,597)	- (-)	- (-)	- (-)	- (128,285)	- (-)
2	Andhra Expressway Limited*	- (992,836)	- (800,961)	- (-)	- (-)	- (-)	- (172,940)	- (-)
3	PLN Construction Limited*	- (47,963)	- (21,783)	- (71,576)	- (57,077)	- (6,908)	- -	- -
4	North Karnataka Expressway Limited* (Previous Year as at December 31, 2003)	- (1,753,686)	- (1,403,906)	- (22,819)	- (22,768)	- (18)	- -	- -
5	Thiruvananthapuram Road Development Company Limited	353,133 (-)	267,732 (-)	- (-)	- (-)	- (-)	@ (-)	- (-)

* Only for part of the year

Notes:

- 1) Figures in bracket relate to previous year
 - 2) In respect of jointly controlled entities, the Company's share of Assets, Liabilities, Income, Expenditure, have been included on the basis of unaudited financial statements received from these joint ventures.
- @ Capital Commitments- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 1,335,840 thousand.

6 Capital Commitments

	2004-05 Rs. in '000	2003-04 Rs. in '000
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	48,859	201,554

7 Contingent liabilities not provided for :

	2004-05 Rs. in '000	2003-04 Rs. in '000
a) i) Bank Guarantees given by the Company	331,332	886,495
ii) Bank Guarantees given on behalf of subsidiaries and joint ventures	154,640	181,777
b) Liquidated damages deducted by customers not accepted by the Company and pending final settlement.(Refer Note 11 (b) in Schedule 'N')	447,451	23,918
c) Corporate Guarantees given on behalf of subsidiaries, joint ventures and associates	4,427,651	1,486,477
d) Differential amount of custom duty in respect of machinery imported under EPCG Scheme.	7,195	30,247
	5,368,269	2,608,914
e) Estimated future investments in joint venture companies in terms of respective shareholder agreements amounting in aggregate to Rs. 170,050 thousand (previous period Rs. 222,223 thousand) against which the Company has given bank guarantees of Rs. Nil (previous period Rs. 129,800 thousand) secured by way of fixed deposits/margin money to the extent of Rs. Nil (previous period Rs. 83,585 thousand)		
f) (i) Sales tax demand on the material components of the works contracts pending with Sales Tax Authorities and High Court amounting to Rs. 129,192 thousand (previous period Rs. 125,276 thousand.)*		
(ii) Sales tax demand for non submission of statutory forms aggregating to Rs. 62,337 thousand (previous period Rs. 62,337 thousand)*		
(iii) Sales tax demand for disallowance of deduction on purchase aggregating to Rs. 3,645 thousand (previous period Rs. 3,645 thousand)*		

- (iv) Sales tax liability of Rs. 21,214 thousand (previous period Rs. 21,214 thousand) in respect of Internet Service Division, contested by the Company in view of the similar matter in another case referred to a larger bench by Hon'ble Supreme Court inspite of its own judgement earlier in the case of State of Uttar Pradesh Vs Union of India and Another. *
- g) The Company has not acknowledged as debt a claim lodged by one of its suppliers amounting to Rs. 5,082 thousand (previous period Rs. 5,082 thousand)* on account of services rendered in earlier years. The matter is under arbitration. *

*Based on favourable decisions in similar cases/legal opinions taken by the Company/ consultations with solicitors, the management believes that the Company has a good chance of success in above mentioned cases and hence, no provision there against is considered necessary.

8 Details of assets acquired on hire purchase and finance leases

	2004-05 Rs. in '000	2003-04 Rs. in '000
Gross block at the end of year	182,938	414,691
Written down value at the end of year	38,034	57,858
Details of payments made during the period:		
Principal	172,042	67,090
Interest	46,452	19,832

The break-up of minimum hire purchase payments outstanding as at March 31, 2005 is as under

	As at March 31, 2005		
	Principal Rs. in '000	Interest Rs. in '000	Total Rs. in '000
Payable within one year	36,235	6,655	42,890
Payable after one year but before end of fifth year	30,214	1,984	32,198
	66,449	8,639	75,088
	As at March 31, 2004		
	Principal Rs. in '000	Interest Rs. in '000	Total Rs. in '000
Payable within one year	84,846	25,435	110,281
Payable after one year but before end of fifth year	153,644	46,532	200,176
	238,490	71,967	310,457

The hire purchase term is between 3 to 4 years. There is no escalation clause in the hire purchase agreements. Also there is no restriction imposed by the hire purchase agreements.

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

Name of bank	Balance as at March 31, 2005		Balance as at March 31, 2004	
	Rs. In '000	Maximum balance during the year (Rs in '000)	Rs. In '000	Maximum balance during the year (Rs in '000)
Balances in Current Accounts:				
Hongkong & Shanghai Banking Corporation, Jakarta	203	211	212	300,327
Standard Chartered Bank, Jakarta	535	541	1255	74,044
Mashreq Bank Abu – Dhabi	17,049	49,978	-	2,909
Mashreq Bank – Qatar	1,155	22,477	667	68,647
Mashreq Bank – Oman	1,758	66,508	-	-
Garanti Bank – Turkey	9,456	29,487	-	-
SBI, Singapore	102	128,237	-	-
Balances in Fixed Deposits:				
Mashreq Bank Abu Dhabi	59,910	59,910	-	-
Singapore	91,817	92,581	-	-



- 10 During the year, the Company has determined and adopted uniform policy across projects with regard to treatment of certain materials as per the details given hereunder:
- a) Unused materials at construction sites closed during the year have been transferred to other sites/ central warehouse at lower of cost and estimated realisable values amounting to Rs. 85,273 thousand as against Nil value in earlier years.
 - b) The Company has decided to classify scaffolding materials as inventory and value these at cost less amortization charge based on the estimated useful lives, which is determined as ten years by the management. Hitherto, the Company was not following any consistent practice in this regard across projects. Consequent to this change, the Company has decapitalised the fixed assets by Rs. 60,450 thousand (written down value) and recognized the same as inventories and also brought back to books the materials charged off in earlier years aggregating to Rs. 77,713 thousand and amortised the same on the basis stated above.
- As a result of the above, profit for the year before tax has gone up by Rs. 94,341 thousand.
- 11 (a) The Company had executed two projects of Sulphur Recovery Units (SRU) of Indian Oil Corporation Limited (IOCL) at their refineries at Mathura and Vadodara in an earlier year on back to back basis for Petrofac International Limited (PIL) who was the main contractor. IOCL had withheld payments from PIL on account of duties and taxes and PIL had in turn withheld Rs.310,716 thousand in an earlier year, which are outstanding as debts at the close of the year. PIL had gone into arbitration against IOCL and lodged claims for recovery of above amount along with interest and also some other claims amounting to Rs.387,034 thousand. These claims have not been accounted for in the books except to the extent stated in Note 16 below. Pending outcome of arbitration, amount withheld by PIL is being carried forward under sundry debtors. The Company has been legally advised that in terms of the contract, it is entitled to receive the above amount and hence, the same is considered good of recovery.
- (b) The Company had executed a pipeline project at Dahej- Vijaypur for Gas Authority of India Limited (GAIL) in an earlier year. GAIL had withheld Rs. 422,591 thousand as liquidated damages and Rs. 51,535 thousand towards other claims, which the Company is disputing. Also, the Company has filed some other claims with GAIL amounting to Rs. 999,004 thousand. These claims have not been accounted for in the books. GAIL had proposed to the Company to refer the matter to its in house Grievance Settlement Mechanism (GSM). The matter is pending with GSM of GAIL and the amount of Rs.474,126 thousand is being carried forward under sundry debtors. The Company has been legally advised that there is no justification in imposition of liquidated damages and other claims by GAIL and hence the above amount is considered good of recovery.
 - (c) The Company had executed a pipeline project for Petronet MHB Limited in an earlier year. The customer had withheld Rs.4,440 thousand from the running bills, which are being carried forward under sundry debtors. The customer had also not certified the final bill amounting to Rs.64,000 thousand which is being carried forward under work in progress. The Company had raised claims for Rs.517,387 thousand, which are not accounted for in the books. For recovery of the said amounts, which are being disputed by the customer, the Company has initiated Arbitration proceedings. The matter is now pending for appointment of arbitrator as per the order of the Hon'ble Supreme Court of India. The outstanding amounts are considered good of recovery.
 - (d) The Company had executed a contract for Delhi State Industrial Development Corporation Limited (DSIDC) for construction of infrastructure project, which was completed in October 2002. The Customer had deducted Rs. 15,169 thousand from the bills of the Company. The Company had disputed the deductions made by the customer and sent legal notice to the customer for recovery. The above amount is being carried forward under sundry debtors and is considered good of recovery.
- 12 During the year, the Company has received a demand from one of its customers in Oman for Rs. 71,669 thousand in relation to shipment charges incurred by the customer for importing pipes for the contract between the Company and the customer, which is disputed by the Company and therefore no provision thereagainst has been made in the financial statements. The Company has raised claims on the customer for Rs. 347,041 thousand towards idle charges and losses covered under customer's insurance policy, which has not been accepted by the customer. The ultimate outcome of the above matters can not presently be determined.
- 13 The Company has raised variation orders of Rs. 1,457,000 thousand on Spie Capag-Petrofac International Limited (SCPIL) with whom the Company has entered into a contract for construction of pipelines in Georgia, which is pending acceptance of SCPIL and hence, the Company has not accounted for the same in the books of account. SCPIL has raised debit notes of Rs. 466,700 thousand on the Company for expenses incurred by them and these have not been accounted for by the Company. The Company has disputed these debit notes on the grounds that these does not pertain to the Company and that SCPIL has failed to maintain requisite documents as required in the contract between the Company and SCPIL. An amount of Rs. 356,600 thousand in respect of invoices already raised by the Company is withheld by SCPIL in view of the disputes. This amount is being carried forward under sundry debtors and is considered good of recovery.
- SCPIL has served a notice of suspension to the Company vide letter dated 22 February, 2005 and a notice of intention to terminate subcontract for default dated 28 March, 2005. The Company does not accept the grounds for service of the notice and has issued notice for initiating arbitration proceedings for recovery of its dues and claims from SCPIL. The ultimate outcome of the dispute can not presently be determined.
- 14 The Company has executed Vijaywada-Vishakhapatnam Road Project for National Highways Authority of India (NHAI) wherein it has raised certain claims aggregating to Rs. 377,724 thousand on NHAI for change in specification and other matters. While some of the claims have been decided in favour of the Company by Disputes Redressal Board (DRB) of NHAI, some other claims have been rejected by them, against which, NHAI and the Company respectively have gone to arbitration. Some of the claims are still pending decision by the DRB. Pending final decision, the above claims have not been accounted for in the books.

- 15 Current Tax includes Rs. 32,061 thousand being Corporate Income Tax paid in the overseas branches on the Income for the year of the Company's respective branch offices. The tax liability of the Company on overall basis calculated as per provisions of Indian Income Tax Act 1961 is lower than the taxes paid in above branch offices. Accordingly, current tax includes Rs. 32,061 thousand as taxes paid in these branch offices.
- 16 As stated in Note 11 (a) above, the Company has initiated the arbitration proceedings for recovery of withheld amounts and other claims including interest. The arbitration proceedings are in advanced stages and the Company has been advised legally that it entitled to the recovery of amount withheld as stated in Note 11(a) alongwith interest. Accordingly, the Company, during the year, has taken a credit for interest of Rs. 65,659 thousand on conservative estimated basis on the aforesaid withheld amount including Rs. 51,071 thousand for earlier years.
- 17 (a) Donations include an amount of Rs. 10,000 thousand paid to a political party, Bhartiya Janta Party.
(b) The Company has made commitment to give donation to Pt. Kanhya Lal Dayawanti Punj Charitable Society amounting to Rs. 55,580 thousand in a phased manner over a period of two years vide a resolution passed in the meeting of Board of Directors dated December 20, 2004. Out of above, the Company has contributed Rs. 3,230 thousand till the close of the year.
- 18 The disclosures as per provisions of Clauses 38, 39 and 41 of Accounting Standard 7 issued by Institute of Chartered Accountants of India are as under:

	2004-05 Rs. In '000	2003-04 Rs. In '000
a) Contract revenue recognised as revenue in the period Clause 38 (a)	13,807,217	10,943,696
b) Aggregate amount of costs incurred and recognised profits up to the reporting date on Contract under progress Clause 39 (a)	19,639,742	18,295,889
c) Advance received on Contract under progress Clause 39 (b)	449,347	564,775
d) Retention amounts on Contract under progress Clause 39 (c)	205,520	290,208
e) Gross amount due from customers for contract work as an asset Clause 41(a)	3,415,144	2,317,946
f) Gross amount due to customers for contract work as a liability Clause 41 (b)	11,396	468,919

- 19 (a) The Company alongwith one of its subsidiaries, Atna Investments Limited have invested Rs. 53,313 thousand in equity shares of Spectranet Limited (SNL), a subsidiary company engaged in the business of providing Cable TV services. SNL has been incurring losses and 16% of its networth has been eroded. However, based on valuation of SNL done by a valuer and in view of this being a long term strategic investment, the management does not feel the necessity of making a provision thereagainst at this stage.
(b) The Company has invested Rs. 8,000 thousand in equity shares of Spectra Punjab Limited, a subsidiary company, which in earlier years had laid down optical fiber cable and ducts network in the State of Punjab for providing broad band services. Spectra Punjab operations remain suspended presently. However, the Company proposes to use its own internet service network to restart the operations of Spectra Punjab Limited. Based on the valuation of assets of Spectra Punjab done by a valuer, there is no diminution in the value of the investment and hence no provision is required to be made thereagainst.
- 20 Current Assets include Rs 4,224 thousand recoverable pursuant to agreements for sale of 1,28,400 shares of Lakhnanpal National Limited entered into on March 27,1992, which are subject matter of a dispute in the Honourable High Court at Bombay, wherein the Company has been restrained from transferring these shares till the final disposal of the suit. These shares remain in the possession of the Company and the market value thereof at close of the year is Rs. 6,259 thousand (previous period Rs. 7,278 thousand).
- 21 During the year, the Company has entered into agreements to sell its investments in the shares of certain Companies of the Cost of Rs.111,974 thousand and has received advances of Rs. 132,274 thousand representing consideration for the future sale of shares (as defined in the above agreements) in these companies, including all accretions thereto till the date of sale. Through the above agreements to sell, the Company has agreed to give all the powers and rights in these shares to purchasers. The Company has issued an irrevocable power of attorney in favour of purchasers and also authorized these companies to remit the dividend on these shares to purchasers. In terms of the Power of Attorney, the Company has also authorized the designated personnel of purchaser to attend and cast vote at all general meetings of these companies in respect of these shares. In order to secure the due performance of its promise to complete the transaction in the manner contemplated in the agreement, the Company has pledged these shares in favour of purchasers. The Company has further agreed that purchasers shall be solely entitled for all accretions of shares in these companies whether by way of rights or preferential shares or otherwise. In terms of the above arrangement, the Company has accounted for Rs. 20,300 thousand being the amount received in excess of book value of shares (for all the companies) as income on transfer of the powers and rights in the underlying shares to purchasers and the balance consideration equivalent to the amount of investment in above shares appearing in the books is shown as deposit under Current Liabilities to be adjusted against the sale of shares in the above companies on the date of sale.
- 22 The Company has entered into an Assets Sale Agreement for sale of its certain fixed assets relating to ISP undertaking. The sale tax liability on such transaction is subject to determination by the relevant authorities for which an application is pending adjudication. The amount of such liability is indeterminable at present. As per agreement with the buyer, any such sale tax liability is to be borne by the buyer. Consequently, aforesaid sale tax liability on such transactions has not been provided for.
- 23 The small scale and ancillary undertakings have been identified by the Company from the available information, which has been relied upon by the auditors. According to such identification and in the opinion of the management, there is no amount payable to such undertakings at the close of the year. (previous period –Nil)



24 EARNING PER SHARE

i) Basic Earnings

	2004-05	2003-04
a) Calculation of weighted average number of equity shares of Rs. 10 each		
Number of equity shares at the beginning of the year.	20,644,800	20,644,800
Equity shares at the end of the year.	24,317,127	20,644,800
Weighted average number of equity shares outstanding during the year.	22,053,578	20,644,800
b) Net Profit after tax available for equity share holders (Rupees in thousand)	81,431	406,839
c) Basic earning per share	3.69	19.70

ii) Diluted Earnings

During the year, the Company has issued 917,628 of preference shares convertible into equity shares at a later date. However, the conversion price being currently not determinable, diluted earning per share cannot be computed.

