

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF KHAGARIA PURNEA HIGHWAY PROJECT LIMITED**

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **KHAGARIA PURNEA HIGHWAY PROJECT LIMITED**, which comprise the Balance Sheet as at 31st March 2015, the statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the Assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

OPINION:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2015 and its loss and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of written representations received from the directors, as on 31st March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2015 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company does not have any pending litigations which would impact its financial position.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Gianender & Associates
Chartered Accountants
Firm Regn. No. 004661N**

**Place: Gurgaon
Date: May 08, 2015**

**Shashank Agrawal
Partner
M. No: 536670**

Re: KHAGARIA PURNEA HIGHWAY PROJECT LIMITED

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) The Company is engaged in the business of operation of toll road on BoT annuity basis and maintenance thereof, hence the Para 3 (ii) (a), (b) & (c) of the Companies (Auditor's Report) Order 2015 relating to inventory are not applicable.
- (iii) According to the information & explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence reporting under Para-3 (iii) (a) and (b) of the Companies (Auditor's Report) Order 2013 does not arise.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business, for the purchase of fixed assets and for collection of annuity. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) According to the information and explanations provided to us, the Company has not accepted deposits from the public within the meaning of Section 73 to 76 of the Companies Act 2013. Hence Para 4 (v) of the Companies (Auditor's Report) Order 2013 is not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Income tax, wealth tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As at 31st March 2015, there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there were no statutory dues pending in respect of income-tax, sales-tax, VAT, custom duty and cess on account of any dispute.
- (viii) The Company is in existence for a period less than five years; hence reporting on accumulated losses under Paragraph (VIII) of Companies (Auditor's Report) Order, 2015 ("the Order") is not required.
- (ix) The Company has not defaulted in repayment of principle amount of borrowings from banks and financial institutions. There were delays in payment of interest on borrowings from banks and financial institution aggregating to Rs. 11,49,67,847/- from three to thirty three days . Company has not issued debentures.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) According to the information and explanations given to us, the loans taken by the Company were applied for the purpose for which the loans were obtained.
- (xii) According to the information and explanations given to us by the management, which has been relied by us, no fraud on or by the Company, noticed or reported during the year.

For Gianender & Associates
Chartered Accountants
Firm Regn. No. 004661N

Place: Gurgaon
Date: May 08, 2015

Shashank Agrawal
Partner
M. No: 536670

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Balance Sheet as at March 31, 2015

(Figures in Rupees)

PARTICULARS	Note No.	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	466,026,000	466,026,000
Reserves and surplus	4	(37,050,315)	(15,841,910)
Non-current liabilities			
Long-term borrowings	5	6,220,342,572	5,898,098,961
Other Long Term Liabilities	6	-	74,556,132
Current liabilities			
Other current liabilities	7	716,770,892	519,370,827
TOTAL		7,366,089,149	6,942,210,010
ASSETS			
Non-current assets			
Fixed Assets			
Tangible Assets	8	6,315,851,736	5,869,357,590
Capital Work In Progress	9	-	580,206,854
Current assets			
Cash & Bank Balances	10	5,776,415	23,518,070
Short Term Loans & Advances	11	30,865,306	4,331,805
Other Current assets	12	1,013,595,692	464,795,691
TOTAL		7,366,089,149	6,942,210,010

Summary of significant accounting policies 2
As per our report of even date annexed

For Gianender & Associates
Chartered Accountants
ICAI Regn No. 04661N

For & on behalf of Khagaria Purnea Highway Project Limited

Shashank Agrawal
Partner
M. No. 536670
Place : Gurgaon
Date: May 08, 2015

Vinay Dalmia
**Chief Financial
Officer**

Swati Chhabra
**Company
Secretary**

Manpreet Singh
Director

Rajat Seksaria
Director

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Statement for Profit & Loss for the year ended March 31,2015

