INDEPENDENT AUDITOR'S REPORT

To the Members of **Khagaria Purnea Highway Project Limited**

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Khagaria Purnea Highway Project Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

We have taken into account the provisions of the Act, 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 standalone Ind AS financial statements are free from material misstatement.

GIANENDER & ASSOCIATES
NEW DELHI
Chartered Accountants

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS 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 standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
    d. in our opinion, the aforesaid standalone Ind AS 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 the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
    f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

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NEW DELHI
Chartered Accountants

g. 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:

i The Company has disclosed the impact of pending litigations on its financial position in its financial statements, if any.

ii. the Company does not have any long-term contracts including derivative contracts, for which provision is required for any foreseeable losses;

iii. 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

GIANENDER & ASSOCIATES
NEW DELHI
Chartered Accountants

Manju Agrawal
Partner
M. No: 083878

Place: New Delhi
Date: May 15, 2018

"Annexure A" to the Independent Auditors' Report

The Annexure referred to in Independent Auditors Report to the members of **Khagaria Purnea Highway Project Limited** on the Ind AS financial statements as of and for the year ended March 31, 2018:

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 and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties are held in the name of the company.

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. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the company has not granted any loans, investments, guarantees and securities in respect of which provision of section 185 and I86 of the Companies Act, 2013 are applicable and hence not commented upon.

v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73, 74, 75& 76 of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

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 information and explanations given to us and the records of the Company examined by us, in our opinion, company is generally regular in depositing undisputed statutory dues in respect of Provident Fund, Employee's State Insurance, Service Tax, cess and Income Tax though, and any other Statutory dues, as applicable, with the appropriate authorities. No such statutory dues were outstanding at the year end, for a period of more than six months from the date they become payable.

(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in the repayment of dues to financial intuitions/ banks. The company did not have any outstanding dues in respect of debenture during the year.

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NEW DELHI
Chartered Accountants

ix. According to the records of the company examined by us and the information and explanations given to us, during the year no money were raised by way of initial public offer or further public offer (including debt instruments). Further in our opinion and according to the information and explanations given by the management, that the company has utilized the monies raised by way of terms of loans for the purposes for which they were raised.

x. According to the audit procedures performed and the information and explanations given to us by management, no fraud noticed by the Company, or its officers, or employees during the year.

xi. According to the records of the company examined by us and the information and explanations given to us, no managerial remuneration paid during the year, hence provisions of section 197 read with schedule V to the Companies Act not applicable.

xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us by management, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards

xiv. According to the information and explanations given to us by management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.

xv. According to the audit procedures performed and the information and explanations given to us by management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.

xvi. According to the information and explanations given to us, company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

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

GIANENDER & ASSOCIATES
NEW DELHI
Chartered Accountants

Manju Agrawal
Partner
M. No: 083878

Place: New Delhi
Date: May 15, 2018

"Annexure B" to the Independent Auditor's Report of even date on the Ind AS Financial Statements of Khagaria Purnea Highway Project Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

i. We have audited the internal financial controls over financial reporting of **Khagaria Purnea Highway Project Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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NEW DELHI
Chartered Accountants

Meaning of Internal Financial Controls over Financial Reporting

vi. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

viii. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

Manju Agrawal
Partner
M. No: 083878

Place: New Delhi
Date: May 15, 2018

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Balance Sheet as at March 31, 2018

(Figures in Rupees)

PARTICULARS	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Fixed Assets			
Tangible Assets	3	4,022,920	4,040,523
Current assets			
Financial Assets			
Lease receivable	6	5,402,232,936	5,777,344,459
Cash & Bank Balances	4	364,655,693	356,304,391
Loans	5	11,122,628	12,632,818
Current tax receivable (net)	5	83,256,568	59,650,651
Other Current assets	7	118,698,766	79,061,503
TOTAL		**5,983,989,510**	**6,289,034,345**
EQUITY AND LIABILITIES			
Shareholder's funds			
Equity Share capital	8	466,026,000	466,026,000
Other Equity	9	(70,654,785)	(53,334,319)
Share Application Pending Allotment		-	-
Non-current liabilities			
Financial liabilities			
Borrowings	10	4,993,565,265	5,329,331,948
Provisions	11	109,608,250	73,421,311
Current liabilities			
Other current liabilities	12	485,444,782	473,589,405
TOTAL		**5,983,989,510**	**6,289,034,345**