25 Deferred Tax Liability (Net)

	2004-05 Rs in '000	2003-04 Rs in '000
Difference due to accelerated amortization of deferred revenue expenditure under the Income Tax Act	-	16,539
Differences in depreciation in block of fixed assets as per Income Tax and Financial Books	541,339	573,008
Effect of expenditure not debited to Profit and Loss account but allowable in Income Tax	43,646	27,098
Gross Deferred Tax Liabilities	584,985	616,645
Effect of expenditure debited to Profit and Loss Account in the current year but allowable in following years under Income Tax	15,417	3,027
Provision for Doubtful Debts & Advances	505	-
Unabsorbed Depreciation	-	35,476
Gross Deferred Tax Assets	15,922	35,803
Net Deferred Tax Liability	569,064	578,143

- 26 During the year, the Company had incurred expenses of Rs. 39,060 thousand for issue of shares. In terms of Section 78 of Companies Act, 1956, these expenses have been adjusted against Securities Premium Account.
- 27 During the year, the Company has reached a settlement with ICICI Bank Limited in respect of the loans and funded interest in respect of its Internet Services Division. As per the settlement, the Company has been given a waiver of Rs. 130,000 thousand in respect of funded interest and the same has been written back.
- 28 (a) The Company had entered into an unincorporated joint venture on 50:50 sharing basis with Limak Insaat Sanayi A.S. on September 20, 2002 for execution of a pipeline construction contract. The Company's share of income, expenses, assets and liabilities in the joint venture were not incorporated in the Company's financial statements in earlier years. The Company's share of income and expenses for the period September 20, 2002 to March 31, 2005 and assets and liabilities as at March 31, 2005 have now been incorporated in these financial statements as required by Accounting Standard 27 on Financial Reporting for Joint Ventures issued by the Institute of Chartered Accountants of India. The aforesaid revenues and expenses include Rs. 1,050,019 thousand and Rs. 994,516 thousand in respect of the period upto March 31, 2004 as per the unaudited financial statements of the joint venture as at March 31, 2004, prepared by the management of the Joint Venture.
- (b) Other prior period items debited/ (credited) to respective account heads aggregate to Rs. 58,832 thousand (net debit) (previous period Rs. 163 thousand (net debit)).
- 29 During the year, the Company has requested the Joint Director General of Foreign Trade to mutate one of the EPCG licenses in favour of the Company from Spectra Net Limited, (as SpectraNet's Internet Service Provider undertaking had been acquired by the Company with effect from April 01, 2003) which is pending for approval. The period to fulfill the export obligation against the abovementioned license has got expired on March 31, 2005. However, SpectraNet, in an earlier year, had applied for extension of time period for fulfilling the export obligation under the above license, which is still pending. Differential amount of custom duty payable in respect of machinery imported under the above license including interest thereon is Rs. 59,931 thousand, (previous period Rs.53,376 thousand).

30 Additional information pursuant to the provisions of paragraphs 3, 4c and 4d of part (ii) of Schedule VI to the Companies Act, 1956.

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

Rs. in '000

	Opening Balance		Purchases		Sales/ Consumption		Closing Balance	
	Qty in Nos.	Value	Qty in Nos.	Value	Qty in Nos.	Value	Qty in Nos.	Value
Analog STB	137 (137)	1,117 (1,117)	- (-)	- (-)	- (-)	- (-)	137 (137)	1,044 (1,117)
Keyboards	95 (95)	209 (209)	- (-)	- (-)	- (-)	- (-)	95 (95)	209 (209)
Digital STB	3 (3)	83 (83)	- (-)	- (-)	- (-)	- (-)	3 (3)	81 (83)
Cable Modem	187 (176)	1,873 (1,885)	179 (39)	668 (268)	276 (28)	1,589 (605)	90 (187)	488 (1,873)
ADSL Router	20 (94)	165 (895)	368 (57)	1,200 (279)	262 (131)	1,444 (1,117)	126 (20)	684 (165)
Cable Router	145 (52)	1,972 (2,021)	19 (155)	421 (715)	155 (62)	1,179 (402)	9 (145)	49 (1,972)
Transceivers	99 (85)	1,704 (1,884)	285 (62)	1,747 (447)	321 (48)	3,059 (838)	63 (99)	445 (1,704)
Radios	39 (39)	3,815 (3,815)	25 (-)	1,875 (-)	46 (-)	3,335 (-)	18 (39)	974 (3,815)
Mast	5 (4)	177 (133)	1 (1)	34 (44)	2 (-)	28 (-)	4 (5)	114 (177)
Vertex 1501 Router	1 (-)	14 (-)	- (1)	- (14)	1 (-)	10 (-)	- (1)	- (14)
Firewall	1 (-)	22 (-)	- (2)	- (44)	1 (1)	24 (22)	- (1)	- (22)
Antena	- (-)	- (-)	13 (-)	71 (-)	4 (-)	36 (-)	9 (-)	34 (-)
Other	- (-)	- (-)	1,667 (3,000)	257 (21)	1,667 (3,000)	1,002 (795)	- (-)	- (-)

Note:

- 1) Sales of goods in Project Division comprise of large number of items of different nature and specifications and hence it is not practicable to furnish information in respect thereof. The cost of such sales has been included under materials consumed.
- 2) Figures in bracket are for previous period.

b. Materials Consumed

These comprise miscellaneous items meant for execution of projects. Since these items are of different nature and specifications, it is not practicable to disclose the quantitative information in respect thereof.

c. Imported and indigenous materials consumed

	Rs in '000		Percentage	
	2004-05	2003-04	2004-05	2003-04
A) Imported	118,170	193,285	3.13	6.37
B) Indigenous	3,656,830	2,838,476	96.87	93.63
	3,775,000	3,031,761	100.00	100.00



31 Supplementary statutory information:

a. Directors remuneration

	2004-05 Rs. in '000	2003-04 Rs. in '000
Salaries	16,726	7,640
Commission to wholetime directors	-	7,725
Perquisites *	809	332
Contribution to Superannuation fund	1,061	524
Contribution to Provident fund	849	655
	19,445	16,876

* Does not include the value of leave encashment and gratuity since it is determined through actuarial valuation for all employees including directors.

In view of inadequacy of profits, these amounts are subject to approval of shareholders in ensuing annual general meeting in terms of Schedule XIII to the Companies Act, 1956.

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

	2004-05 Rs. in '000	2003-04 Rs. in '000
Profit before tax as per Profit & Loss Account	104,413	523,782
Add: Directors Remuneration	19,445	16,876
Directors' sitting fees	100	20
Loss on sale of Investments	-	40,229
Loss on sale of Fixed Assets	57,287	3,472
Provision for diminution in the value of Investments	1,376	-
Less: Profit on Sale of Investments	122,892	-
Net Profit for the year in accordance with section 198 & 349 of the Act	59,729	584,379
Commission payable @ 0.5% to 2% and subject to individual ceiling attached, on prorata basis.	-	7,725

c. Earnings in foreign currency

	2004-05 Rs. in '000	2003-04 Rs. in '000
Management Fees	112,527	-
Hiring Charges	143,020	-
Exports at F.O.B. Value	13,955	15,444
Professional, Consultation Fees and others	17,385	-
Contract Revenue	6,252,375	1,063,066
	6,563,794	1,078,510

d. Expenditure in foreign currency

	2004-05 Rs. in '000	2003-04 Rs. in '000
Travelling *	16,510	7,195
Project Expenses	98,852	218,193
Bandwidth Charges*	4,682	25,420
Foreign Branch Expenses	5,367,494	521,382
Others *	9,917	415,012
	5,497,455	1,187,202

*On cash basis

e. Value of imports calculated on CIF basis *

	2004-05 Rs. in '000	2003-04 Rs. in '000
a) Stores, spares and other materials	172,163	146,577
b) Capital goods	-	40,081
	172,163	186,658

* excluding foreign branches

f. Net dividend remitted in foreign exchange

Period to which it relates	2004-05 Rs. in '000 01-Jul-03 to 31-Mar-04	2003-04 Rs. in '000 01-Jul-02 to 30-Jun-03
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	9,461,429	9,461,429
Amount remitted in Rs. ('000)	11,827	7,096

32 Previous period comparatives

- a) The information furnished in Profit & Loss Account for previous period is for 9 months period and hence not comparable with current period figures. Previous period's figures have been regrouped where necessary to conform to this year's classification.
- b) Previous period figures furnished in the financial statements are audited by another firm of chartered accountants.

As per our report of even date

S.R. BATLIBOI & CO.
Chartered Accountants

For and on behalf of the Board of Directors

per RAJ AGRAWAL
Partner
Membership No. 82028DINESH THAIRANI
Company SecretaryLUV CHHABRA
Director Finance
and Corporate AffairsATUL PUNJ
Chairman and Managing DirectorPlace: New Delhi
Date : July 19, 2005



INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF COMPANIES ACT, 1956

I. Registration Details

Registration No. :

3 3 3 1 4

State Code :

5 5

Balance Sheet Date :

3 1 0 3 0 5

Date Month Year

II. Capital raised during the period (Rupees in thousand)

Public Issue

NIL

Right Issue

Bonus Issue

NIL

Private Placement

45,881

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

Total Liabilities

13,951,122

Total Assets

13,951,122

Sources of Funds :

Paid-up Capital

252,347

Total Reserves & Surplus

4,579,231

Secured Loans

4,529,784

Unsecured Loans

1,168,379

Deferred Tax Liability

569,064

Application of Funds :

Net Fixed Assets

4,327,839

Capital Work In Progress

142,944

Investments

548,582

Net Current Assets

6,079,440

Misc. Expenditure

-

IV. Performance of Company (Rupees in thousand)

Turnover

14,924,147

Total Expenditure

14,819,734

Profit/(Loss) Before Tax
and Extraordinary items

104,413

Profit/(Loss) After Tax
and Extraordinary items

81,431

Basic Earning Per Share (Rs.)

3.69

Dividend Rate (%)

7.50

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

Item Code No.

I.T.C. Code

Product Description

Construction, project related activities & engineering services
and internet services

For and on behalf of the Board of Directors

DINESH THAIRANI
Company Secretary

LUV CHHABRA
Director Finance
and Corporate Affairs

ATUL PUNJ
Chairman and Managing Director

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF PUNJ LLOYD LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF PUNJ LLOYD LIMITED, ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

1. We have audited the attached consolidated Balance Sheet of Punj Lloyd Limited (the Company), its subsidiaries, joint ventures and associates (the Punj Lloyd Group) as at 31st March, 2005, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries of the Company, whose financial statements reflect total assets of Rs. 3,833,657 thousand as at 31st March 2005, the total revenues of Rs. 4,615,692 thousand and cash flows amounting to Rs 126,048 thousand for the year then ended. We also did not audit the financial statements of joint ventures of the Company, whose financial statements reflect total assets of Rs. 377,601 thousand (being proportionate share of Punj Lloyd Group) as at 31st March 2005, the total revenues of Rs.505,762 thousand (being proportionate share of Punj Lloyd Group) and cash flows amounting to Rs. 1,226 thousand (being proportionate share of Punj Lloyd Group) for the year then ended.

The financial statements and other financial information of subsidiaries and joint ventures (*except for Rajahmundry Expressway Limited, Andhra Expressway Limited and North Karnataka Expressway Limited whose unaudited financial statements reflecting total revenues of Rs. 481,697 thousand (being proportionate share of Punj Lloyd Group) and cash flows amounting to Rs. 18,612 thousand (being proportionate share of Punj Lloyd Group) for the periods upto the date of divestment of stake in these joint ventures by the Company and in case of Thiruvananthapuram Road Development Company Limited whose unaudited financial statement reflecting total assets of Rs. 353,132 thousand (being proportionate share of Punj Lloyd Group) as at 31st March, 2005, the total revenues of Rs. Nil (being proportionate share of Punj Lloyd Group) and cash flows amounting to Rs. 17,519 thousand (being proportionate share of Punj Lloyd Group) for the year then ended, have been included in consolidation as mentioned in the Note No. 1 in Schedule O*) have been audited by other auditors, whose reports have been furnished to us and, our opinion, insofar as it relates to the amounts included in respect of these subsidiaries and joint ventures, is based solely on the reports of the other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements', Accounting Standard (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard (AS) 27 'Financial Reporting of Interests in Joint Ventures', issued by the Institute of Chartered Accountants of India.
5.
 - a) *Included in sundry debtors is an amount of Rs.281,100 thousand related to contract work with Spie Capag- Petrofac International Limited (SCPIL) in Georgia branch. Additionally sundry debtors include an amount of Rs.75,500 thousand due from SCPIL for expenses incurred on their behalf. Further, as stated in Note 9 in Schedule 'O' to the financial statements, the terms of the related contract are currently in dispute. Accordingly, the branch auditors were unable to satisfy themselves as to the accuracy of the revenue of Rs. 281,100 thousand and the recoverability of the receivables of Rs.356,600 thousand as stated above. Also, as stated in Note 9 in Schedule 'O' to the financial statements, the Company has raised variation orders of Rs. 1,457,000 thousand on SCPIL and SCPIL has raised debit notes of Rs.466,700 thousand on the Company. These variation orders and debit notes are being disputed and have not been agreed between the Company and the customer. The ultimate outcome of the dispute cannot presently be determined. Because of the significance of this matter, the branch auditors do not express an opinion on the impact of the above uncertainty on the financial statements.*
 - b) *As stated in Note 7(a) in Schedule 'O' to the financial statements, the Company has taken a credit for interest of Rs.65,659 thousand on the amount withheld by a customer, which is not in accordance with Accounting Standard 9 on Revenue Recognition.*
6. Without qualifying our opinion, we draw attention to the following Notes in Schedule 'O' to the financial statements:
 - a) Note 7 regarding deductions made/ amounts withheld by some customers aggregating to Rs. 804,452 thousand on various accounts which are being carried as sundry debtors. The Company is also carrying Work-in-Progress inventory of Rs 64,000 thousand relating to one of these cases. The ultimate outcome of the above matters cannot presently be determined although the Company is of the view that such amounts are recoverable and hence no provision is required thereagainst.
 - b) Note 8 regarding claim made by a customer in Oman branch amounting to Rs. 71,669 thousand in respect of shipment charges which are not accounted for, being disputed by the Company. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.