Particulars	Refer Note No.	(Figures in Rupees)	
		Year Ended March 31,2015	Year Ended March 31,2014
Income			
Revenue from operations	13 (a)	1,120,000,000	460,444,444
Other income	13 (b)	6,940,620	-
Total Income (I)		1,126,940,620	460,444,444
Expenses:			
Other Expenses	14	59,314,157	235,374,169
Total expenses (II)		59,314,157	235,374,169
Earning before interest,tax,depreciation and amortization (EBITDA) (I)-			
(II)		1,067,626,463	225,070,275
Finance costs	15	659,013,959	235,582,847
Depreciation and amortization expense	8	429,820,909	163,264,130
Profit/ (loss) before tax		(21,208,405)	(173,776,702)
Tax expenses			
Current tax		-	-
MAT credit entitlement		-	-
Deferred tax		-	-
		-	-
Profit/ (loss) for the year		(21,208,405)	(173,776,702)
Earnings per equity share			
Basic and diluted earning per share			
Summary of Significant accounting policies	2		

As per our report of even date annexed

For Gianender & Associates
Chartered Accountants
ICAI Regn No. 04661N

For & on behalf of Khagaria Purnea Highway Project Limited

Shashank Agrawal
Partner
M. No. 536670
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**Chief Financial
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Director

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Cash Flow Statement for the year ended March 31, 2015

Particulars	(Figures in Rupees)	
	Year Ended March 31,2015	Year Ended March 31,2014
Cash Flow from operating activities		
Profit before tax	(21,208,405)	(173,776,702)
Profit before tax (excluding extraordinary items)		
Adjustments for :		
Depreciation	429,820,909	163,264,130
(Profit) / Loss on sale of investments (net)	-	-
Operating profit/Loss before working capital changes	408,612,504	(10,512,572)
Adjustments For :		
(Increase) / Decrease in trade and other receivables	(548,800,000)	(459,656,908)
(Increase) / Decrease in Loans and Advances	(26,533,502)	(3,716,290)
Increase / (Decrease) in trade payables	-	-
Cash Generated from/(used in) Operating Activites	(166,720,998)	(473,885,770)
Direct taxes paid (net of refund)	-	-
Net Cash(used in)/from Operating Activities (A)	(166,720,998)	(473,885,770)
Cash flow from Investing activities :		
Purchase of fixed assets (Including CWIP)	(296,108,201)	(2,701,996,680)
(Increase)/ Decrease in Long-term Loans and Advances	-	383,933,110
Increase/ (Decrease) in Other Current Liabilities	13,571,379	(137,413,192)
Increase/ (Decrease) in Short term Borrowings	183,828,687	179,698,167
Net cash (used in) / from investing activities	(98,708,135)	(2,275,778,595)
Cash flow from financing activities		
Issue of Equity Shares	-	159,026,000
Premium on issue of equity shares	-	159,026,000
Proceed from Long term borrowings	247,687,478	2,443,619,506
Net cash (used in) / from financing activities	247,687,478	2,761,671,506
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	(17,741,655)	12,007,141
Cash and cash equivalents as at the beginning of the year	23,518,070	11,510,929
Cash and cash equivalents as at the end of the year	5,776,415	23,518,070
Component of Cash and Cash Equivalents as at year end		
Balances with Banks-		
-in Current Accounts	199,170	607,643
-In Escrow accounts	5,290,175	22,568,981
-in Term Deposits with Scheduled Banks	-	-
Cash in Hand	287,071	341,446
Total Cash and Cash Equivalents (also refer note 10)	5,776,415	23,518,070

NOTES

1. Cash Flow statement has been prepared under the Indirect Method as set out in the Accounting Standard 3; " Cash Flow Statement" as per Companies (Accounting Standard) Rules, 2006.
2. Previous year's figures have been regrouped/reclassified wherever applicable

As per our report of even date annexed

For Gianender & Associates
Chartered Accountants
ICAI Regn No. 04661N

For & on behalf of Khagaria Purnea Highway Project Limited

Shashank Agrawal
Partner
M. No. 536670
Place : Gurgaon
Date: May 08, 2015

Vinay Dalmia
Chief Financial
Officer

Swati Chhabra
Company
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Director

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Director

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2015

Note No. 1- CORPORATE INFORMATION

Khagaria Purnea Highway Project Limited (the company) was incorporated under the Companies Act, 1956 on 25th February, 2011 as a special purpose vehicle to undertake the Two-Laning with paved shoulder of Khagaria-Purnea section of NH-31 from km 270.00 to km 410.00 in the state of Bihar to be executed as BOT (Annuity) on Design, Build, Finance, Operate and Transfer (DBFOT) pattern under NHDP Phase III awarded by the National Highways Authority of India (NHAI). The company is a 100% subsidiary of Punj Lloyd Infrastructure Limited, herein after referred as the "Holding Company".