Summary of significant accounting policies **2**

As per our report of even date annexed

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

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

Manju Agrawal
Partner
M. No. 083878
Place : New Delhi
Date: May 15, 2018

For & on behalf of Khagaria Purnea Highway Project Limited

Vinay — **CFO**

Company Secretary

Director

Rahul Maheshwari — **Director**

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Statement for Profit & Loss for the year ended March 31, 2018

(Figures in Rupees)

Particulars	Refer Note No.	Year Ended March 31, 2018	Year Ended March 31, 2017
Income			
Revenue from operations	13	202,847,168	84,422,730
Other income	14	575,648,981	670,141,611
Total Income (I)		**778,496,150**	**754,564,340**
Expenses:			
Other Expenses	15	197,132,926	103,746,566
Total expenses (II)		**197,132,926**	**103,746,566**
Earning before interest,tax,depreciation and amortization (EBITDA) (I)-(II)		**581,363,224**	**650,817,774**
Finance costs	16	598,666,087	664,800,034
Depreciation and amortization expense	3	17,603	1,592
Profit/ (loss) before tax		(17,320,466)	(13,983,852)
Tax expenses			
Current tax		-	-
MAT credit entitlement		-	-
Deferred tax		-	-
		-	-
Profit/ (loss) for the year		**(17,320,466)**	**(13,983,852)**
Earnings per equity share			
Basic and diluted earning per share	17	**(0.37)**	**(0.30)**
Summary of Significant accounting policies	2		

As per our report of even date annexed

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

Manju Agrawal
Partner
M. No. 083878
Place : New Delhi
Date: May 15, 2018

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

For & on behalf of Khagaria Purnea Highway Project Limited

Vinay

CFO

Company Secretary

Director

Rahul Maheshwari

Director

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED

Cash Flow Statement for the year ended March 31, 2018

(Figures in Rupees)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Cash Flow from operating activities		
Profit before tax	(17,320,466)	(13,983,852)
Profit before tax (excluding extraordinary items)		
Adjustments for :		
Depreciation	17,603	1,592
(Profit) / Loss on sale of investments (net)	-	-
Operating profit/Loss before working capital changes	**(17,302,863)**	**(13,982,260)**
Adjustments For :		
(Increase) / Decrease in trade and other receivables	335,474,260	420,132,503
(Increase) / Decrease in long term provisions	36,186,939	29,477,744
(Increase) / Decrease in Loans and Advances	(22,095,727)	(9,969,706)
Increase / (Decrease) in trade payables	-	-
Cash Generated from/(used in) Operating Activites	**332,262,609**	**425,658,281**
Direct taxes paid (net of refund)	-	-
Net Cash(used in)/from Operating Activities (A)	**332,262,609**	**425,658,281**
Cash flow from Investing activities :		
Purchase of fixed assets (Including CWIP)	-	(52,815)
(Increase)/ Decrease in Long-term Loans and Advances	-	-
Increase/ (Decrease) in Other Current Liabilities	(684,234)	(4,213,428)
Increase/ (Decrease) in Short term Borrowings	12,539,611	12,102,631
Net cash (used in) / from investing activities	**11,855,377**	**7,836,388**
Cash flow from financing activities		
Issue of Equity Shares	-	-
Premium on issue of equity shares	-	-
(Repayment)/Proceed from Long term borrowings	(335,766,684)	(346,286,442)
Net cash (used in) / from financing activities	**(335,766,684)**	**(346,286,442)**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**8,351,302**	**87,208,227**
Cash and cash equivalents as at the beginning of the year	356,304,391	269,096,164
Cash and cash equivalents as at the end of the year	**364,655,693**	**356,304,391**
Component of Cash and Cash Equivalents as at year end		
Balances with Banks-		
-in Current Accounts	927,374	154,065
-In Escrow accounts	5,412,637	11,614,293
-in Term Deposits with Scheduled Banks	358,300,000	344,500,000
Cash in Hand	15,682	36,033
Total Cash and Cash Equivalents (also refer note 4)	**364,655,693**	**356,304,391**