- c) Note 23(a) regarding accounting during the current year of revenue and expenses amounting to Rs. 1,050,019 thousand and Rs 994,516 thousand respectively relating to earlier years (based on unaudited financial statements) in respect of an unincorporated joint venture.

Without considering our comments in para 3 above regarding inclusion in consolidation of unaudited financial statements of certain joint ventures and also our comments in para 5(a) above, the impact whereof on the Company's profits/reserves is not presently ascertainable, had the impact of our comments in para 5 (b) above been considered, profit for the year after tax would have been Rs. 963,956 thousand instead of Rs. 1,006,060 thousand and Reserves as at the year end would have been Rs.4,807,421 thousand instead of Rs. 4,849,525 thousand.

Subject to our comments in paragraph 3 and 5 above, based on our audit and on consideration of report of other auditors on separate financial statements and on other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements of Punj Lloyd group give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Punj Lloyd Group as at March 31, 2005;
- b) in the case of the Consolidated Profit and Loss Account, of the profit of the Punj Lloyd Group for the year then ended; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Punj Lloyd Group for the year then ended.

For **S.R. BATLIBOI & CO.**
Chartered Accountants

per **Raj Agrawal**
Partner
Membership No: 82028

Place: New Delhi
Date : September 5, 2005

PUNJ LLOYD LIMITED

CONSOLIDATED BALANCE SHEET OF PUNJ LLOYD LIMITED

(Amount in INR '000)

Particulars	Schedules	As at	
		March 31, 2005	March 31, 2004
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	252,347	206,466
Reserves & Surplus	B	4,849,525	1,757,271
		5,101,872	1,963,737
Minority Interest		16,540	18,914
Loan Funds			
	C		
Secured Loans		5,998,422	9,505,835
Unsecured Loans		1,188,287	360,729
Deferred Payments		-	65
		7,186,709	9,866,629
Deferred Tax Liability		618,384	611,677
TOTAL		12,923,505	12,460,957
APPLICATION OF FUNDS			
Fixed Assets			
	D		
Gross Block		7,413,438	6,991,156
Less : Depreciation		2,762,093	2,329,577
Net Block		4,651,345	4,661,579
Capital Work in Progress Including Capital Advances		500,006	3,216,899
Preoperative Expenditure Pending Allocation	E	79,857	494,285
Investments	F	258,970	93,979
Current Assets, Loans & Advances			
	G		
Inventories		5,509,848	2,966,005
Sundry Debtors		3,364,416	2,216,433
Cash And Bank Balances		431,800	540,418
Other Current Assets		53,972	10,163
Loans And Advances		1,928,044	1,554,753
		11,288,080	7,287,772
Less: Current Liabilities & Provisions	H		
Current Liabilities		3,708,250	3,299,300
Provisions		146,754	44,065
		3,855,004	3,343,365
Net Current Assets		7,433,076	3,944,407
Miscellaneous Expenditure (To The Extent Not Written Off Or Adjusted)	I	251	49,808
TOTAL		12,923,505	12,460,957

Significant accounting policies and Notes
To Consolidated Accounts 0

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

As per our report of even date

S.R. BATLIBOI & CO. For and on behalf of the Board of Directors
Chartered Accountants

per **RAJ AGRAWAL**
Partner
Membership No. : 82028

DINESH THAIRANI
Company Secretary

LUV CHHABRA
Director Finance
and Corporate Affairs

ATUL PUNJ
Chairman and Managing Director

Place: New Delhi
Date : September 5, 2005



PUNJ LLOYD LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF PUNJ LLOYD LIMITED FOR THE YEAR ENDED MARCH 31, 2005

(Amount in INR '000)

Particulars	Schedules	Year Ended March 31, 2005	Period Ended March 31, 2004
INCOME			
Sales & Contracts Revenue	J	17,900,098	15,943,328
Other Income	K	439,160	243,787
Profit on Sale of Investments in Associates		150,561	-
Profit on Disposal of Interest in Joint Ventures (Refer Note 18 of Schedule 'O')		583,524	-
Waiver of Funded Interest (Refer Note 22 of Schedule 'O')		130,000	-
		<u>19,203,343</u>	<u>16,187,115</u>
EXPENDITURE			
Materials Consumed and Cost of Goods Sold	L	4,824,058	4,732,815
Operating and Administrative Expenses	M	10,974,454	8,271,494
Financial Charges	N	1,333,350	1,183,550
Miscellaneous Expenditure Written Off		48,075	22,741
Depreciation /Amortization		872,386	703,017
Less : Transferred from Revaluation Reserve		<u>(33,330)</u>	<u>(36,685)</u>
		<u>839,056</u>	<u>666,332</u>
		<u>18,018,993</u>	<u>14,876,932</u>
PROFIT BEFORE TAX		<u>1,184,350</u>	<u>1,310,183</u>
PROVISION FOR TAX			
Current Tax		179,341	192,226
Deferred Tax		<u>3,905</u>	<u>63,849</u>
		<u>183,246</u>	<u>256,075</u>
PROFIT AFTER TAX		<u>1,001,104</u>	<u>1,054,108</u>
Add: Share in Profits of Associates		2,583	6,960
PROFIT BEFORE MINORITY'S SHARE		<u>1,003,687</u>	<u>1,061,068</u>
Add: Share of Loss Transferred to Minority		2,373	1,800
PROFIT FOR THE YEAR		<u>1,006,060</u>	<u>1,062,868</u>
Balance Brought Forward From Previous Year		851,531	(122,192)
Add: Share in Accumulated Profits of Joint Ventures as on April 1, 2003		-	13,462
Less: Share in Accumulated Losses of Associates as on April 1, 2003		<u>-</u>	<u>(131,077)</u>
		851,531	(239,807)
Transfer From Debenture Redemption Reserve		83,305	-
Transfer From Foreign Project Utilized Reserve		15,000	153,500
PROFIT AVAILABLE FOR APPROPRIATIONS		<u>1,955,896</u>	<u>976,561</u>
Appropriations			
Transferred to General Reserve		22,500	65,280
Transferred to Foreign Project Reserve		-	7,500
Transferred to Debenture Redemption Reserve		-	5,025
Dividend Paid (Including Dividend Tax)		-	17,467
Proposed Dividend		18,238	25,809
Tax on Proposed Dividend		<u>2,558</u>	<u>3,949</u>
		<u>43,296</u>	<u>125,030</u>
SURPLUS CARRIED TO BALANCE SHEET		<u>1,912,600</u>	<u>851,531</u>
Earning Per Share (Nominal Value Per Share 10/-)			
Basic (in Rupees)		45.62	51.48
DILUTED (Refer Note 21(ii) of Schedule 'O')			

Significant Accounting Policies and Notes
to Consolidated Accounts 0

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account
As per our report of even date

S.R. BATLIBOI & CO. For and on behalf of the Board of Directors
Chartered Accountants

per **RAJ AGRAWAL**
Partner
Membership No. : 82028

DINESH THAIRANI
Company Secretary

LUV CHHABRA
Director Finance
and Corporate Affairs

ATUL PUNJ
Chairman and Managing Director

Place: New Delhi
Date : September 5, 2005

**CONSOLIDATED CASH FLOW STATEMENT OF PUNJ LLOYD LIMITED AND ITS SUBSIDIARIES
AS AT MARCH 31, 2005**

(Amount in INR '000)

	Year ended 31.03.2005	Year ended 31.03.2004
A Cash Flow From Operating Activities		
Profit before Tax	1,184,350	1,310,183
Adjustment for:		
Depreciation/Amortisation	839,056	666,332
Miscellaneous Expenditure written off	48,075	22,741
Loss on Sale of Fixed Assets(Net)	60,624	3,618
Profit on sale of investments in Associates	(150,561)	-
Profit on disposal of interest in Joint Ventures	(583,524)	-
Profit on sale of Long Term Investment	-	(15,134)
Interest Income	(105,785)	(13,392)
Waiver of Funded Interest	(130,000)	-
Dividend on Long Term Investments	(636)	(1,401)
Depletion/Diminution in value of Long Term Investments	-	3,799
Amortisation/Depletion in value of Inventory	8,227	-
Interest expense	966,548	910,313
Foreign Exchange Fluctuation (net)	(20,468)	44,371
Bad Debts/Advances recovered/written off/Liabilities written back (Net)	(108,949)	12,963
Provision for Doubtful Debts & Advances (Net)	14,304	913
Operating profit before working capital changes	2,021,261	2,945,306
Movement in Working Capital		
(Increase) / decrease in Sundry Debtors	(1,332,709)	375,059
(Increase) / decrease in Loans and Advances	(657,125)	1,065,115
(Increase) / decrease in Other Current Assets	(22,025)	-
(Increase) / decrease in Inventories	(2,641,652)	(1,946,799)
Increase / (decrease) in Current Liabilities & Provisions	1,477,576	(304,945)
(Increase) / decrease in Misc. Expenditure Not written off	(92)	(58)
Cash generated from operations	(1,154,766)	2,133,678
Direct Tax refunds /payments (Net)	(226,219)	(307,651)
Net Cash from/(used in) Operating Activities	(1,380,985)	1,826,027
B Cash flow from/(used in) Investing Activities		
Purchase of Fixed Assets	(2,247,180)	(3,068,211)
Purchase of Investments	(25,908)	(193,431)
Proceeds from sale of Investments	683,325	92,383
Proceeds from sale of Fixed Assets	169,896	7,023
Dividend Received	636	1,401
Interest Received	84,106	13,449
Net Cash from/(used in) Investing activities	(1,335,125)	(3,147,386)



**CONSOLIDATED CASH FLOW STATEMENT OF PUNJ LLOYD LIMITED AND ITS SUBSIDIARIES
AS AT MARCH 31, 2005 (CONTINUED)**

(Amount in INR '000)

	Year ended 31.03.2005	Year ended 31.03.2004
C Cash from Financing Activities		
Increase/(Decrease) in Share Capital	45,881	-
Increase/(Decrease) in Securities Premium	2,200,062	-
Increase/(Decrease) in Working Capital Loans	(305,083)	416,049
Increase/(Decrease) in Secured Term Loans	824,775	1,798,992
Redemption of Debentures	(24,120)	(26,667)
Increase/(Decrease) in Unsecured Loans	853,342	(302,310)
Increase/(Decrease) in Deferred Payment	(65)	136
Interest paid	(944,214)	(961,143)
Dividend Paid	(25,809)	(17,467)
Net Cash from/(used in) Financing activities	2,624,769	907,590
Net increase in cash and cash equivalents(A+B+C)	(91,343)	(413,769)
Foreign Currency Translation Reserve	(17,209)	(11,030)
Cash and cash equivalents at the beginning of period	540,418	965,217
Cash and Cash equivalents in respect of a subsidiary acquired during the year	1,983	-
Cash and Cash equivalents in respect of a joint ventures disposed off during the year	(2,049)	-
Cash and Cash equivalents at end of period	431,800	540,418
Components of Cash and Cash equivalents		
Cash in Hand	39,098	28,370
Balances with Scheduled Banks		
Current Accounts	97,258	161,258
EEFC Accounts	10,078	30,904
Fixed Deposits	126,785	128,125
Balances with Non Scheduled Banks		
Current Accounts	81,987	159,294
Fixed Deposits	76,594	32,467

1. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Negative figures have been shown in brackets.

As per our report of even date

S.R. BATLIBOI & CO.

Chartered Accountants

For and on behalf of the Board of Directors

per **RAJ AGRAWAL**

Partner

Membership No. 82028

DINESH THAIRANI

Company Secretary

LUV CHHABRADirector Finance
and Corporate Affairs**ATUL PUNJ**

Chairman and Managing Director

Place: New Delhi

Date : September 5, 2005

PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED ON MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE A : SHARE CAPITAL		
AUTHORIZED		
30,000,000 Equity shares of Rs. 10/- each	300,000	300,000
20,000,000 preference shares of Rs. 10/- each	200,000	200,000
	<u>500,000</u>	<u>500,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
24,317,127(previous year 20,644,800)equity shares of Rs.10/- each, fully paid up.	243,171	206,448
917,628 (previous year NIL) zero percent convertible preference shares of Rs.10/- each, fully paid up.	9,176	-
OF THE ABOVE		
i) 136,700 equity shares were allotted as fully paid up pursuant to a contract without payments being received in cash.		
ii) 12,166,000 equity shares of Rs.10/- each fully paid up were issued as bonus shares by capitalisation of profits.		
iii) Preference shares shall be converted at a price to be decided based on future earnings at any time before March 31, 2007.		
Nil (previous year 1,817 equity shares shown as share capital suspense account) equity shares of Rs.10/- each Issued as fully paid without consideration being received in cash, pursuant to the scheme of merger and arrangement of ISP undertakings	-	18
TOTAL	<u>252,347</u>	<u>206,466</u>

SCHEDULE B : RESERVES & SURPLUS

(Amount in INR '000)

	As at March 31, 2005	As at March 31, 2004
CAPITAL RESERVE		
Balance as per last account	8,930	3,812
Add : Share in Accumulated Balance of Associates as on April 1, 2003	-	5,118
Addition during the year (Refer Note 1(I) of Schedule 'O')	6,514	-
	<u>15,444</u>	<u>8,930</u>
SECURITIES PREMIUM ACCOUNT		
Balance as per last account	339,112	339,112
Additions during the year	2,239,122	-
	<u>2,578,234</u>	<u>339,112</u>
Less : Utilised during the year (Refer Note 23 of Schedule 'O')	39,060	-
	<u>2,539,174</u>	<u>339,112</u>
ASSET REVALUATION RESERVE		
Balance as per last account	155,859	192,544
Less : Adjustment on Account of Depreciation on Revalued Amount of Assets	33,330	36,685
	<u>122,529</u>	<u>155,859</u>
GENERAL RESERVE		
Balance as per last account	170,540	104,935
Add :Share in Accumulated Balance of Joint Ventures as on April 1, 2003	-	325
Add : Transfer From Profit & Loss Account	170,540	105,260
	<u>22,500</u>	<u>65,280</u>
	<u>193,040</u>	<u>170,540</u>
FOREIGN PROJECT UTILIZED RESERVE		
Balance As Per Last Account	112,500	233,500
Add : Transfer From Foreign Project Reserve	7,500	32,500
	<u>120,000</u>	<u>266,000</u>
Less : Transfer to Profit & Loss Account	15,000	153,500
	<u>105,000</u>	<u>112,500</u>
FOREIGN PROJECT RESERVE		
Balance as per last account	7,500	32,500
Add : Transfer from Profit & Loss Account	-	7,500
	<u>7,500</u>	<u>40,000</u>
Less : Transfer to Foreign Project Utilized Reserve	7,500	32,500
	<u>-</u>	<u>7,500</u>
DEBENTURE REDEMPTION RESERVE		
Balance as per last account	133,425	128,400
Add : Transfer from Profit & Loss Account	-	5,025
	<u>133,425</u>	<u>133,425</u>
Less : Transfer to Profit & Loss Account	83,305	-
	<u>50,120</u>	<u>133,425</u>
FOREIGN CURRENCY TRANSLATION RESERVE		
	(88,382)	(22,126)
PROFIT AND LOSS ACCOUNT BALANCE	<u>1,912,600</u>	<u>851,531</u>
TOTAL	<u>4,849,525</u>	<u>1,757,271</u>



PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE C : LOAN FUNDS		
SECURED LOANS:		
A) ON WORKING CAPITAL LOAN ACCOUNT		
I) FROM BANKS	2,392,570	2,669,334
Out of the above,		
i) Rs. 56,539 thousand is secured by way of first charge on paripassu basis on current assets (excluding book debts) and second charge on paripassu basis on fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.		
ii) Rs. 210,724 thousand is secured by way of first charge on paripassu basis on current assets (excluding book debts) and second charge on paripassu basis on fixed assets of the project division of the Company.		
iii) Rs. 644,820 thousand is secured by way of exclusive charge on the receivables of the specific projects financed by the bank, first paripassu charge on the current assets of the project division (excluding receivables) and paripassu second charge on the movable assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.		
iv) Rs. 63,622 thousand is secured by way of first charge on paripassu basis on current assets (except book debts) and second charge on fixed assets of the project division of the Company and exclusive charge on receivables of specific projects financed by the bank and further secured by personal guarantee of Chairman & Managing Director of the Company.		
v) Rs. 456,508 thousand in respect of a foreign subsidiary is secured by lien over the subsidiary's trade receivables and some part of building, land, inventory, machinery and motor vehicles. The loan is further secured by corporate guarantee of the parent company.		
vi) Rs. 708,136 thousand in respect of a foreign subsidiary is secured by future receivables of the subsidiary. Out of these, loans aggregating Rs. 665,119 thousand are further secured by hypothecation of equipment and machinery. The loans are further secured by corporate guarantee of the parent company.		
vii) Rs. 44,479 thousand in respect of certain Indian subsidiaries is secured by hypothecation by way of charge on inventories both on hand and in transit, book debts, other receivables (both present and future) and charge on all the fixed assets of the subsidiaries except those acquired under hire purchase agreements. The loans are further secured by corporate guarantee of the parent company.		
viii) Rs. 6,523 thousand in respect of an Indian subsidiary is secured by hypothecation of raw-materials, work in progress, finished goods and sundry debtors. The loan is further collaterally secured by way of hypothecation of plant and machinery of the subsidiary.		
ix) Rs. 201,219 thousand in respect of a joint venture is secured by		
- a charge on all of the entity's tangible movable assets and all rights, title, interest, property, claims and demands of the entity upon the same.		
- hypothecation / charge over the entities' other properties, present or future.		

PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE C : LOAN FUNDS (CONTINUED)		
SECURED LOANS (CONTINUED):		
- rights, title, interest, benefits, claims and demands whatsoever of the entity in respect of project agreements, claims receivable under insurance contracts, both present and future, annuity, project guarantee under EPC contract and O&M contracts, book debts and other debts, receivables, commissions, revenues, claims and choses-in-action of whatsoever nature, all moneys lying to the credit of their trust and retention account and other accounts including balances in depreciation/sinking fund account or liable to be credited to the trust and retention Account.		
II) FROM OTHERS	-	3,890
i) Secured by hypothecation by way of charge on current assets (other than receivables) both present and future of the project division of the Company and exclusive charge on receivables of the projects financed by the respective financial institutions.		
ii) Further secured by personal guarantee of Chairman & Managing Director of the Company.		
iii) Further secured by way of second charge on all the fixed assets of the Company.		
B) ON TERM LOAN ACCOUNT		
1) FROM BANKS	3,222,513	6,154,193
Out of the above,		
i) Rs. 149,740 thousand is secured by way of first charge on paripassu basis on fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the company.		
ii) Rs. 693,010 thousand is secured by way of exclusive charge on the equipment purchased out of the proceeds of loan.		
iii) Rs. 899,988 thousand is secured by way of first paripassu charge on movable fixed assets of the project division of the Company.		
iv) Rs. 162,490 thousand is secured by way of exclusive charge on financed fixed assets and second charge on paripassu basis on current assets of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.		
v) Rs. 50,000 thousand is secured by way of second paripassu charge on the current assets (excluding receivables) of the project division of the Company and second paripassu charge on the fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.		
vi) Rs. 150,000 thousand is secured by way of subservient charge on the entire current and movable fixed assets of the project division of the Company.		
vii) Rs. 514,955 thousand is secured by way of paripassu first charge on the existing and future movable fixed assets of the project division of the Company, paripassu second charge on current assets of the project division of the Company (excluding receivables of the Company) and further secured by personal guarantee of Chairman & Managing Director of the Company.		
viii) Rs. 599,853 thousand is secured by way of second paripassu charge on the movable fixed assets of the project division of the Company and further secured by personal guarantee of Chairman & Managing Director of the Company.		



PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE C : LOAN FUNDS (CONTINUED)		
SECURED LOANS (CONTINUED):		
ix) Rs. 2,477 thousand in respect of an Indian subsidiary is to be secured by hypothecation of drill equipment of the entity.		
TOTAL CARRIED OVER	5,615,083	8,827,417
II. FROM OTHERS	272,705	380,432
i) Rs. 84,910 thousand is secured by first and exclusive charge by way of hypothecation on certain specific equipments of the company financed through the loan.		
ii) Rs. 138,500 thousand is secured by way of exclusive charge on the land and building for corporate office of the Company being built at Gurgaon.		
iii) Rs. 49,296 thousand in respect of an Indian subsidiary is secured by hypothecation of respective assets. The loan is further secured by corporate guarantee of the parent company.		
III. HIRE PURCHASE CREDITORS	66,447	238,619
(Secured by exclusive charge by way of hypothecation on certain specific equipments of the Company.)		
IV. EXTERNAL COMMERCIAL BORROWINGS		
FROM BANKS	44,187	59,367
(Secured by exclusive charge on the equipment of the Company financed through the loan.)		
TOTAL	<u>5,998,422</u>	<u>9,505,835</u>
UNSECURED LOANS:		
i) On Working Capital Loan Account :- From Banks	332,695	121,965
ii) On Term Loan Account :- From Banks	750,000	-
iii) Intercorporate Deposits	37,034	135,080
iv) External Commercial Borrowings :- From Bank	41,258	52,264
v) 10% Unsecured Redeemable Non-convertible Debentures (Redeemable at par in five equal annual installments starting from the end of third year i.e. 26.11.2001)	12,120	24,240
vi) 12% Unsecured Redeemable Non-convertible Debentures (repayable in four annual installments starting from 01.07.2002)	14,000	26,000
vii) FROM OTHERS	<u>1,180</u>	<u>1,180</u>
TOTAL	<u>1,188,287</u>	<u>360,729</u>
DEFERRED PAYMENTS		
INTEREST FREE LOAN UNDER SALES TAX DEFERRED SCHEME	-	<u>65</u>
	-	<u>65</u>

SCHEDULE D : FIXED ASSETS

(Amount in INR '000)

Particulars	Gross block						Depreciation						Net block	
	April 01, 2004	Additions due to acquisition of a subsidiary	Other additions	Deletions/Adjustments (Refer Note 'h' below)	Forex translation adjustments	March 31, 2005	April 01, 2005	Additions due to acquisition of a subsidiary	For the year	Deletions/Adjustment (Refer Note 'h' below)	Forex translation adjustments	March 31, 2005	March 31, 2005	April 01, 2004
TANGIBLES														
Land	156,480	-	4,349	194	(2,450)	158,185	-	-	-	-	-	-	158,185	156,480
Buildings	302,033	-	5,096,178	5,065,628	(4,386)	328,197	62,740	173,284	162,478	(308)	73,238	254,959	239,293	
Leasehold improvements	3,460	-	-	-	-	3,460	3,460	-	-	-	3,460	-	-	
Plant & Machinery	5,819,911	43,821	380,352	321,625	(24,678)	5,897,781	1,998,577	506,984	211,311	(9,951)	2,297,848	3,599,933	3,821,334	
Furniture, Fixtures and Office Equipments	323,107	186	116,803	7,549	(2,993)	429,554	95,079	70,478	3,081	(1,452)	161,045	268,509	228,028	
Tools	65,696	-	4,396	49,527	-	20,565	13,367	3,917	-	-	17,284	3,281	52,329	
Vehicles	195,941	-	234,310	2,076	(1,556)	426,620	85,760	98,967	36,791	(511)	147,425	279,195	110,181	
A) Sub Total	6,866,628	44,008	5,836,387	5,446,600	(36,063)	7,264,362	2,258,983	853,630	413,661	(12,222)	2,700,300	4,564,062	4,607,645	
INTANGIBLES														
Software	121,028	-	67,258	39,236	(3,474)	145,576	68,219	18,056	27,094	(463)	58,718	86,858	52,809	
Technical Know-how	3,500	-	-	-	-	3,500	2,375	700	-	-	3,075	425	1,125	
B) Sub Total	124,528	-	67,258	39,236	(3,474)	149,076	70,594	18,756	27,094	(463)	61,793	87,283	53,934	
Total Assets (A+B)	6,991,156	44,008	5,903,645	5,485,836	(39,537)	7,413,438	2,329,577	872,386	440,754	(12,685)	2,762,093	4,651,345	4,661,579	
Capital Work in Progress												500,006	3,216,899	
GRAND TOTAL	6,991,156	44,008	5,903,645	5,485,836	(39,537)	7,413,438	2,329,577	872,386	440,754	(12,685)	2,762,093	5,151,351	7,878,478	
PREVIOUS PERIOD	5,990,421	-	1,077,259	76,524	-	6,991,156	1,698,965	703,017	66,115	-	2,329,577	4,661,579	-	

NOTES:

- Gross block of Fixed Assets includes Rs. 364,949 thousand (previous period Rs. 364,949 thousand) on account of revaluation of assets carried out in earlier years. Consequently to the said revaluation, there is an additional charge of depreciation of Rs.33,330 thousand (previous period Rs. 28,582 thousand) and an equivalent amount has been withdrawn from revaluation reserve and credited to Profit and Loss Account.
- Plant and machinery of the cost of Rs. 182,938 thousand (previous period Rs. 414,691 thousand) are acquired on hire purchase basis. Accumulated depreciation there on is Rs.144,904 thousand (previous period Rs. 356,833 thousand).
- Additions to plant and machinery includes Rs. 2,494 thousand (previous period Rs. Nil) being increase in the Rupee liability in respect of foreign currency loan.
- Capital work in progress includes capital advances Rs. 16,301 thousand (previous period Rs. 17,230 thousand).
- Gross block of assets include Rs. 273,502 thousand (written down value Rs. 134,538 thousand) jointly held with others in respect of an unincorporated Joint Venture.
- Pursuant to the merger of ISP division, land and buildings of Rs. 88,670 thousand (gross block) are vested in the Company, which are yet to be registered in the name of the Company.
- Land includes leasehold land Rs. 54,702 thousand (previous period Rs. 54,702 thousand).
- Adjustment in gross block and accumulated depreciation include deletion on account of sale of interest in joint ventures amounting to Rs. 4,963,366 thousand and Rs.150,714 thousand respectively.



PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE E : PREOPERATIVE EXPENDITURE PENDING ALLOCATION		
Opening Balance	494,285	213,393
Add: Expenditure incurred during the year		
Interest on Term Loans	242,091	249,084
Salaries	58,380	9,415
Project Development fees	68,590	11,367
Supervision expenses	1,234	-
Trust & Retention costs	1,500	-
Incorporation cost	2,500	-
Upfront fees	9,481	-
Arrangers fees	11,229	-
Commitment fees	476	-
Vetting of contracts, Documentation & Legal fees	2,849	-
Other financial charges	9,035	2,312
Travelling & conveyance	330	1,095
Security trusteeship	446	-
Filing Fees	10	-
Audit Fees	22	-
Professional and consultancy charges	54	-
Bank charges	27	169
Rent	5	113
Insurance Premium	5,476	6,047
Other expenses	607	1,310
Less:		
Interest Income	(30)	(20)
(Gross including TDS Rs. Nil ; previous year Rs. Nil)	414,312	280,892
Less: Transferred to fixed assets	(828,740)	-
Balance carried forward	79,857	494,285

(Amount in INR '000)

	As at March 31, 2005	As at March 31, 2004
SCHEDULE F : INVESTMENTS		
LONG TERM		
<u>QUOTED NON TRADE</u>		
JCT ELECTRONICS LTD *	13	-
600 (previous year Nil) Equity Shares of Rs. 10/- each, fully paid.		
CONTINENTAL CONSTRUCTION LTD *	34	-
3,000 (previous year Nil) Equity Shares of Rs. 10/- each, fully paid.		
MAX INDIA LTD*	9	-
500 (previous year Nil) Equity Shares of Rs. 10/- each, fully paid.		
KIRLOSKAR PNEUMATICS CO. LTD *	20	-
1,000 (previous year Nil) Equity Shares of Rs. 10/- each, fully paid.		
DAEWOO MOTORS I LTD *	366	-
11,000 (previous year Nil) Equity Shares of Rs. 10/- each, fully paid.		
HINDUSTAN OIL EXPLORATION LTD *	190	-
4,600 (previous year Nil) Equity Shares of Rs. 10/- each, fully paid.		
MATSUSHITA LAKHANPAL BATTERY INDIA LTD	45	45
1,300 (previous year 1,300) Equity Shares of Rs. 10/- each, fully paid.		
BERGER PAINTS LIMITED	2,888	2,888
115,500 (previous period 15,400 equity shares of Rs.10/- each) Equity Shares of Rs. 2/- each, fully paid. (Including 38,500 shares of Rs. 2/- each received by way of bonus shares)		

PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE F : INVESTMENTS (CONTINUED)		
<u>UNQUOTED TRADE</u>		
RAJAHMUNDRY EXPRESSWAY LTD	40,689	-
3,697,500 Equity Shares of Rs. 10/- each, fully paid		
Of the above, 1,885,000 shares are pledged with a bank. (Refer Note 1(ii) of Schedule 'O')		
ANDHRA EXPRESSWAY LTD	42,820	-
3,697,500 of Rs. 10/- each, fully paid.		
Of the above, 1,885,000 shares are pledged with a bank. (Refer Note 1(ii) of Schedule 'O')		
NORTH KARNATAKA EXPRESSWAY LIMITED	75,724	-
7,572,400 Equity Shares of Rs.10/- each, fully paid up. (Refer Note 1(ii) of Schedule 'O')		
<u>GOVT SECURITIES</u>		
NATIONAL SAVING CERTIFICATES	-	15
<u>UNQUOTED (NON- TRADE)</u>		
STENCIL APPAREL BRANDS LTD	60	60
6,000 (previous year 6,000) Equity Shares of Rs. 10/- each, fully paid.		
RFB LATEX LTD	5,200	5,200
200,000 (previous year 200,000) equity shares of Rs.10/- each, fully paid.		
AROOSHI ENTERPRISES (P) LTD	5,985	1,082
598,500 (previous year 108,225) Equity Shares of Rs. 10/- each, fully paid.		
<u>INVESTMENTS IN ASSOCIATES</u>		
<u>UNQUOTED TRADE</u>		
BISTRO HOSPITALITY (P) LIMITED	32,800	32,800
3,280,000 (previous year 3,280,000) Equity Shares of Rs.10/- each, fully paid		
Add: Share in opening accumulated profits	4,105	3,243
Add: Share in profits for current year	1,256	862
	38,161	36,905
VADODRA HALOL TOLL ROAD COMPANY LIMITED	-	150,000
Add: Share in opening accumulated losses	-	(150,000)
	-	-
JACOB BALLAS CAPITAL INDIA (P) LIMITED	19,000	20,000
1,900,000 (previous year 2,000,000) Equity Shares of Rs.10/- each, fully paid.		
Add: Share in opening accumulated profits / (losses)	26,896	20,798
Add: Share in profits/(loss) for current year	1,435	6,098
Less: Profits attributable to stake sold during the year	(1,345)	-
	45,986	46,896
CITY VISION (P) LTD.	823	823
41,160 (previous year 41,160) Equity Shares of Rs. 10/- each, fully paid.		
Add: Share in opening accumulated profits / (losses)	(823)	(823)
	-	-



PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE F : INVESTMENTS (CONTINUED)		
SHITUL ENGINEERING (P) LTD	785	785
7,850 (previous year 7,850) Equity Shares of Rs. 100/- each, fully paid		
Add: Share in opening accumulated profits / (losses)	88	
Add: Share in profits/(loss) for current year	(105)	88
	767	873
SATELLITE VISION (P) LTD **	3,750	3,750
150,000 (previous year 150,000) Equity Shares of Rs.10/- each, fully paid.		
GAITRY CABLE NETWORK PVT. LTD **	49	49
4,900(previous year 4,900) equity shares of Rs. 10/- each, fully paid		
SUNSTAR NETWORK & TECHNOLOGIES LTD	2,530	2,530
10,159 (previous year 10,159) Equity Shares of Rs. 10/- each, fully paid.		
Add: Share in opening accumulated profits / (losses)	(2,530)	(2,530)
	-	-
DOTCOM HOLDINGS (P) LTD	49	49
4,900 (previous year 4,900) Equity Shares of Rs. 10/- each, fully paid		
Add: Share in opening accumulated losses	(34)	(32)
Add: Share in profits/(loss) for current year	(2)	(2)
	13	15
Less: Diminution in the value of Investments in Associates	-	(3,799)
TOTAL	258,970	93,979
a) Aggregate Cost of Quoted Investments	3,565	2,932
b) Aggregate Cost of Unquoted Investments	255,405	91,046
c) Aggregate market value of Quoted Investments	5,836	1,705

* Denotes shares held by a subsidiary as stock which were converted by that entity into investments as on March 31, 2005.

** As indicated in Note 1(ix) in Schedule 'O' these associates are not being consolidated in the absence of availability of audited financial statements of these entities.

PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE G : CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
i) Inventories:		
Raw Materials	2,450	-
Spares, Stores and Consumables	676,164	503,217
Scrap	18,268	-
Stock in Trade (Equipments)	4,123	11,152
Stock of Shares	-	640
Work in Progress-projects	<u>4,808,843</u>	<u>2,450,996</u>
	5,509,848	2,966,005
ii) Sundry Debtors (Unsecured)		
Debts Outstanding for a period exceeding six months		
Considered Good	1,247,829	385,838
Considered Doubtful	13,944	-
Other Debts		
Considered Good	<u>2,116,588</u>	<u>1,830,595</u>
	<u>3,378,360</u>	<u>2,216,433</u>
Less : Provision For Doubtful Debts	<u>13,944</u>	<u>-</u>
	3,364,416	2,216,433
iii) Cash & Bank Balances:		
a) Cash in Hand	39,098	28,370
b) Balances with Scheduled Banks		
- In Current Accounts	97,257	161,258
- In EEFC Accounts	10,078	30,904
- In Fixed Deposits	126,785	128,125
c) Balances With Non- Scheduled Banks		
- In Current Accounts	81,987	159,294
- In Fixed Deposits	<u>76,594</u>	<u>32,467</u>
	431,800	540,418
iv) Other Current Assets		
a) Interest Receivable on Loans and Deposits	27,508	5,921
b) Insurance Claims Receivable	22,239	18
c) Receivables against sale of Investments	<u>4,225</u>	<u>4,224</u>
	53,972	10,163
B. Loans And Advances: (Unsecured)		
Considered good		
a) Loans to Employees	15,879	15,678
b) Intercorporate Deposits	35,562	24,812
c) Advances recoverable in cash or in kind or for value to be received	1,025,049	1,021,809
d) Advances for Proposed Investments	229,967	38,920
e) Security Deposits	25,629	55,116
f) Balance with Custom Department	2,428	16,678
g) Advance Income Tax / Tax Recoverable (Net of Provisions)	364,852	296,559
h) Sales Tax Recoverable	<u>228,678</u>	<u>85,181</u>
	1,928,044	1,554,753
Advances recoverable in cash or in kind or for value to be received	-	913
Less: Provision for Doubtful Advances	-	(913)
	-	-
TOTAL	<u>11,288,080</u>	<u>7,287,772</u>



PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	As at March 31, 2005	As at March 31, 2004
SCHEDULE H : CURRENT LIABILITIES AND PROVISIONS		
(A) CURRENT LIABILITIES		
Acceptances	288,659	-
Sundry Creditors	2,213,295	1,658,618
Advance Billings	11,396	468,919
Unaccrued Revenue	42,389	38,791
Security Deposits	126,970	9,233
Advances From Clients	799,736	670,374
Interest accrued but not due on Loans	7,102	5,236
Other Liabilities	218,703	448,129
	<u>3,708,250</u>	<u>3,299,300</u>
(B) PROVISIONS		
For Tax (Net of Taxes Paid)	102,372	-
For Gratuity	6,016	1,468
For Leave Encashment	17,570	12,839
Proposed Dividend (Including Tax On Dividend)	20,796	29,758
	<u>146,754</u>	<u>44,065</u>
TOTAL	<u>3,855,004</u>	<u>3,343,365</u>

(Amount in INR '000)

	As at March 31, 2005	As at March 31, 2004
SCHEDULE I : MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
(A) PRELIMINARY EXPENDITURE		
Balance as per last year	1,921	1,964
Less: Adjustments on Disposal of Joint Ventures	(1,574)	-
Add: Addition during the year	92	1
Less: Written off during the year	(188)	(44)
	<u>251</u>	<u>1,921</u>
(B) DEFERRED REVENUE EXPENDITURE		
Balance as per last year	47,887	70,545
Addition during the year	-	-
Less: Written off during the year	(47,887)	(22,658)
	<u>-</u>	<u>47,887</u>
TOTAL	<u>251</u>	<u>49,808</u>

(Amount in INR '000)

	Year ended MARCH 31, 2005	Period ended MARCH 31, 2004
SCHEDULE J : SALES & CONTRACTS REVENUE		
Contracts Revenue	17,035,307	15,518,233
Bonus Income (In Respect Of Highway Construction & Operation Activities)	303,963	-
Annuity Income (In Respect Of Highway Construction & Operation Activities)	177,614	-
Income From Leased Assets	7,904	-
Income From Hire Charges	66,958	111,367
Sales (Net Of Discounts)		
- Exports	13,955	15,444
- Others	13,163	5,058
	<u>27,118</u>	<u>20,502</u>
Internet Services (Net Of Discounts Rs. 665,850 Thousand, Previous Year Rs. 262,981 Thousand)	281,234	293,226
TOTAL	<u>17,900,098</u>	<u>15,943,328</u>

PUNJ LLOYD LIMITED

(Amount in INR '000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	Year ended March 31, 2005	Period ended March 31, 2004
SCHEDULE K : OTHER INCOME		
Rent	-	7,134
Interest	105,785	13,392
Dividend on Long Term Investments	636	1,401
Insurance Claims	37,224	44,092
Profit on Sale of Investment	-	15,134
Unspent Liabilities & Provisions Written Back	141,916	-
Bad Debts Recovered	57,606	-
Foreign Exchange Fluctuation (Net)	20,468	-
Others	75,525	162,320
TOTAL	439,160	243,787

(Amount in INR '000)

	Year ended March 31, 2005	Period ended March 31, 2004
SCHEDULE L : MATERIALS CONSUMED AND COST OF GOODS SOLD		
Material Consumed	4,771,846	4,692,712
Cost of Goods Sold-equipment		
Opening Stock	11,152	12,042
Add: Purchases	1,313	39,213
	12,465	51,255
Less: Closing Stock (Equipments)	4,123	11,152
	8,342	40,103
Amortisation /Depletion in the value of Inventory	43,870	-
TOTAL	4,824,058	4,732,815

(Amount in INR '000)

	Year ended March 31, 2005	Period ended March 31, 2004
SCHEDULE M : OPERATING AND ADMINISTRATIVE EXPENSES		
OPERATING		
Contractor Charges	3,724,209	2,725,463
Site/Connectivity Expenses	847,554	425,460
Diesel and Fuel	685,878	852,033
Repair and Maintenance		
-Buildings	17,928	16,625
-Plant and Machinery	75,611	212,770
-Others	74,346	42,188
Freight & Cartage	530,400	307,871
Hire Charges	1,068,351	1,053,493
	7,024,277	5,635,903
Personnel Expenses		
Salaries, Wages and Bonus	1,909,675	1,120,760
Contribution to Provident Funds & Others	56,288	50,642
Workmen and Staff Welfare	159,340	105,155
	2,125,303	1,276,557



PUNJ LLOYD LIMITED

(Amount in INR'000)

SCHEDULES TO THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2005

	Year ended March 31, 2005	Period ended March 31, 2004
SCHEDULE M : OPERATING AND ADMINISTRATIVE EXPENSES (CONTINUED)		
ADMINISTRATION AND ESTABLISHMENT		
Rent	109,497	62,784
Insurance	106,088	81,513
Directors Sitting Fees	100	-
Travelling and Conveyance	288,755	184,870
Fee & Taxes	231,491	351,324
Consultancy/Professional Charges	508,716	391,788
Commission on Internet Services	7,824	6,085
Bad Debts/Advances Written Off	38,227	12,963
Diminution in value of Investments in Associates	-	3,799
Provision For Doubtful Debts	14,304	913
Loss on Sale of Fixed Assets (Net)	60,624	3,618
Donations(refer Note 13 Of Schedule ' O ')	14,155	1,123
Others	445,093	258,254
	<u>1,824,874</u>	<u>1,359,034</u>
TOTAL	<u>10,974,454</u>	<u>8,271,494</u>

(Amount in INR '000)

	Year ended March 31, 2005	Period ended March 31, 2004
SCHEDULE N : FINANCIAL CHARGES		
INTEREST ON:		
Term Loans	796,291	597,433
Debentures	4,044	12,695
Others	166,213	300,185
	<u>966,548</u>	<u>910,313</u>
Foreign Exchange Fluctuation (Net)	-	44,371
Bank/Financial Charges	366,802	228,866
TOTAL	<u>1,333,350</u>	<u>1,183,550</u>

SCHEDULE O :**A. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNT****1 Basis for preparation of accounts**

The Company maintains its accounts on accrual basis following the historical cost convention, except for the revaluation of certain fixed assets, and in accordance with Accounting Standards referred to in section 211(3c) of the Companies Act, 1956 and other requirements of the Act. The accounting policies are consistently applied by the Company and are consistent with those used in previous year.

2 Principles of Consolidation

The Consolidated Financial Statements relate to PUNJ LLOYD LIMITED (hereinafter referred to as the "Company") and its group companies (hereinafter referred to as the "Punj Lloyd group"). In the preparation of these Consolidated Financial Statements, investments in Subsidiaries, Associate companies and Joint Venture entities have been accounted for in accordance with AS 21 (Accounting for Consolidated Financial Statements), AS 23 (Accounting for Investments in Associate Companies) and AS 27 (Financial Reporting of Interests in Joint Ventures) respectively issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements are prepared on the following basis:-

- a. Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.
- b. Interests in the assets, liabilities, income and expenses of the Joint Ventures are consolidated using proportionate consolidation method. Intra group balances, transactions and unrealized profits/losses have been eliminated to the extent of Company's proportionate share, except where cost cannot be recovered.
- c. The difference of the cost to the Company of its investment in Subsidiaries and Joint Ventures over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- d. Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.
- e. Investments in Associates are accounted for using the equity method. The excess of cost of investment over the proportionate share in equity of the Associate as at the date of acquisition of stake has been identified as Goodwill and included in the carrying value of the Investment in the Associate. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Company) are recouped. For the purpose of equity accounting, consolidated financial statements of Associates have been used.
- f. As far as possible, the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements. Differences in accounting policies have been disclosed separately.
- g. The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended 31st March, 2005.

3 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

4 Fixed Assets

Fixed assets are stated at cost, other than some fixed assets which are stated at values as determined by the valuer, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

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



5 Method of Depreciation

- i) In respect of Indian Companies comprised within the group, depreciation on the fixed assets is charged on straight line method, at the rates specified in Schedule XIV of the Companies Act, 1956, (except to the extent stated in Para ii and v below), which are based on the useful lives of the assets. In case of revalued assets, the difference between depreciation on original cost and revalued amount is transferred from revaluation reserve to profit and loss account.
- ii) Depreciation on the following fixed assets of Internet Service division is charged on straight line method at the rates, based on useful lives of the assets as estimated by the management, which are equal to or higher than the rates specified by schedule XIV.

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

*Included under Plant & Machinery

- iii) Amount added to assets on account of foreign exchange fluctuation is depreciated prospectively over the remaining useful lives of the respective assets.
- iv) No amortization is made for leasehold land, which is under perpetual lease.
- v) Assets costing less than Rs. 5,000 each are fully depreciated @ 100%.
- vi) Depreciation on Company's share of fixed assets of an unincorporated joint venture is provided on straight-line method at the following rates based on their useful lives as estimated by the management of the joint venture.

Asset Description	Depreciation Rate
Buildings	10%
Plant & Machinery	20%
Vehicles	20%
Furniture, fixtures & office equipments	20%

- vii) In case of foreign companies comprised within the group, depreciation is being provided for on straight line basis so as to write off the assets over their useful lives, as estimated by the management, which range from 3 to 20 years. (9.32% of total Net Block of fixed assets as at March 31, 2005 and 8.70% of total Depreciation expenditure)
- viii) Intangibles
 - (a) Depreciation is provided on different software used by the Group based on the nature and useful lives of these software, which range from 3 to 6 years.
 - (b) Depreciation on technical know-how capitalized in Internet Service Division of the Company is provided at 20%, based on its expected useful life as assessed by the management.