Note No. 2 - SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

1. The Company maintains its accounts on accrual basis following the historical cost convention, except for the revaluation of certain fixed assets, in accordance with generally accepted accounting principles ["GAAP"] in compliance with the provisions of the Companies Act, 2013 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of The Companies (Accounts) Rules, 2014 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and relevant provisions of the Companies Act, 1956 read with the Circular No.07/2014 dated April 1, 2014 of the Ministry of Corporate Affairs. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known

(b) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees rounded off to the nearest Rupee. Per share data is presented in Indian Rupees to two decimals places.

(c) Revenue Recognition

- (i) Annuity Income is accounted for on accrual basis
- (ii) Interest income is recognize on a time proportion basis
- (iii) Other items of income are accounted for as and when the right to receive arises.

(d) Fixed Assets

Tangible

Fixed assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment.

Administrative and other general overhead expenses that are specifically attributable to the construction or acquisition of fixed assets, for bringing the fixed asset to working condition are allocated and capitalised as a part of cost of fixed asset.

Capital Work in Progress

Capital Work-in-progress represents cost incurred towards Engineering, Procurement and Construction (EPC) /Construction Cost, Borrowing Cost and Pre-Operative expenditure till the completion of the Project for its intended use.

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2015

(e) Depreciation

Depreciation on carriageway is provided on the straight line basis from the date of commercial operations over the remaining concession period as the useful life of carriageway is co-terminous with concession period in the manner as provided in schedule II of Companies Act 2013.

Depreciation on Tangible Fixed Assets (other than carriageway) is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in the Schedule II of the Companies Act, 2013.

Depreciation on additions/ deductions is calculated pro-rata basis.

(f) Borrowing Cost

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such asset, till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

In compliance of AS-16 "Borrowing Cost", income earned on temporary investments, out of funds borrowed, which are inextricably linked with the project, are deducted from the related borrowing costs incurred.

(g) Impairment of Assets

As at each Balance Sheet date, the carrying amount of assets are assessed for any indication of impairment so as to determine

- The provision for impairment loss, if any, required or
- The reversal, if any, required of impairment loss recognized in previous periods.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of individual assets, at the higher of the net selling price and the value in use;
- In the cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's net selling price and the value in use;

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset from its disposal at the end of its useful life)

(h) Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax computed in accordance with the provisions of the Income tax is determined in accordance with the provisions of the Income Tax Act, 1961 and based on expected outcome of assesment/appeals.

Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period if they are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(i) Provision, Contingent Liabilities and Contingent Assets

Provision are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- The Company has a present obligation as a result of a past event
- A Probable Outflow of resources Expected to Settle the Obligation and
- The amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received Contingent Liability is disclosed in the case of -

A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.

A possible obligation, unless the probability of outflow of resources is remote

Contingent Assets are neither recognized nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each balance sheet date.

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2015

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

iii) Exchange differences

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

- a. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
- b. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the “Foreign Currency Monetary Item Translation Difference Account” and amortized over the remaining life of the concerned monetary item.
- c. All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of a and b above, the Company treats a foreign monetary item as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its origination.

(k) Leases

Operating Leases

Assets acquired on leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to Pre-operative expenses on accrual basis.

Finance Leases

Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount.

Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(l) Segment accounting

- (i) Segment revenue includes sales directly identifiable with / allocable to the segment.
- (ii) Expenses that are directly identifiable with/allocable to the segments are considered for determining the segment result.
- (iii) Expenses which relate to the Company as a whole and not allocable to segments are included under “unallocable corporate expenditure”. Similarly Income which relate to the Company as a whole and not allocable to segments is included in “unallocable corporate income”.
- (iv) Segments assets and liabilities include those directly identifiable with respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

(m) Operating cycle

Operating cycle for the business activities of the company is taken as twelve months.