As per our report of even date annexed

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

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

Manju Agrawal
Partner
M. No. 083878
Place : New Delhi
Date: May 15, 2018

For & on behalf of Khagaria Purnea Highway Project Limited

Vinay

CFO

Company Secretary

Director

Rahul Maheshwari

Director

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Other Equity For the year ended March 31, 2018

For the year ended March 31, 2017

Description	Reserves and Surplus			Total
	Equity Component of Financial Instrument	Securities Premium Account	Retained earning	
As at March 31, 2016	**415,703,412**	**159,026,000**	**(614,079,878)**	**(39,350,466)**
Profit for the year	-	-	(13,983,852)	(13,983,852)
Add: Exchange difference during the year on net investment in non-integral operations	-	-	-	-
Other comprehensive Income	-	-	-	-
Total Comprehensive Income	415,703,412	159,026,000	(628,063,730)	(53,334,318)
As at March 31, 2017	**415,703,412**	**159,026,000**	**(628,063,730)**	**(53,334,318)**

For the Year ended March 31, 2018

Description	Reserves and Surplus			Total
	Equity Component of Financial Instrument	Securities Premium Account	Retained earning	
As at March 31, 2017	**415,703,412**	**159,026,000**	**(628,063,730)**	**(53,334,318)**
Profit for the year	-	-	(17,320,466)	(17,320,466)
Add: Exchange difference during the year on net investment in non-integral operations	-	-	-	-
Other comprehensive Income	-	-	-	-
Total Comprehensive Income	415,703,412	159,026,000	(645,384,197)	(70,654,785)
As at March 31 2018	**415,703,412**	**159,026,000**	**(645,384,197)**	**(70,654,785)**

As per our report of even date annexed

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

GIANENDER & ASSOCIATES NEW DELHI Chartered Accountants

Manju Agrawal
Partner
M. No. 083878
Place : New Delhi
Date: May 15, 2018

For & on behalf of Khagaria Purnea Highway Project Limited

Rahul Maheshwari

Chief Financial Officer

Company Secretary

Director

Director

Note No. 1- CORPORATE INFORMATION

Khagaria Purnea Highway Project Limited (the company) was incorporated under the Companies Act, 1956 (Revised) which has since been replaced with Companies Act, 2013, 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".

These financial statements are approved for issue by the Company's Board of Directors on May 15, 2018

2. Basis of preparation

The financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements have been prepared on a accrual basis and under historical cost convention, except for the assets and liabilities which have been measured at fair value or revalued amount for certain financial assets and liabilities.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring an adjustment to the carrying amounts of assets or liabilities in future periods.

Fair value measurements and valuation process

Some of the Companies assets and liabilities are measured at fair value for financial reporting purposes. The management of the Company has determine the appropriate valuation techniques an inputs for fair value measurements. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available, wherever market observable data is not available, the Company engages third party qualified valuers to perform the valuation.

b. 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. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)- The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

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NEW DELHI
Chartered Accountants

Rahul

(c) Property, plant and equipments (PPE)

Plant and Equipments are stated at cost, net off accumulated depreciation and impairment losses, if any. The cost comprises the purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the Purchase Price.The Company considered the previous GAAP carrying cost of plant and equipments as deemed cost, as the fair value of these assets does not differ materially from its carrying cost.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the PPE and are recognized in the statement of profit and loss when the PPE is derecognized.

(d) Depreciation

Depreciation on PPE 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.

(e) 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.

(f) 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)

(g) Concessionary assets

Concesions refer to administrative authorization granted by the public bodies for the construction and later maintenance of highways. Concession assets are classfied as:

Financial assets: When the granting authority establishes an unconditional right to receive cash or other financial assets.

Intangible assets: Only in which contracual arrangements do not set an unconditional righ to receive cash or other financial assets from granting authority.

The construction service counterpart is a receivable which also includes a financial remuneration. It is calculated based upon the projects's expected rate of return in line with its estimate flow, which includes infration forecasts. Once the construction has finished, the Company re-estimate the fair value of the service rendered if circumstances have changed or uncertainies that are existed during construction have disappeared. Once the operational phase begins, the receivables are valued at amortized cost and any difference between actual and expected flows re recognized in the income statement. Unless the circumstances affecting concession asset flows significantly change (econimical re-balances approved by the granting authority, contrach enhancement, etc.,) the rate of return will not be modified. Economic rebalancing is only considered for calucating the value ofa financial asset when the grantor has vested right to receive cahs or other financial assets.