6 Preoperative Expenditure pending allocation

Expenses incurred in relation to construction of capital assets in respect of entities which are yet to commence commercial operations are carried forward to be capitalized at the time of commencement of commercial operations. Other expenses not related to construction of capital assets are carried forward under Deferred Revenue Expenditure, to be written off after the commencement of commercial operations.

7 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, after providing for any diminution in value, if such diminution is other than temporary in nature.

8 Valuation of Inventories

- i) Stock in trade (Equipments), Stores, Spares and Consumables are valued at lower of cost and net realizable value. Cost is determined on weighted average basis, except in case of certain Indian subsidiaries where is arrived at on FIFO basis (0.21% of total store & spares inventory).
- ii) Work in progress related to projects is valued at net realizable value.
- iii) Scrap is valued at net realizable value.
- iv) Scaffoldings (included in Stores, Spares and Consumables) are valued at cost less amortization/charge based on their useful life, which is estimated at 10 years.

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

9 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i) Revenue from long term construction contracts is recognized on the percentage of completion method. Percentage of completion is determined as a proportion of cost incurred to date to the total estimated contract cost. However, profit is not recognized unless there is reasonable progress on the contract. In case the total cost of a contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such expected loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the income statement of the year in which revisions are made.

The revenue on account of extra claims and the expenditure on account of liquidated damages on construction contracts are accounted for at the time of acceptance in principle by the customers due to uncertainties attached thereto. Similarly, insurance claims are accounted for on settlement with insurers.

- ii) Revenue from long term construction contracts executed in joint ventures under work sharing arrangements is recognized on the same basis as similar contracts independently executed by the Company. Revenue in joint ventures under profit sharing arrangements is recognized to the extent of the Company's share in joint ventures.
- iii) Internet Service revenues comprise of revenues from registration, installation and provision of Internet services. Registration fee and installation charges are recognized on the admission of customer and completion of services respectively. Service revenue from Internet access is recognized pro-rata, calculated on the basis of provision of services or time duration of contract, as may be applicable.
- iv) Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.
- v) Interest revenue is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable.
- vi) Dividend revenue is recognized when the shareholders' right to receive payment is established by the balance sheet date.
- vii) In respect of certain joint ventures of the company engaged in activities of construction of highway on Build, Operate and Transfer (Annuity) basis, revenue is recognised as under:-
- Annuity income as per the concession agreements entered into by the entities with National Highway Authority of India (NHAI) is accounted on accrual basis.
 - Bonus income from NHAI as per the concession agreements for completion of the projects before the scheduled dates of completion is accounted for on accrual basis.

10 Miscellaneous Expenditure to the extent not written off

i) Preliminary Expenditure

In the case of certain subsidiaries, Preliminary Expenses are being amortized over a period of 5 years from the date of commencement of commercial operations.

ii) Deferred Revenue Expenditure

- a. In respect of a subsidiary of the Company, fees paid to Registrar of Companies for increase in Authorized Share capital prior to year ended 31-03-2001 was considered as Deferred Revenue Expenditure and is being charged off to Profit & Loss account in five equal installments.
- b. Deferred revenue expenses incurred during the preoperative period in Internet Service Division and expenditure incurred for restructuring of loans are amortized to revenue over a period of five years from the year in which these are incurred.

11 Foreign Currency Transactions

i) Initial Recognition

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

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise except those arising from investments in non-integral foreign operations. Exchange differences arising on account of Fixed Assets acquired from outside India are capitalized.



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

12 Foreign operations

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

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate (except for shareholder's funds, which is converted at historical rate); income and expense items of the non-integral foreign operations are translated at average exchange rates for the period. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

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

13 Retirement and Other Employee Benefits

- i) Retirement benefits in the form of provident fund and superannuation / pension schemes are charged to Profit and Loss Account of the year when the contributions to the respective funds are due.
- ii) The Company has taken an insurance policy under group gratuity scheme with Life Insurance Corporation of India to cover the gratuity liability of the employees of project division and amount paid/payable in respect of present value of liability for past services is charged to Profit and Loss Account on the basis of actuarial valuation carried out by LIC at the end of the financial year. In respect of employees of ISP division and Indian Subsidiaries, gratuity liability is accrued and provided for on the basis of an actuarial valuation made at the end of each financial year.
- iii) Liability for leave encashment is provided for on actuarial valuation done at the end of the financial year except in case of the overseas branches where liability is provided on actual basis for leaves standing to the credit of employees.
- iv) In respect of overseas group companies, contributions made towards retirement/employee benefits, in accordance with the relevant applicable local laws, are charged to Profit and Loss Account.

14 Taxation

Tax expense / (tax saving) is the aggregate of current year tax and deferred tax charged (or credited) to the Profit and Loss Account for the year.

- i) Current tax is the provision made for income tax liability on the profits for the year in accordance with the applicable Tax laws in respective countries.
- ii) Deferred tax is recognized, on timing differences, being the differences resulting from the recognition of items in the financial statements and in estimating its current income tax provision.
- iii) Deferred tax assets are recognized on brought forward business losses and unabsorbed depreciation only to the extent that there is virtual certainty supported by convincing evidence and on others, to the extent that there is reasonable certainty of their realization.
- iv) Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date.
- v) Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

15 Lease Transactions

In respect of lease transactions entered into on or after April 1, 2001, finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and are disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lesser effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight line basis over the lease term.

16 Segment reporting policies

Identification of segments

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

Unallocated items

General corporate income and expense items are not allocated to any business segment.

17 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year after taxes attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

18 Provisions

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

B. NOTES TO THE ACCOUNTS**1 The Punj Lloyd Group comprises of the following entities:-**

Name of the Company	Country of Incorporation	% of voting power held as at March 31, 2005	% of voting power held as at March 31, 2004
a) Subsidiaries			
Spectra Punj Lloyd Limited	India	98.00	98.0
Punj Lloyd Insulations Limited	India	100.00	100.00
Spectra Infrastructure Limited	India	100.00	100.00
Atna Investments Limited	India	100.00	100.00
Spectra Punjab Limited	India	100.00	100.00
PLN Construction Limited (Refer Note (i))	India	100.00	100.00
Spectra Net Limited	India	73.34	73.34
Punj Lloyd (Malaysia) SDN,BHD	Malaysia	100.00	100.00
Punj Lloyd Inc.	U.S.A	100.00	100.00
Punj Lloyd International Limited	British Virgin Islands	100.00	100.00
Punj Lloyd Kazakhstan LLP	Kazakhstan	100.00	100.00
Pt. Punj Lloyd Indonesia	Indonesia	100.00	100.00
b) Step down Subsidiary			
Spectranet Holdings Limited	India	73.34	73.34
c) Joint Ventures- Jointly controlled Entities / Operations			
i) Jointly controlled Entities			
Rajamundry Expressway Ltd. (REL)	India	Refer Note No (ii)	50.00
Andhra Expressway Ltd. (AEL)	India	Refer Note No (ii)	50.00
North Karnataka Expressway Ltd. (NKEL)	India	Refer Note No (ii)	42.00
PLN Construction Limited. (PLNC)	India	Refer Note No (i)	50.00
Thiruvananthapuram Road Development Company Limited. (Refer Note No (iii))	India	50.00	50.00
Asia Drilling Services Limited. (Joint Venture of Punj Lloyd International Ltd.)	Mauritius	50.00	50.00
ii) Jointly controlled operations			
Punj Lloyd-Progressive Constructions JV	Refer Note No (v)	Refer Note No (iv)	Refer Note No (iv)
Persys-Punj Lloyd JV	Refer Note No (v)	Refer Note No (iv)	Refer Note No (iv)
Punj Lloyd-PT Punj Lloyd Indonesia JV	Refer Note No (v)	Refer Note No (iv)	Refer Note No (iv)
Punj Lloyd – Limak JV	Refer Note No (v)	50.00	(Refer Note No 24(a) given below)



d) Associates

i) Associates of Holding Company

Bistro Hospitality Pvt. Limited (Refer Note No (vi))	India	40.00	40.00
Jacob Ballas Capital India Private Limited (Refer Note No (vi))	India	Refer Note No (vii)	20.00
Vadodara Halol Toll Road Co. Limited	India	Refer Note No (viii)	44.17

ii) Associate of a Subsidiary

Gaijry Cable Network Private Limited (Refer Note No (ix))	India	49.00	49.00
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iii) Associates of a Step down Subsidiary

City Vision Pvt. Ltd	India	49.00	49.00
Shitul Engineering Pvt. Ltd	India	49.00	49.00
Sunstar Network & Technologies Pvt. Ltd	India	49.98	49.98
Dot Com Holdings Pvt. Ltd	India	49.00	49.00
Satellite Vision Pvt. Ltd (Refer Note No (ix))	India	49.00	49.00

- (i) During the year, the Company and Koop International B.V. (KOOPI), the two joint venture partners in PLN Construction Limited (hereafter referred to as "PLNC") entered into an agreement to terminate the joint venture. Under the termination agreement, Koop has sold its entire 50% shareholding in PLNC to the Company on October 24, 2004. Consequently, PLNC has become a wholly owned subsidiary of the Company effective that date. The Company has recognized a Capital Reserve amounting to Rs. 6,514 thousand on this transaction.
- (ii) As indicated in Note 18 given below, during the year, the Company has divested its stake REL & AEL on January 31, 2005 and in NKEL on March 19, 2005, as a result of which they have ceased to be joint ventures of the Company from such dates. The Group's share of revenues and expenses for the period upto the date of divestment of stake has been accounted for using proportionate consolidation method. The management approved unaudited financial statements of these entities prepared as at the date of divestment of stake by the holding company reflect (to the extent of the proportionate share of the Punj Lloyd Group) total assets of Rs. 5,291,649 thousand, total revenues of Rs. 481,697 thousand and cash flows amounting to Rs. 18,612 thousand for the period upto the date of divestment of such stake.
- (iii) Management approved unaudited financial statements of the joint venture entity prepared as at March 31, 2005 have been considered for consolidation purposes. These unaudited financial statements reflect (to the extent of the Group's proportionate share) total assets aggregating Rs. 353,132 thousand as at March 31, 2005 and total revenues and cash flows aggregating Rs. Nil and Rs. 17,519 thousand respectively for the year ended March 31, 2005.
- (iv) As per the joint venture agreements, the scope & value of work of each partner has been clearly defined and accepted by the clients. The Company's share in Assets, Liabilities, Income and Expenses are duly accounted for in the accounts of the Company in accordance with such division of work. However, joint venture partners are, jointly & severally, liable to clients for any claims in these projects.
- (v) Country of Incorporation not applicable, as these are Unincorporated Joint Ventures.
- (vi) Management approved unaudited financial statements of these entities, have been considered for consolidation purposes. The consolidated Profit & Loss Account includes Profit of Rs. 2,689 thousand (being the proportionate share of the Punj Group) from these entities.
- (vii) As a result of partial divestment of stake held by the Company in Jacob Ballas Capital India Private Limited on December 31, 2004, the Company's shareholding in the entity has declined below 20% as a result of which the entity has ceased to be an Associate of the Company effective such date. Consequently, in the accompanying financial statements, the Company has only accounted for its share in profits of the Associate upto the date of divestment of stake.
- (viii) As a result of sale of the entire shareholding held by the Group in Vadodara Halol Toll Road Company Ltd on March 19, 2005, the entity has ceased to be an Associate of the Group effective such date. As the carrying value of such investment was reduced to Nil as at April 1, 2003 (as a result of recognition of losses upto the level of cost of the investment), the entire proceeds from such sale aggregating Rs. 150,000 thousand has been recognized as profit on sale of investments in the accompanying consolidated financial statements.
- (ix) In the absence of availability of financial statements of these entities, these have not been consolidated as at March 31, 2005. The Group has provided for diminution in the value of investments to the extent of its cost of investment in these entities aggregating Rs. 3,799 thousand as at March 31, 2005.

2 Segment Information

Business Segments

The group's operating businesses are organized and managed separately according to the types of products/services provided. The identified reportable segment is engineering & construction business. The other segments include operation and maintenance of highways on annuity basis, manufacture and sale of ready mix concrete, internet services, equipment hire services, and cable TV operations. Segmental information is disclosed as under:

Rs. in '000

	Engineering & construction		Others		Corporate unallocable expenses		Total	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
External Segment Revenue	17,368,960	15,724,382	934,425	419,030	976,210	248,799	19,279,595	16,289,837
Internal Segments	232	348	76,020	102,374	-	-	76,252	102,722
Segment Revenue	17,368,728	15,621,660	858,405	316,656	429,079	248,799	19,203,343	16,187,115
Segment Results	1,659,787	2,103,132	74,750	269,474	(550,187)	(1,062,423)	1,184,350	1,310,183
Segment Assets	14,409,938	10,710,856	1,989,603	4,901,354	378,968	192,110	16,778,509	15,804,320
Segment Liabilities	3,514,778	2,726,859	215,379	541,536	7,929,939	10,572,189	11,660,096	13,840,584
Capital Expenditure	984,365	687,518	1,663,120	384,780	109,841	4,961	2,757,326	1,077,259
Depreciation/Amortisation	414,064	537,334	413,254	106,019	11,738	22,978	839,056	666,331
Non Cash Expenses	9,694	22,341	7,688	73	1,091	326	33,473	22,740

Reconciliation of Reportable Segments with the Financial Statements

	Revenues		Results		Assets		Liabilities	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Total of Reportable Segments	19,203,343	16,187,115	1,184,350	1,310,183	16,778,509	15,804,321	11,660,096	13,840,584
Less : Corporate unallocated: Taxes	-	-	(183,246)	(256,074)	-	-	-	-
Add: Share in profits of associates	-	-	2,583	6,960	-	-	-	-
Add: Share of losses transferred to minority	-	-	2,373	1,800	-	-	-	-
As per Segment	19,203,343	16,187,115	1,006,060	1,062,868	16,778,509	15,804,321	11,660,096	13,840,584
As per Financial Statements	19,203,343	16,187,115	1,006,060	1,062,868	16,778,509	15,804,321	11,660,096	13,840,584

Geographical Segments :

Although the Group's major operating divisions are managed on a worldwide basis, they operate in two principal geographical areas of the world, in India, the home country, and other countries.

The following table presents revenue regarding geographical segments for the year ended March 31, 2005 and year ended March 31, 2004.