(n) Claims

- i. Claims against the company are accounted for as and when accepted.
- ii. Claims by the company are recognised and accounted for as and when received.

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the Year ended March 31, 2015
(All amounts in INR, unless otherwise stated)

3 Share Capital

Particulars	As at March 31, 2015	As at March 31, 2014
Authorized shares		
47,000,000 Equity Shares of Rs. 10/- each	470,000,000	470,000,000
Issued, subscribed and fully paid-up shares		
46,602,600 (previous year 46,602,600) equity shares of Rs 10 each, fully paid up	466,026,000	466,026,000
	466,026,000	466,026,000

a) Reconciliation of shares outstanding at the beginning and at the end of the year

Equity shares

Particulars	As at March 31 2015		As at March 31,2014	
	Nos.	Amount	Nos.	Amount
At the beginning of the period	46,602,600	466,026,000	30,700,000	307,000,000
Issued during the period - Bonus issue	-	-	-	-
Issued during the year			15,902,600	159,026,000
Outstanding at the end of the year	46,602,600	466,026,000	46,602,600	466,026,000

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company pays dividends in Indian rupees, if declared. The dividend, if any proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. During the year ended March 31, 2015, no dividend is declared by Board of Directors. (Previous year - Nil)

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

c) Shares held by Holding / Ultimate holding company and/or their subsidiaries/associates and its nominees

Out of equity shares issued by the Company, shares held by its holding company and its nominees are as below:

Particulars	Relationship	As at March 31, 2015	As at March 31, 2014
Punj Lloyd Infrastructure Limited & its Nominees	Holding Company	466,026,000	466,026,000
46,602,600 Equity Shares of Rs. 10/- each, fully paid up			

d) Details of Shareholders holding more than 5% shares in the company:

Particulars	As at March 31 2015		As at March 31,2014	
	Number	%	Number	%
Equity Shares of Rs.10/- each fully paid				
Punj Lloyd Infrastructure Limited and its nominees	46,602,600	100	46,602,600	100
	46,602,600	100	46,602,600	100

4 Reserve and surplus

Particulars	As at March 31, 2015	As at March 31, 2014
Securities premium account		
Balance as per the last financial statements	159,026,000	-
Add: premium on issue of equity shares	-	159,026,000
Closing Balance	159,026,000	159,026,000
Surplus/(Deficit) in the statement of profit and loss		
Balance as per last financial statements	(174,867,910)	(1,091,208)
(Loss)/profit for the year	(21,208,405)	(173,776,702)
Net deficit in the statement of profit and loss	(196,076,315)	(174,867,910)
Total reserves and surplus	(37,050,315)	(15,841,910)

5 Long term borrowing

Particulars	Non-current portion	Current portion	Non-current portion	Current portion
	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014	As at March 31, 2014
Term loans (Secured)				
From Banks				
Indian Rupee Loan	3,048,125,313	221,182,458	2,994,708,771	110,591,229
Foreign Currency Loan	1,479,824,723	107,307,420	1,404,946,088	51,588,450
From Others				
India Infrastructure Finance Company Limited	466,707,693	8,861,538	425,869,231	4,430,769
L&T Infrastructure Finance Company Limited	660,736,843	26,175,438	588,412,281	13,087,719
Term Loans (Secured)	5,655,394,572	363,526,854	5,413,936,371	179,698,167
Add: Exchange Fluctuation	-	-	-	-
Total Term Loans Secured	5,655,394,572	363,526,854	5,413,936,371	179,698,167
Other loans and advances (Unsecured)				
Punj Lloyd Infrastructure Ltd. (the Holding Company)	564,948,000	-	484,162,590	-
	6,220,342,572	363,526,854	5,898,098,961	179,698,167
The above amount includes				
Secured borrowings	-	(363,526,854)	-	(179,698,167)
Amount disclosed under the head "other current liabilities" (note 7)				
	6,220,342,572	-	5,898,098,961	-