Financial remuneration in a concession financial assets is classified by the Company as operatinve revenue, since it is part of the Company's general activity, which is exercised on a regular basis and generates income periodically.

(h) Financial Instruments

Financial Instruments (assets and liabilities) are recognized when the Company becomes a party to a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than those designated as fair value through profit or loss (FVTPL), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in statement of profit and loss.

Financial assets

(1) Subsequent measurement

Subsequent measurement depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets.

§ **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

§ **Fair value through other comprehensive income (FVTOCI):** The Company has investments which are not held for trading. The Company has elected an irrevocable option to present the subsequent changes in fair values of such investments in other comprehensive income. Amounts recognized in OCI are not subsequently reclassified to the statement of profit and loss.

§ **Fair value through profit and loss (FVTPL):** FVTPL is a residual category for financial assets in the nature of debt instruments. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. This category also includes derivative financial instruments, if any, entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

(2) Impairment of financial assets

The Company applies Ind AS 109 for recognizing impairment losses using Expected Credit Loss (ECL) model. Impairment is recognized for all financial assets subsequent to initial recognition, other than financial assets in FVTPL category. The impairment losses and reversals are recognized in statement of profit and loss.

(3) De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the same are transferred.

Financial liabilities

(a) Subsequent measurement

There are two measurement categories into which the Company classifies its financial liabilities.

§ **Amortised cost:** After initial recognition, interest-bearing borrowings and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

§ **Financial liabilities at FVTPL:** Financial liabilities are classified as FVTPL when the financial liabilities are held for trading or are designated as FVTPL on initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

(b) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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(i) Fair value measurement

The fair value of a financial asset or liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Where fair value is based on quoted prices from active market.

Level 2 – Where fair value is based on significant direct or indirect observable market inputs.

Level 3 – Where fair value is based on one or more significant input that is not based on observable market data.

For financial assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers is required between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) (a) on the date of the event or change in circumstances or (b) at the end of each reporting period.

(j) Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax is provided using the liability method on temporary difference between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deduction temporary differences and the carry forward of unused tax credits and unused tax loss can be utilized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of deferred tax assets to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(k) Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

(l) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events of bonus issue and share split.

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

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(m) Cash and cash equivalents

Cash and cash equivalents, for the purposes of cash flow statement, comprise cash on hand, demand deposits, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(n) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is expected to be material, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

(o) Contingent liabilities and Contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. A disclosure is made for a contingent liability when there is a:

a) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully with in the control of the Company;

b) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

c) present obligation, where a reliable estimate cannot be made.

Contingent assets are not recognized but disclosed where an inflow of economic benefits is probable.

(p) Functional Currency

The financial statements are presented in Indian Rupee, which is also the functional currency of the Company.

I. Foreign currency transaction

The financial statements are presented in Indian Rupee, which is also the functional currency of the Company. The overseas branches of the Company separately determines the functional currency and items included in the financial statements of each branch are measured using the functional currency

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

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3 Property Plant and Equipments

Particulars	Carriageway	Land- Freehold	Laptop	Total
Gross Block at cost				
As at April 01, 2016	-	3,989,300	26,500	4,015,800
Additions	-	-	52,815	52,815
Disposals (-)	-	-	-	-
Other adjustments	-	-	-	-
As at March 31, 2017	-	3,989,300	79,315	4,068,615
Additions	-	-		-
Disposals (-)	-	-	-	-
Other adjustments	-	-	-	-
As at March 31 2018	-	3,989,300	79,315	4,068,615
Accumulated Depreciation				
As at April 01, 2016	-	-	26,500	26,500
Charge for the year	-	-	1,592	1,592
Disposals (-)	-	-	-	-
As at March 31, 2017	-	-	28,092	28,092
Charge for the year	-	-	17,603	17,603
Disposals (-)	-	-	-	-
As at March 31 2018	-	-	45,695	45,695
Net Block				
At March 31, 2017	-	3,989,300	51,223	4,040,523
As at March 31 2018	-	3,989,300	33,620	4,022,920