	Sales Revenue by Geographical Market	
	2004-05 Rs. In'000	2003-04 Rs. In'000
India	8,777,407	12,110,625
Other Countries	10,425,936	4,076,490
	19,203,343	16,187,115



	As at March 31, 2005		As at March 31, 2004	
	Punj Lloyd Limited & Subsidiaries	Joint Ventures	Punj Lloyd Limited & Subsidiaries	Joint Ventures
	Rs. in '000	Rs. in '000	Rs. in '000	Rs. in '000
3 Capital Commitments				
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	48,859	667,920	201,554	743,905
4 Contingent liabilities to the extent not provided for:				
(a) Bank Guarantees given by the Company.	549,442	-	1,169,672	25,789
(b) Liquidated damages deducted by customers not accepted by the Company and pending final settlement. (Refer Note 7(b) given below)	447,451	-	23,918	-
(c) Corporate Guarantees given on behalf of associates.	68,000	-	84,000	-
(d) Differential amount of custom duty in respect of machinery imported under EPCG Scheme.	24,706	-	82,712	75,645
(e) i) Sales tax demand on the material components of the works contracts pending with Sales Tax Authorities and High Court amounting to Rs. 129,192 thousand. (previous period Rs 125,276 thousand).*				
ii) Sales tax demand for non submission of statutory forms aggregating to Rs. 62,337 thousand (previous period Rs. 62,337 thousand).*				
iii) Sales tax demand for disallowance of deduction on purchase aggregating to Rs. 3,645 thousand (previous year Rs.3,645 thousand)*				
iv) Sales tax liability of Rs. 21,214 thousand (previous period Rs. 21,214 thousand) in respect of Internet Service Division, contested by the Company in view of the similar matter in another case referred to a larger bench by Hon'ble Supreme Court inspite of its own judgement earlier in the case of State of Uttar Pradesh Vs Union of India and Another. *				
(f) The Company has not acknowledged as debt a claim lodged by one of its suppliers amounting to Rs. 5,082 thousand (previous period Rs. 5,082 thousand)* on account of services rendered in earlier years. The matter is under arbitration. *				

*Based on favourable decisions in similar cases/legal opinions taken by the Company/consultations with solicitors, the management believes that the Company has a good chance of success in above mentioned cases and hence, no provision there against is considered necessary.

5 Details of assets acquired on hire purchase and finance leases

	2004-05 Rs. in '000	2003-04 Rs. in '000
Gross block at the end of year	182,938	414,691
Written down value at the end of year	38,034	57,858
Details of payments made during the period:		
Principal	172,042	67,090
Interest	46,452	19,832

The break-up of minimum hire purchase payments outstanding as at 31 March, 2005 is as under:-

	As at March 31, 2005 Rs. in '000	Principal Interest Rs. in '000	Total Rs. in '000
Payable within one year	36,235	6,655	42,890
Payable after one year but before end of fifth year	30,212	1,984	32,196
	66,447	8,639	75,086
	As at March 31, 2004 Rs. in '000	Principal Interest Rs. in '000	Total Rs. in '000
Payable within one year	84,846	25,435	110,281
Payable after one year but before end of fifth year	153,644	46,532	200,176
	238,490	71,967	310,457

- 6 During the year, the Company has determined and adopted uniform policy across projects with regard to treatment of certain materials, as per the details given hereunder:
- a) Unused materials at construction sites closed during the year have been transferred to other sites/ central warehouse at lower of cost and estimated realisable values amounting to Rs. 85,273 thousand as against Nil value in earlier years.
 - b) The Company has decided to classify scaffolding materials as inventory and value these at cost less amortization charge based on the estimated useful lives, which is determined as ten years by the management. Hitherto, the Company was not following any consistent practice in this regard across projects. Consequent to this change, the Company has decapitalised the fixed assets by Rs. 60,450 thousand (written down value) and recognized the same as inventories and also brought back to books the materials charged off in earlier years aggregating to Rs. 77,713 thousand and amortized the same on the basis stated above.

As a result of the above, profit for the year before tax has gone up by Rs. 94,341 thousand.

- 7 a) The Company had executed two projects of Sulphur Recovery Units (SRU) of Indian Oil Corporation Limited (IOCL) at their refineries at Mathura and Vadodara in an earlier year on back to back basis for Petrofac International Limited (PIL) who was the main contractor. IOCL had withheld payments from PIL on account of duties and taxes and PIL had in turn withheld Rs.310,716 thousand in an earlier year, which are outstanding as debts at the close of the year. PIL had gone into arbitration against IOCL and lodged claims for recovery of above amount along with interest and also some other claims amounting to Rs.387,034 thousand. These claims have not been accounted for in the books except to the extent stated in Note 12 below. Pending outcome of arbitration, amount withheld by PIL is being carried forward under sundry debtors. The Company has been legally advised that in terms of the contract, it is entitled to receive the above amount and hence, the same is considered good of recovery.
 - b) The Company had executed a pipeline project at Dahej- Vijaypur for Gas Authority of India Limited (GAIL) in an earlier year. GAIL had withheld Rs. 422,591 thousand as liquidated damages and Rs. 51,535 thousand towards other claims, which the Company is disputing. Also, the Company has filed some other claims with GAIL amounting to Rs. 999,004 thousand. These claims have not been accounted for in the books. GAIL had proposed to the Company to refer the matter to its in house Grievance Settlement Mechanism (GSM). The matter is pending with GSM of GAIL and the amount of Rs.474,126 thousand is being carried forward under sundry debtors. The Company has been legally advised that there is no justification in imposition of liquidated damages and other claims by GAIL and hence the above amount is considered good of recovery.
 - c) The Company had executed a pipeline project for Petronet MHB Limited in an earlier year. The customer had withheld Rs.4,440 thousand from the running bills, which are being carried forward under sundry debtors. The customer had also not certified the final bill amounting to Rs.64,000 thousand which is being carried forward under work in progress. The Company had raised claims for Rs.517,387 thousand, which are not accounted for in the books. For recovery of the said amounts, which are being disputed by the customer, the Company has initiated Arbitration proceedings. The matter is now pending for appointment of arbitrator as per the order of the Hon'ble Supreme Court of India. The outstanding amounts are considered good of recovery.
 - d) The Company had executed a contract for Delhi State Industrial Development Corporation Limited (DSIDC) for construction of infrastructure project, which was completed in October, 2002. The Customer had deducted Rs. 15,169 thousand from the bills of the Company. The Company had disputed the deductions made by the customer and sent legal notice to the customer for recovery. The above amount is being carried forward under sundry debtors and is considered good of recovery.
- 8 During the year, the Company has received a demand from one of its customers in Oman for Rs.71,669 thousand in relation to shipment charges incurred by the customer for importing pipes for the contract between the Company and the customer, which is disputed by the Company and therefore no provision there against has been made in the financial statements. The Company has raised claims on the customer for Rs.347,041 thousand towards idle charges and losses covered under customer's insurance policy, which has not been accepted by the customer. The ultimate outcome of the above matters can not presently be determined.
- 9 The Company has raised variation orders of Rs. 1,457,000 thousand on Spie Capag-Petrofac International Limited (SCPIL) with whom the Company has entered into a contract for construction of pipelines in Georgia, which is pending acceptance of SCPIL and hence, the Company has not accounted for the same in the books of account. SCPIL has raised debit notes of Rs. 466,700 thousand on the Company for expenses incurred by them and these have not been accounted for by the Company. The Company has disputed these debit notes on the grounds that these do not pertain to the Company and that SCPIL has failed to maintain requisite documents as required in the contract between the Company and SCPIL. An amount of Rs. 356,600 thousand in respect of invoices already raised by the Company is withheld by SCPIL in view of the disputes. This amount is being carried forward under sundry debtors and is considered good of recovery.
- SCPIL has served a notice of suspension to the Company vide letter dated 22nd February, 2005 and a notice of intention to terminate subcontract for default dated 28th March, 2005. The Company does not accept the grounds for service of the notice and has issued notice for initiating arbitration proceedings for recovery of its dues and claims from SCPIL. The ultimate outcome of the dispute can not presently be determined.
- 10 The Company has executed Vijaywada-Vishakhapatnam Road Project for National Highways Authority of India (NHAI) wherein it has raised certain claims aggregating to Rs. 377,724 thousand on NHAI for change in specification and other matters. While some of the claims have been decided in favour of the Company by Disputes Redressal Board (DRB) of NHAI, some other claims have been rejected by them, against which, NHAI and the Company respectively have gone to arbitration. Some of the claims are still pending decision by the DRB. Pending final decision, the above claims have not been accounted for in the books.



- 11 Current Tax includes Rs.32,061 thousand being Corporate Income Tax paid in the overseas branches on the Income for the year of the Company's respective branch offices. The tax liability of the Company on overall basis calculated as per provisions of Indian Income Tax Act, 1961, is lower than the taxes paid in above branch offices. Accordingly, current tax includes Rs.32,061 thousand as taxes paid in these branch offices.
- 12 As stated in Note 7 (a) above, the Company has initiated the arbitration proceedings for recovery of withheld amounts and other claims including interest. The arbitration proceedings are in advanced stages and the Company has been advised legally that it is entitled to the recovery of amount withheld as stated in Note 7 (a) along with interest. Accordingly, the Company, during the year, has taken a credit for interest of Rs. 65,659 thousand on conservative estimated basis on the aforesaid withheld amount including Rs. 51,071 thousand for earlier years.

- 13 Donations include an amount of Rs.10,000 thousand paid to a political party, Bhartiya Janta Party.

The Company has made commitment to give donation to Pt. Kanhya Lal Dayawanti Punj Charitable Society amounting to Rs. 55,580 thousand in a phased manner over a period of two years vide a resolution passed in the meeting of Board of Directors dated December 20, 2004. Out of above, the Company has contributed Rs. 3,230 thousand till the close of the year.

- 14 The disclosures as per provisions of Clause 38,39 and 41 of Accounting Standard 7 issued by Institute of Chartered Accountants of India are as under:

	2004-05 Rs. in '000	2003-04 Rs. in '000
a) Contract revenue recognised as revenue in the period (Clause 38 (a))	17,035,307	15,518,233
b) Aggregate amount of costs incurred and recognised profits up to the reporting date on Contracts under progress (Clause 39 (a))	26,033,180	21,248,733
c) Advance received on Contracts under progress (Clause 39 (b))	808,339	564,775
d) Retention amounts on Contract under progress (Clause 39 (c))	210,491	291,497
e) Gross amount due from customers for contract work as an asset (Clause 41(a))	4,930,251	2,455,593
f) Gross amount due to customers for contract work as a liability (Clause 41 (b))	11,396	542,972

- 15 At an Extraordinary general meeting held on April 25, 2005, the shareholders of the Punj Lloyd Malaysia (a subsidiary incorporated in Malaysia) passed a special resolution for the voluntary winding up of that entity in accordance with the provisions of the Companies Act of that country. Accordingly, adjustments have been made to the values of the assets of that entity so as to adjust their carrying amounts to their estimated realisable amounts and to provide for further liabilities which may arise.
- 16 a) One of the subsidiaries of the company, Spectra Punjab Limited, had in earlier years laid down optical fiber cable and ducts network in the State of Punjab for providing internet services. Spectra Punjab operations remain suspended presently. However, the holding Company proposes to use its own internet service network to restart the operations of Spectra Punjab Limited. Accordingly, the accounts of the subsidiary have been prepared on a going concern basis.
- b) Spectra Punjab Limited, is yet to commence the commercial operations of providing Internet Services. Accordingly, incidental expenses for the project up to March 31, 2005 amounting to Rs. 2,788,812 are being carried forward as pre-operative expenditure, to be capitalized or treated as deferred revenue expenditure in accordance with generally accepted accounting principles at the time of commencement of commercial operations.
- 17 Current Assets include Rs. 4,224 thousand recoverable pursuant to agreements for sale of 1,28,400 shares of Lakhnupal National Limited entered into on March 27, 1992, which are subject matter of a dispute in the Honorable High Court at Bombay, wherein the Company has been restrained from transferring these shares till the final disposal of the suit. These shares remain in the possession of the Company and the market value thereof at close of the year is Rs. 6,259 thousand (previous period Rs.7,278 thousand).
- 18 During the year, the Company has entered into agreements to sell its investments in the shares of certain Companies of the Cost of Rs.111,974 thousand and has received advances of Rs. 132,274 thousand representing consideration for the future sale of shares (as defined in the above agreements) in these companies, including all accretions thereto till the date of sale. Through the above agreements to sell, the Company has agreed to give all the powers and rights in these shares to purchasers. The Company has issued an irrevocable power of attorney in favour of purchasers and also authorized these companies to remit the dividend on these share to purchasers. In terms of the Power of Attorney, the Company has also authorized the designated personnel of purchaser to attend and cast vote at all general meetings of these companies in respect of these shares. In order to secure the due performance of its promise to complete the transaction in the manner contemplated in the agreement, the Company has pledged these shares in favour of purchasers. The Company has further agreed that purchasers shall be solely entitled for all accretions of shares in these companies whether by way of rights or preferential shares or otherwise. In terms of the above arrangement, the Company has accounted for Rs. 583,524 thousand being the amount received in excess of the carrying value of investments in Joint ventures as on the date of such sale (Including an amount of Rs. 20,300 thousand received for transfer of beneficial rights in investments in shares of these entities) as income on transfer of the powers and rights in the underlying shares to purchasers. The balance consideration equivalent to the actual cost of investment in above shares appearing in the books is shown as deposit under Current Liabilities to be adjusted against the sale of shares in the above companies on the date of sale.
- 19 Remuneration paid to a Director of the Company is subject to approval of shareholders in the ensuing annual general meeting in terms of Schedule XIII to the Companies Act, 1956.

- 20 The Company has entered into an Assets Sale Agreement for sale of its certain fixed assets relating to ISP undertaking. The sale tax liability on such transaction is subject to determination by the relevant authorities for which an application is pending adjudication. The amount of such liability is indeterminable at present. As per agreement with the buyer, any such sale tax liability is to be borne by the buyer. Consequently, aforesaid sale tax liability on such transactions has not been provided for.

21 EARNING PER SHARE

i) Basic Earnings

	2004-05	2003-04
a) Calculation of weighted average number of equity shares of Rs. 10/- each		
Number of equity shares at the beginning of the year.	20,646,617	20,646,617
Equity shares at the end of the year.	24,317,127	20,646,617
Weighted average number of equity shares outstanding during the year.	22,053,578	20,646,617
b) Net Profit after tax available for equity share holders(Rupees in thousand).	1,006,025,728	1,062,868,292
c) Basic earning per share.	45.62	51.48

ii) Diluted Earnings

- During the year, the Company has issued 917,628 of preference shares convertible into equity shares at a later date. However, the conversion price being currently not determinable, diluted earning per share cannot be computed.
- 22 During the year, the Company has reached a settlement with ICICI Bank Limited in respect of the loans and funded interest in respect of its Internet Services Division. As per the settlement, the Company has been given a waiver of Rs. 130,000 thousand in respect of funded interest and the same has been written back.
- 23 During the year, the Company has incurred expenses of Rs. 39,060 thousand for issue of shares. In terms of Section 78 of the Companies Act, 1956, these expenses have been adjusted against Securities Premium Account.
- 24 (a) The Company had entered into an unincorporated joint venture on 50:50 sharing basis with Limak Insaat Sanayi A.S. on September 20, 2002 for execution of a pipeline construction contract. The Company's share of income, expenses, assets and liabilities in the joint venture were not incorporated in the Company's financial statements in earlier years. The Company's share of income and expenses for the period September 20, 2002 to March 31, 2005 and assets and liabilities as at March 31, 2005 have now been incorporated in these financial statements as required by Accounting Standard 27 on Financial Reporting for Joint Ventures issued by the Institute of Chartered Accountants of India. The aforesaid revenues and expenses include Rs. 1,050,019 thousand and Rs. 994,516 thousand in respect of the period upto March 31, 2004 as per the unaudited financial statements of the joint venture as at March 31, 2004, prepared by the management of the Joint Venture.
- (b) Other prior period items debited/ (credited) to respective account heads aggregate to Rs. 58,832 thousand (net debit) (previous period Rs. 163 thousand (net debit)).
25. During the year, the Company has requested the Joint Director General of Foreign Trade to mutate one of the EPCG licenses in favour of the Company from Spectra Net Limited, (as Spectra Net's Internet Service Provider undertaking had been acquired by the Company with effect from April 01, 2003) which is pending for approval. The period to fulfill the export obligation against the abovementioned license has got expired on March 31, 2005. However, Spectra Net, in an earlier year, had applied for extension of time period for fulfilling the export obligation under the above license, which is still pending. Differential amount of custom duty payable in respect of machinery imported under the above license including interest thereon is Rs. 59,931 thousand, (previous period Rs. 53,376 thousand).