The above term loan are secured by :

- a first mortgage and charge on all the Company's movable and immovable properties, intangible assets, escrow Account and its sub-accounts & uncalled Capital, both present and future, save and except the Project Assets;
- a pledge of 51% of the total paid up equity share capital of the Company held by Punj Lloyd Infrastructure Limited.
- unconditional and irrevocable Corporate Guarantee of Punj Lloyd Limited, the Ultimate Holding Company, to cover any shortfall in meeting the company's obligations under the Sponsor Support Agreement executed by Punj Lloyd Limited / Punj Lloyd Infrastructure Limited as sponsors, in the event of termination of the Concession Agreement with National Highways Authority of India on or before the Commercial Opeartion Date (COD) due to any reason whatsoever.

provided that:

the aforesaid mortgages, charges, assignments, guarantees and the pledge of equity shares shall in all respects rank pari-passu inter-se amongst the Lenders, in accordance with the financing documents, without any preference or priority to one over the other or others.

Terms of Repayment

Indian Rupee term loan from banks and financial institutions and carries interest @12% pa subject to reset on COD and the date falling annually thereafter . The loan is repayable in 25 structured unequal semi-annual installments commencing from the month of first Annuity payment i.e, Oct-2014, and ending on 31st October, 2026 and ranging from Rs 12,81,09,717/- to 28,94,24,695/-

The above term loan includes foreign currency loan of USD 28515930 from ICICI Bank Limited, DIFC Branch (Dubai) and carries interest rate of 6 Months LIBOR + 420 BPS. The loan is repayable in unequal semi annual installments starting from December 2014 till December-2019 ranging from USD 940880 to USD 19145608

Unsecured Loan from Punj Lloyd Infrastructure Limited carries NIL rate of interest and is repayable only after discharge of all Secured Loans.

Translation of loan Amount

The Company had hedged the above facility to cover against fluctuation in foreign exchange and LIBOR to the satisfaction of the lenders through USD/INR options up to 26-Dec-2019. Loan amount is payable up to 26-Dec-2019 has been hedged at the rate of Rs.54.83/Per USD for USD 18579712 and Rs. 65/per USD for USD 4414824 and loan amount has been translated using Hedging rate or closing rate as the case may be as on 31st March 2015

6 Other Long Term Liabilities

Particulars	As at	As at
	March 31, 2015	March 31, 2014
Retention money payable to EPC contractor (Punj Lloyd Ltd Ultimate Holding Co)	-	74,556,132
	-	74,556,132

7 **Other Current Liabilities**

Particulars	As at March 31, 2015	As at March 31, 2014
Current maturities of long term borrowings (note 5)	363,526,854	179,698,167
Other Payable		
Audit Fee Payable	140,738	138,268
Interest Accrued but not Due	21,369,063	19,635,480
Due to ultimate Holding company		
EPC payable	8,994,672	68,357,870
Bonus payable	225,617,778	225,617,778
Other Payables	12,704,910	18,660
Retention money payable to EPC contractor	81,280,038	-
Due to Holding Company	579,264	579,264
Statutory Dues		
TDS Payable	335,644	11,403,291
Labour Cess Payable	-	12,815,925
Service Tax payable	-	63,405
Sundry Creditors	1,786,530	721,262
Salary Payable	435,401	321,456
	353,244,038	339,672,659

10 **Cash & Bank Balances**

Particulars	As at March 31, 2015	As at March 31, 2014
Cash and Cash Equivalents		
Balances with banks-		
on Current account	199,170	607,643
on Escrow Account	5,290,175	22,568,981
on Bank deposit with less than 3 months original maturity	-	-
	5,489,344	23,176,624
Cash on hand	287,071	341,446
Cash and Cash Equivalents	5,776,415	23,518,070