4 Cash & Bank Balances

Particulars		As at March 31, 2018		As at March 31, 2017
Cash and Cash Equivalents				
Balances with banks-				
on Current account	927,374		154,065	
on Escrow Account	5,412,637		11,614,293	
on Bank deposit with less than 3 months maturity	108,700,000	115,040,011	39,200,000	50,968,358
Other bank balances				
Deposits with maturity for more than three months but less than 12 months		249,600,000		305,300,000
Cash on hand		15,682		36,033
Cash and Cash Equivalents		364,655,693		356,304,391

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5 Loans

Particulars		As at March 31, 2018		As at March 31, 2017
Security Deposit		148,500		148,500
(Unsecured, Considered good)				
Other Loans and Advances				
(Unsecured, Considered good)				
Due from Holding Company				
- Advances Recoverable in cash or in kind	4,442,321		1,494,393	
- Prepaid expenses	6,531,807		10,989,925	
- TDS Recoverable	83,256,568	94,230,696	59,650,651	72,134,969
		94,379,196		**72,283,469**

6 Lease receivable

Particulars	As at March 31, 2018	As at March 31, 2017
Long term Lease receivable	5,402,232,936	5,777,344,459
	5,402,232,936	**5,777,344,459**

7 Other Current assets

Particulars	As at March 31, 2018	As at March 31, 2017
Other Current assets		
Option Derivative	99,098,766	79,061,503
Other receivables - NHAI	19,600,000	-
	118,698,766	**79,061,503**

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8 Equity Share Capital

Particulars	As at March 31, 2018	As at March 31, 2017
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 2018		As at March 31 2017	
	Nos.	Amount	Nos.	Amount
At the beginning of the period	46,602,600	466,026,000	46,602,600	466,026,000
Issued during the period - Bonus issue	-	-	-	-
Issued during the year	-	-	-	-
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, 2018, 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, 2018	As at March 31, 2017
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 2018		As at March 31 2017	
	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**

9 Other Equity

Particulars	As at March 31, 2018	As at March 31, 2017
Equity Component of Financial Instrument	415,703,412	415,703,412
Securities premium account		
Balance as per the last financial statements	159,026,000	159,026,000
Add: premium on issue of equity shares	-	-
Closing Balance	**159,026,000**	**159,026,000**
Surplus/(Deficit) in the statement of profit and loss		
Balance as per last financial statements	(628,063,731)	(614,079,879)
(Loss)/profit for the year	(17,320,466)	(13,983,852)
Net deficit in the statement of profit and loss	**(645,384,197)**	**(628,063,731)**
Total reserves and surplus	**(70,654,785)**	**(53,334,319)**

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10 Borrowings

Particulars	Non-current portion As at March 31, 2018	Current portion As at March 31, 2018	Non-current portion As at March 31, 2017	Current portion As at March 31, 2017
Term loans (Secured)				
From Banks				
Indian Rupee Loan	2,354,853,622	233,931,579	2,588,785,201	232,004,387
Foreign Currency Loan	1,305,639,927	114,802,683	1,423,558,263	108,849,103
From Others				
India Infrastructure Finance Company Limited	434,646,453	13,292,307	447,938,759	8,861,538
L&T Infrastructure Finance Company Limited	578,001,431	27,684,210	605,685,640	27,456,140
Total Term Loans Secured	**4,673,141,433**	**389,710,779**	**5,065,967,864**	**377,171,168**
Other loans and advances (Unsecured)				
Punj Lloyd Infrastructure Ltd. (the Holding Company)	320,423,832	-	263,364,084	-
	4,993,565,265	**389,710,779**	**5,329,331,948**	**377,171,168**
The above amount includes				
Secured borrowings	-	(389,710,779)	-	(377,171,168)
Amount disclosed under the head "other current liabilities" (note 12)				
	4,993,565,265	**-**	**5,329,331,948**	**-**

The above term loan are secured by :

(a) 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;

(b) a pledge of 51% of the total paid up equity share capital of the Company held by Punj Lloyd Infrastructure Limited.

provided that:

the aforesaid mortgages, charges, assignments 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 @ 9.70% p.a (previous year 10.55% pa). 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 21897382.08, outstanding as on the reporting date, 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 932471 to USD 18974499