26 Deferred Tax Liability (Net)

	As at March 31, 2005 Rs in '000	As at March 31, 2004 Rs in '000
Difference due to accelerated amortization of deferred revenue expenditure under the Income Tax Act.	-	16,539
Differences in depreciation in block of fixed assets as per Income Tax and Financial Books.	591,843	604,665
Effect of expenditure not debited to Profit and Loss account but allowable in Income Tax.	43,646	29,068
Gross Deferred Tax Liabilities	635,489	650,272
Effect of expenditure debited to Profit and Loss Account in the current year but allowable in following years under Income Tax.	15,417	3,027
Others	661	92
Unabsorbed Depreciation	-	35,476
Gross Deferred Tax Assets	16,078	38,595
Forex Translation Effect	(1,027)	-
Net Deferred Tax Liability*	618,384	611,677

*Net Deferred Tax Liability includes Rs. 3,828 thousand, being the deferred tax liability acquired on acquisition of a subsidiary during the year.



27 RELATED PARTY DISCLOSURES UNDER ACCOUNTING STANDARD - 18

The information given below is only in respect of transactions entered into by the Company during the year with related parties:-

Names & Description of Related Parties:

i) **Joint Ventures of the Company**

- 1 Rajamundry Expressway Limited (upto January 31, 2005)
- 2 Andhra Expressway Limited (upto January 31, 2005)
- 3 Thiruvananthpuram Road Development Company Limited
- 4 PLN Construction Limited (upto October 24, 2004)
- 5 North Karnataka Expressway Limited (upto March 19, 2005)
- 6 Punj Lloyd - Limak JV
- 7 Punj Lloyd - Progressive Construction JV
- 8 Persys-Punj Lloyd JV
- 9 Punj Lloyd-PT Punj Lloyd Indonesia JV
- 10 Asia Drilling Services Limited

ii) **Associates of the Holding Company**

- 1 Bistro Hospitality Private Limited
- 2 Jacob Ballas Capital India Private Limited (upto December 31, 2004)
- 3 Vadodara Halol Toll Road Co. Ltd. (upto March 19, 2005)

iii) **Associate of a Subsidiary**

- 1 Gaitry Cable Network Pvt. Limited

iv) **Associates of a Step down Subsidiary**

- 1 City Vision Pvt. Ltd
- 2 Shitul Engineering Pvt. Ltd
- 3 Sunstar Network & Technologies Ltd
- 4 Dot Com Holding Pvt. Ltd
- 5 Satellite Vision Pvt. Ltd

v) **Key Managerial Personnel of the Punj Lloyd Group**

- | | | |
|----|------------------|---|
| 1 | Atul Punj | Chairman & Managing Director |
| 2 | V.K. Kaushik | Jt. Mg. Director and COO |
| 3 | Luv Chhabra | Director Finance & Corporate Affairs |
| 4 | Uday Punj | Wholetime Director |
| 5 | Mahinder Prakash | Wholetime Director |
| 6 | P.K.Gupta | Wholetime Director |
| 7 | V.K.Sud | Wholetime Director |
| 8 | Tarwinder Singh | Wholetime Director (w.e.f August 9, 2004) |
| 9 | J B Dewan | Wholetime Director |
| 10 | Adil Vadoliwala | General Director |
| 11 | Sandeep Garg | Chief Operating Officer |
| 12 | V.P.Sharma | Wholetime Director |
| 13 | A Rajendra | Wholetime Director |
| 14 | Arvind Pasricha | Manager |
| 15 | K. Ramchand | Managing Director |
| 16 | Ravindra Kansal | Managing Director |

vi) **Other Venturers in respect of Joint Ventures**

- 1 Gammon Infrastructure Projects Limited
- 2 Koop International B.V.
- 3 Consolidated Toll Network India Limited
- 4 Limak Insaat Sanayi A.S.
- 5 Progressive Construction Limited
- 6 Persys Sdn Bhd

vii) **Relatives of Key Managerial Personnel**

- 1 S.N.P.Punj
- 2 Arti Singh (Upto October 31, 2004)
- 3 Saroj Gupta (Upto October 31, 2004)
- 4 Paresh Gupta (Upto October 31, 2004)

viii) **Enterprises over which relatives of Key Managerial Personnel are exercising significant influence.**

- 1 M. Prakash-HUF- A Director's HUF (Upto October 31, 2004)
- 2 Punj Business Centre-owned by father of Chairman and Managing Director and a Director.

RELATED PARTY DISCLOSURES

	Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	(Rs.in '000)		(Rs.in '000)		(Rs.in '000)		(Rs.in '000)		(Rs.in '000)	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
INCOME										
Contract Revenue										
PLN Construction Limited	-	19,130	-	-	-	-	-	-	-	19,130
Thiruvananthapuram Road Development Company Limited	284,256	-	-	-	-	-	-	-	284,256	-
Andhra Expressway Limited	215,818	266,632	-	-	-	-	-	-	215,818	266,632
North Karnataka Expressway Limited	522,463	1,719,045	-	-	-	-	-	-	522,463	1,719,045
Vadodra Halol Toll Road Limited	-	-	12,154	24,587	-	-	-	-	12,154	24,587
Rent										
PLN Construction Limited	-	360	-	-	-	-	-	-	-	360
EXPENDITURE										
PLN Construction Limited	-	29,043	-	-	-	-	-	-	-	29,043
Consultancy/Professional charges										
SNP Punj	-	-	-	-	60	60	-	-	60	60
Arti Jaidev Inder Singh	-	-	-	-	-	60	-	-	-	60
Managerial Remuneration										
Punj Lloyd Limited										
Atul Punj	-	-	-	-	-	1,347	-	-	-	1,347
V.K. Kaushik	-	-	-	-	3,895	4,926	-	-	3,895	4,926
Luv Chhabra	-	-	-	-	3,759	4,411	-	-	3,759	4,411
Uday Punj	-	-	-	-	3,247	4,477	-	-	3,247	4,477
Mahinder Prakash	-	-	-	-	1,928	2,350	-	-	1,928	2,350
P.K.Gupta	-	-	-	-	2,422	2,591	-	-	2,422	2,591
V.K.Sud	-	-	-	-	2,312	2,534	-	-	2,312	2,534
Tarwinder Singh	-	-	-	-	1,882	-	-	-	1,882	-
Punj Lloyd Insulations Limited										
J.B.Dewan	-	-	-	-	1,083	1,132	-	-	1,083	1,132
Punj Lloyd Kazakhstan LLP										
Adil Vadoliwala	-	-	-	-	897	839	-	-	897	839
Spectra Net Limited										
Arvind Pasricha	-	-	-	-	461	-	-	-	461	-
Pt. Punj Lloyd Indonesia										
Atul Punj	-	-	-	-	13,500	13,771	-	-	13,500	13,771
V P Sharma	-	-	-	-	2,966	2,848	-	-	2,966	2,848
A Rajendra	-	-	-	-	1,699	1,455	-	-	1,699	1,455
Atna Intvestments Limited										
Rent										
Punj Business Center	-	-	-	-	-	-	22,827	22,659	22,827	22,659
M Prakash HUF	-	-	-	-	-	-	300	432	300	432
Subscription										
S.N.P Punj	-	-	-	-	-	-	10	-	10	-
Share issue expenses										
Jacob Ballas Capital India Private Limited	-	-	34,275	-	-	-	-	-	34,275	-
Investment Sold during the year										
Rajamundry Expressway Limited	108,025	-	-	-	-	-	-	-	108,025	-
Andhra Expressway Limited	108,025	-	-	-	-	-	-	-	108,025	-
North Karnataka Expressway Limited	173,636	-	-	-	-	-	-	-	173,636	-
Jacob Ballas Capital India Private Limited	1,344	-	-	-	-	-	-	-	1,344	-



RELATED PARTY DISCLOSURES (CONTINUED)

	Joint Ventures		Associates		Key management personnel or their relatives		Enterprises over which relatives of Key Managerial Personnel are exercising significant influence		Total	
	(Rs.in '000)		(Rs.in '000)		(Rs.in '000)		(Rs.in '000)		(Rs.in '000)	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
OTHERS										
Bank Guarantees Issued during the year										
Thiruvananthapuram Road Development Company Limited	25,000	-	-	-	-	-	-	-	25,000	-
Corporate Guarantees Issued during the year										
Bistro Hospitality Private Limited	-	-	-	16,000	-	-	-	-	-	16,000
Corporate Guarantees redeemed during the year										
Bistro Hospitality Private Limited	-	-	16,000	-	-	-	-	-	16,000	-
BALANCE OUTSTANDING AS AT MARCH 31, 2005										
Receivable / (payables)										
PLN Construction Limited	-	7,800	-	-	-	-	-	-	-	7,800
Thiruvananthapuram Road Development Company Limited	87,114	-	-	-	-	-	-	-	87,114	-
Andhra Expressway Limited	-	57,689	-	-	-	-	-	-	-	57,689
North Karnataka Expressway Limited	-	89,285	-	-	-	-	-	-	-	89,285
Rajamundry Expressway Limited	-	42	-	-	-	-	-	-	-	42
Vadodra Halol Toll Road Limited	-	-	-	38,912	-	-	-	-	-	38,912
Bistro Hospitality Private Limited	-	-	-	38	-	-	-	-	-	38
Jacob Ballas Capital India Private Limited	-	-	-	-	-	-	-	-	-	-
Investments										
Bistro Hospitality Private Limited	-	-	38,584	36,905	-	-	-	-	38,584	36,905
City Vision (P) Ltd	-	-	-	-	-	-	-	-	-	-
Shitul Engineering (P) Ltd	-	-	767	873	-	-	-	-	767	873
Sunstar Network & Technologies Ltd	-	-	-	-	-	-	-	-	-	-
Dot Com Holding (P) Ltd	-	-	13	15	-	-	-	-	13	15
Satellite Vision (P) Ltd	-	-	3,750	3,750	-	-	-	-	3,750	3,750
GaiTRY Cable Network (P) Limited	-	-	-	-	-	-	-	-	-	-
Jacob Ballas Capital India Private Limited	-	-	-	45,096	-	-	-	-	-	45,096
Bank Guarantees										
Punj Lloyd - Progressive Construction JV	154,640	154,640	-	-	-	-	-	-	154,640	154,640
Andhra Expressway Limited	59,000	59,000	-	-	-	-	-	-	59,000	59,000
Vadodra Halol Toll Road Limited	73,000	73,000	-	-	-	-	-	-	73,000	73,000
Thiruvananthapuram Road Development Company Limited	25,000	-	-	-	-	-	-	-	25,000	-
Punj Lloyd Limak Turkey	-	142,904	-	-	-	-	-	-	-	142,904
Corporate Guarantees										
Bistro Hospitality Private Limited	-	-	68,000	84,000	-	-	-	-	68,000	84,000

28 Details of the Company's share in Joint Ventures included in the Consolidated Financial Statements are as follows:

Particulars	As at 31-March-2005	As at 31-March-2004
Sources Of Funds		
Reserves & Surplus *	137,631	10,356
Minority Interest		
Loan Funds		
Secured Loans	201,218	3,142,903
Deferred Tax Liability (Net)		3,573
TOTAL	338,849	3,156,832
Application Of Funds		
Fixed Assets		
Gross Block	-	45,620
Less: Depreciation	-	11,046
Net Block	-	34,574
Capital Work In Progress Including Capital Advances	219,091	3,106,077
Preoperative Expenditure Pending Allocation	77,068	491,529
Investments	-	15
Current Assets, Loans & Advances		
Inventories	-	-
Sundry Debtors	24,450	48,371
Cash And Bank Balances	20	25,845
Other Current Assets	-	18
Loans And Advances	17,629	22,696
	42,098	96,930
Less: Current Liabilities & Provisions		
Current Liabilities	78,906	106,342
Provisions		577
	78,906	106,919
Net Current Assets	(36,808)	(9,989)
Miscellaneous Expenditure	92	3,214
(To The Extent Not Written Off Or Adjusted)		
TOTAL	259,443	3,625,420

* After elimination of Share Capital, Inter Company transactions and balances and adjustment of Accounting policies aggregating Rs.79,406 thousand (Previous Year Rs.468,588 thousand)

Particulars	Year ended 31-March-2005	Year ended 31-March-2004
Income		
Sales & Contracts Revenue	504,899	92,584
Other Income	862	85
Waiver Of Funded Interest		
TOTAL	505,761	92,669
Expenditure		
Materials Consumed And Cost Of Goods Sold	3,981	15,433
Project And Administrative Expenses	55,269	61,846
Financial Charges	167,178	2,475
Miscellaneous Expenditure Written Off	1,640	-
Depreciation /Amortization	153,177	4,402
TOTAL	381,246	84,156
Profit Before Tax	124,515	8,513
Current Tax	6,750	5,555
Deferred Tax	256	1,159
Profit After Tax	117,509	1,799



29 Previous period comparatives

- a) The statutory accounts of the Parent Company for the previous period were for the 9 months period ended March 31, 2004. However, the previous year figures furnished in the accompanying financial statements are for the 12 months period ended March 31, 2004. These previous year figures have been derived from the consolidated financials prepared by the management as at March 31, 2004, which are audited by another firm of Chartered Accountants.
- b) Figures pertaining to Subsidiaries, Joint Ventures and Associate companies have been reclassified wherever considered necessary to bring them in line with the holding company's financial statements. Further, as indicated Note 1 above, several changes have taken place in the group structure during the current year. Accordingly, the current year figures are not strictly comparable with previous year figures.
- c) Previous period's figures have been regrouped where necessary to confirm to this year's classifications.

As per our report of even date

S.R. BATLIBOI & CO.
Chartered Accountants

For and on behalf of the Board of Directors

RAJ AGRAWAL
Partner
Membership No. 82028

DINESH THAIRANI
Company Secretary

LUV CHHABRA
Director Finance
and Corporate Affairs

ATUL PUNJ
Chairman and Managing Director

Place: New Delhi
Date : September 5, 2005

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