11 **Short Term Loans & Advances**

Particulars	As at March 31, 2015	As at March 31, 2014
Security Deposit		
(Unsecured, Considered good)	145,800	145,800
Other Loans and Advances		
(Unsecured, Considered good)		
- Advances Recoverable in cash or in kind	1,550,809	613,707
- Prepaid expenses	3,670,440	-
- TDS Recoverable	25,498,257	3,572,298
	30,865,306	4,331,805

12 **Other Current assets**

Particulars	As at March 31, 2015	As at March 31, 2014
Other Current assets		
Annuity/Bonus annuity receivable - from NHAI	1,009,244,444	460,444,444
Other receivables - from NHAI	4,351,248	4,351,247
	1,013,595,692	464,795,691

8 Tangible Assets

Particulars	(Rs)									
	Gross Block				Depreciation				Net Carrying Value	Net Carrying Value
	As at April 01, 2014	Additions	Deletions	As at March 31, 2015	up to March 31, 2014	For the year	Deductions	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible Assets				-						
Carriageway	6,028,609,768	876,315,055	-	6,904,924,823	163,259,834	429,803,473	-	593,063,307	6,311,861,516	5,865,349,934
Land- Freehold*	3,989,300	-	-	3,989,300	-	-	-	-	3,989,300	3,989,300
Laptop	26,500	-	-	26,500	8,144	17,436	-	25,580	920	18,356
Total	6,032,625,568	876,315,055	-	6,908,940,623	163,267,978	429,820,909	-	593,088,887	6,315,851,736	5,869,357,590
Previous Year Figures	-	-	-	6,032,625,568	-	-	-	163,267,978		

* Land has been mortgaged to the senior lenders

9 Capital Work in Progress

Particulars	As at March 31, 2015	As at March 31, 2014
A. Construction cost		
EPC cost	-	550,123,066
B. Miscellaneous Expenses		
Others	-	30,083,788
Total Capital work-in-progress	-	580,206,854

13 (a) Revenue from operation

Particulars	Year Ended March 31,2015	Year Ended March 31, 2014
Annuity Income	1,120,000,000	460,444,444
	1,120,000,000	460,444,444

13 (b) Other Income

Particulars	Year Ended March 31,2015	Year Ended March 31, 2014
Interest Income	6,940,620	-
	6,940,620	-

14 Other Expenses

Particulars	Year Ended March 31,2015	Year Ended March 31, 2014
Travelling and conveyance	759,247	1,022,005
Consultancy and professional charges	1,937,319	148,439
Office expenses	58,726	9,475
Contractor Charges	-	230,222,222
Operation and Maintainence charges	51,270,248	3,649,513
Payment to Auditor (Refer below)	146,068	146,068
Insurance	4,710,515	-
Fee & Taxes	225,438	118,177
Other expenses	206,596	58,270
	59,314,157	235,374,169

Payments to auditors:

Audit Fee	146,068	146,068
	146,068	146,068

15 Finance costs

Particulars	Year Ended March 31,2015	Year Ended March 31, 2014
Interest on Term Loan	607,870,788	220,851,325
Bank charges	199,108	378,415
Other borrowing cost	50,944,063	14,353,107
	659,013,959	235,582,847

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2015
Note No. 16 - Related Party Disclosures

A. Name of the related parties and nature of relations

Name	Relationship
1) Punj Lloyd Limited	Ultimate Holding Company
2) Punj Lloyd Infrastructure Limited	Holding Company
3) Key Management personnel :-	
Dinesh Thairani	Director
Rajat Seksaria	Director
Manpreet Singh	Director
Vinay Dalmia	CFO
Swati Chhabra	Company Secretary
Naveen Chakravarty	Manager

B. Transactions with related parties

(Rs)

Name / Relationship/ Nature of transaction	Amount of transaction		Due to		Due from	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<u>Punj Lloyd Limited</u>						
EPC Works	268,956,224	2,366,061,177	90,274,710	142,932,662	-	-
O & M and other Charges	29,750,000	-	12,704,910	-	-	-
EPC Bonus	-	230,222,222	225,617,778	225,617,778	-	-
Mobilization Advance	-	(383,933,110)	-	-	-	-
Corporate Guarantee	6,018,921,426	5,593,634,539	-	-	-	-
<u>Punj Lloyd Infrastructure Limited</u>						
Equity Share Capital	466,026,000	466,026,000	-	-	-	-
Share premium	159,026,000	159,026,000	-	-	-	-
Management Fees	-	43,146,240	579,264	579,264	-	-
Unsecured Loan	80,785,410	139,448,000	564,948,000	484,162,590	-	-

The Term Loans are secured by a pledge of 51% of the total paid up equity share capital of the Company held by Punj Lloyd Infrastructure Limited.