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 (ranging upto 1 USD = 65.33) for USD 14749675.20 and Rs. 65/per USD (ranging upto 1 USD = 75) for USD 3504748.51 and loan amount has been transalated using Hedging rate or closing rate as the case may be as on 31st March 2018

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11 **Long Term provisions**

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for major maintenance	109,608,250	73,421,311
	109,608,250	**73,421,311**

12 **Other Current Liabilities**

Particulars	As at March 31, 2018	As at March 31, 2017
Current maturities of long term borrowings (note 10)	389,710,779	377,171,168
Other Payable		
Audit Fee Payable	117,000	144,040
Interest Accrued but not Due	22,688,690	20,446,567
Due to ultimate Holding company		
EPC payable	14,460,000	4,446,000
Bonus payable	54,841,799	69,230,358
Other Payables	18,660	18,660
Retention money payable to EPC contractor	1,226,446	-
Due to Holding Company	82,529	582,529
Statutory Dues		
TDS Payable	1,050,538	632,478
Labour Cess Payable	-	45,000
Service Tax/ GST Payable	720	2,100
Sundry Creditors	826,928	505,790
Salary Payable	420,693	364,715
	95,734,003	**96,418,237**

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KHAGARIA PURNEA HIGHWAY PROJECT LIMITED

13 **Revenue from operation**

Particulars	**Year Ended March 31, 2018**	**Year Ended March 31, 2017**
Contract Revenue	202,847,168	84,422,730
	202,847,168	**84,422,730**

14 **Other Income**

Particulars	**Year Ended March 31, 2018**	**Year Ended March 31, 2017**
Derivative Premium	20,037,263	30,848,826
Exchange Difference	-	39,099,383
Interest Income	555,611,718	600,193,402
	575,648,981	**670,141,611**

15 **Other Expenses**

Particulars	**Year Ended March 31, 2018**	**Year Ended March 31, 2017**
Travelling and conveyance	390,625	381,688
Consultancy and professional charges	14,605,160	8,290,009
Office expenses	60,858	4,163
Operation and Maintainence charges	139,353,223	61,821,630
Major maintenance of carriageway	27,376,382	24,204,516
Payment to Auditor (Refer below)	130,000	149,500
Insurance	13,663,174	8,279,907
Fee & Taxes	157,811	516,094
Derivative Premium	-	-
Exchange differences (net)	1,395,693	-
Other expenses	-	99,060
	197,132,926	**103,746,566**

Payments to auditors:

Audit Fee	130,000	149,500
	130,000	**149,500**

16 **Finance costs**

Particulars	**Year Ended March 31, 2018**	**Year Ended March 31, 2017**
Interest on Term Loan	495,410,367	557,770,238
Deemed interest	65,870,305	62,332,976
Bank charges	678,456	876,517
Other borrowing cost	36,706,960	43,820,303
	598,666,087	**664,800,034**

17 **Earnings per share**

Basic and diluted earnings

	Year Ended March 31, 2018	**Year Ended March 31, 2017**
Calculation of weighted average number of equity shares of Rs. 10 each		
Number of equity shares at the Beginning of the year	46,602,600	46,602,600
Equity shares at the end of the year	46,602,600	46,602,600
Weighted average number of equity shares outstanding during the year	46,602,600	46,602,600
Net loss after tax available for equity share holders (Rs.)	(17,320,466)	(13,983,852)
Basic and diluted earnings per share (Rs.)	(0.37)	(0.30)
Nominal value of share (Rs.)	10	10

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KHAGARIA PURNEA HIGHWAY PROJECT LIMITED

Notes to Financial Statements for the year ended March 31, 2018

18 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 :-	
Rahul Maheshwari	Director
S K Goyal	Director
Sandeep Kumar	Director
Vinay Dalmia	CFO
Gagandeep Kaur	Company Secretary

B. Transactions with related parties

(Rs)

Name / Relationship/ Nature of transaction	Amount of transaction		Due to		Due from	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Punj Lloyd Limited						
EPC Works	49,057,832	-	-	-	-	-
O & M and other Charges	66,453,750	54,000,000	-	-	-	-
EPC Bonus	-	-	-	-	-	-
Corporate Guarantee	5,062,852,212	5,305,260,113	-	-	-	-
Punj Lloyd Infrastructure Limited						
Equity Share Capital	-	-	466,026,000	466,026,000	-	-
Share premium	-	-	159,026,000	159,026,000	-	-
Management Fees	-	-	-	-	-	-
Unsecured Loan	-	-	564,948,000	564,948,000	-	-

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.

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19 Breakup of financial assets and financial liabilities carried at amortized cost

	As at 31 March 2018	As at 31 March 2017
Financial assets		
Trade receivables	826,928	505,790
Cash and cash equivalents	364,655,693	356,304,391
Advance Recoverable in Cash or Kind	4,442,321	1,494,393
Others Financial Asset-Lease Recoverable	5,402,232,936	5,777,344,459
Total	**5,772,157,876**	**6,135,649,033**
Financial liabilities		
Borrowings	4,993,565,265	5,329,331,948
Trade payables	826,928	505,790
Other financial liabilities	94,907,075	95,912,447
Total	**5,089,299,267**	**5,425,750,185**

20 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainity about these assumptions and estimates could result in outcomes that require a material adjustment to the carryinng amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainity at the reporting date, that have a signifcant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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21 Fair Values

The management assessed that cash and cash equivalents, trade receivables, current loans, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments or as they carry market rate of interest.

22 Financial risk management objectives and policies

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

a) Market Risk:

The Company's activities expose it primarily to the financial risks of changes in interest rates. There has been no change to the company's exposure to market tisks or the manner in which these risks are managed and measured.

b) Interest rate risk

The company is exposed to interest rate risk because it borrows funds primarily at floating interest rates. However, the interest rates are dependant on base rates/prime lending rates of the lead bank which are not expected to chage very frequently and the estimate of the management is that these will not have significant upward trend.

c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The Company has adopted a policy of only dealing creditworthy counterparties. The management belives that the credit risk is negligible since its mail receivable is from the grantors of the concession which is Government Authority.

d) Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

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23 The Company has no liability for employee benefits, in accordance with the provisions of Accounting Standard-15 "Employee Benefits". Hence, no provision has been made in the books of account.
The Payment of Gratuity Act 1972 is not applicable to the company since the company does not have requisite number of employees.

24 REMUNERATION PAID TO AUDITORS:

S.No	Particulars	As at March 31, 2018	As at March 31, 2017
1	For Statutory Audit (incl. Service Tax)	130,000	149,500
	Total		

25 **Disclosures pursuant to Ind AS 1 - "Presentation of Financial Statements"**
For the purpose of the company's capital management, capital includes issued equity capital, Intrest free loan from promoters, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise shareholder value.

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

27 **Disclosure pursuant to Ind AS 11 - "Construction Contracts"**
Amount of contract revenue recognised in the year : Rs. Nil
Method used to recognise the constructions revenue - Work executed during the year and remaining to be executed

28 **Disclosure pursuant to Ind AS 12 - "Income taxes"**
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 tax on Timing difference 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.

29 **Contingent Liabilities (not provided for)**

Particulars	As at March 31, 2018	As at March 31, 2017
Capital Commitment to EPC contractors		
Punj Lloyd Limited		
Total EPC cost	6,130,000,000	6,130,000,000
Less: Mobilization advance	-	-
Material advance	-	-
Work Executed	(6,130,000,000)	(6,080,942,168)
EPC cost remaining to be executed	**-**	**49,057,832**

30 **Disclosure pursuant to Ind AS 23 "Borrowing Costs"**
Borrowing cost capitalised during the year Nil. (*previous year : Nil*).

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

32 **Foreign Currency Tranactions**

Particulars	**2017-2018**	**2016 - 2017**
Interest	102,888,920	113,865,072
Commitment Fees	-	-
Others	26,671,501	29,928,568
Total	**129,560,421**	**143,793,640**

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33 Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

34 Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

35 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.

36 Previous year figures have been re-grouped, re-worked and re-classified wherever necessary, to make them comparable with current year figures

37 Note No. - 1 to 36 form an integral part of financial statements.

As per our report of even date annexed

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

For & on behalf of Khagaria Purnea Highway Project Limited

Gianender & Associates NEW DELHI Chartered Accountants

Vinay

Rahul Maheshwari

Manju Agrawal	**CFO**	**Company Secretary**	**Director**	**Director**
Partner				

M. No. 083878
Place : New Delhi
Date: May 15, 2018