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to the Financial Statements

Note No. 17 - Contingent Liabilities (not provided for)

Particulars	As at March 31, 2015	As at March 31, 2014
Capital Commitment to EPC contractors		
Punj Lloyd Limited		
Total EPC cost	6,130,000,000	6,130,000,000
Less: Mobilization advance	-	-
Work Executed	(6,080,942,168)	(5,811,985,945)
EPC cost remaining to be executed	49,057,832	318,014,055

Note No. 18 - Employee Benefits

The Payment of Gratuity Act 1972 is not applicable to the company since the company does not have requisite number of employees.

Note No. 19 -Taxation

The Company does not have taxable income and hence provision for current tax has not been made. The Company is eligible for deduction under section 80IA of Income Tax Act and the tax holiday period of the company's project falls within the concession period of the company as defined in Section 80IA. Since deferred tax on Timing differences between Accounting Income and Taxable Income that arise during the year is reversing during such tax Holiday period, no deferred tax asset/liability arises and accordingly no provision is made in the accounts.

Note No. 20

There have been no reported transactions during the year with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006.

Note No. 21

The Company does not have any transaction to which the provision of AS-2 relating to Valuation of Inventories applies.

Note No. 22

Based on the review of the future discounted cash flow, the recoverable amount of the project facility is more than its carrying amount. Accordingly, no provision for the impairment is made in the books of accounts.

Note No. 23

The current assets, loans & advances are stated at the value which in the opinion of the management are realisable in the ordinary course of business. Current liabilities and provisions are stated at the value payable in the ordinary course of business.

Note No. 24

Business Segment:

The services rendered by the Company are in the nature of Design, Built, Finance, operate and transfer of NH-31 from (KM 270.00) to (KM 410.00) of Khagaria Purnea Section in the State of Bihar, Under North-South Corridor (NHDP Phase –III) on BOT (Annuity) basis and hence no business segment disclosure is considered necessary.

Geographical Segment:

During the year under report the Company has engaged in its business within the state of Bihar. The conditions prevailing in Bihar being uniform, no separate geographical disclosure is considered necessary.

Note No. 25

In terms of provisions of para 46 A (notified by MCA in AS-11) company has exercised the option of capitalisation of foreign exchange differences arising on outstanding long term foreign currency borrowing from ICICI Bank Limited to carriageway. The same will be depreciated over the remaining concession period.

Expenditure in Foreign Currency

Particulars	2014-2015	2013-2014
Interest	79,269,302	56,290,323
Commitment Fees	1,159,990	10,400,000
Others	31,024,205	20,850,247
Total	111,453,497	87,540,570

Note No. 26.

The Company has not entered into any finance lease. The Company has taken office premises and Guest house under cancellable operating lease. These agreements are normally renewed on expiry. Lease rental expenses in respect of operating leases for the year Rs. 1,12,500/- (previous year:Rs. 1,33,000/-) has been included in Pre-operative expenses.

Note No. 27

In the opinion of the Board, the current assets, loans & advances, have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

Note No. 28

Previous Year figures have been re-grouped / re-arranged wherever necessary.

Note No. 29

Note No. - 1 to 29 form an integral part of financial statements.

As per our report of even date annexed

For Gianender & Associates

Chartered Accountants

ICAI Regn No. 04661N

For & on behalf of Khagaria Purnea Highway Project Limited

Shashank Agrawal
Partner

M. No. 536670

Place : Gurgaon

Date: May 08, 2015

Vinay Dalmia
Chief Financial
Officer

Swati Chhabra
Company
Secretary

Manpreet Singh
Director

Rajat Seksaria
Director