



INDEPENDENT AUDITOR'S REPORT

To the Members of Khagaria Purnea Highway Project Limited

Report on the audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the Standalone Ind AS financial statements of **Khagaria Purnea Highway Project Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 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 March 31, 2019, and its losses, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Ind AS Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Standalone Ind AS 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such



controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


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 sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 changes in equity and the Cash Flow Statement 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 March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration has been paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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 no pending litigation which would impact its financial position except those disclosed in financial statements;
 - ii. The Company does not envisage any material foreseeable losses in long-term contracts including derivative contract requiring provision;
 - 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's Registration No. 004661N)


Jeetender Gupta
(Partner)
(M No. 092547)

Date: May 23, 2019
Place: New Delhi



**Annexure 'A' to the Independent Auditor's Report of Khagaria Purnea Highway Project Limited
For the Year ended as on 31st March 2019**

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

- 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 at regular Intervals and no material discrepancies were noticed on such verification.
- c. The title deeds of immovable properties are held in the name of the Company.
- ii. As the company is engaged in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) of the Order are not applicable
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.
- v. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
- vi. The Company is prima-facie maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- vii. a. According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As on 31st March 2019, there are no undisputed statutory dues payables for period exceeding for a period more than six month 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, cess and any other statutory dues which have not been deposited on account of dispute.



viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in repayment of dues to banks and financial institutions in respect of Interest and Principal during the year.

The Company has not taken any loans or borrowings from any Government and not issued any debentures during the year.

ix. Money raised by way of term loans were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer during the year.

x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.

xi. The Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provision of section 197 read with schedule V to the Companies Act.

xii. The Company is not a Nidhi Company and hence clause 3 (xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)

Jeetender Gupta
(Partner)
(M No. 092547)

Date: May 23, 2019

Place: New Delhi



ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in our Report of even date)

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

We have audited the internal financial controls with reference to financial statements of **Khagaria Purnea Highway Project Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error.

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



Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements 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 Standalone Ind AS 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 Standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to financial statements issued by the Institute of Chartered Accountants of India.

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)

Jeetender Gupta
(Partner)
(M No. 092547)
Date: May 23, 2019
Place: New Delhi



KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Balance Sheet as at March 31, 2019
Cin no. U45203DL2011PLC214857

(Figures in Rupees)

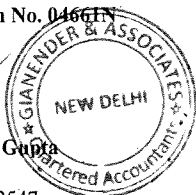
PARTICULARS	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	16,017	33,620
Investment property	4	3,989,300	3,989,300
Financial assets			
Receivable under Service Concession Agreement	5	3,817,000,305	4,282,232,936
Other non current financial assets	6	29,349,119	-
Current assets			
Financial assets			
Receivable under Service Concession Agreement	5	1,120,000,000	1,120,000,000
Cash & cash equivalents	7	206,049,517	115,055,693
Bank balances other than above	8	279,044,483	249,600,000
Other financial current assets	9	131,146,453	120,624,206
Current tax assets (net)	10	69,726,451	83,256,568
Other current assets	11	6,635,246	9,197,188
TOTAL		5,662,956,891	5,983,989,511
EQUITY AND LIABILITIES			
Shareholder's funds			
Equity share capital	12	466,026,000	466,026,000
Other equity	13	(43,132,295)	(70,654,786)
Non-current liabilities			
Financial liabilities			
Borrowings	14	3,360,225,895	4,993,565,265
Long term Provisions	15	154,247,424	109,608,250
Current liabilities			
Financial Liabilities			
Trade payables			
-total outstanding dues of micro enterprises and small enterprises		-	-
-total outstanding dues of creditors other than micro enterprises and small enterprises	16	14,263,294	826,928
Other financial liabilities	17	1,709,826,374	483,566,596
Other current liabilities	18	1,500,199	1,051,258
TOTAL		5,662,956,891	5,983,989,511

Summary of significant accounting policies 2.1

As per our report of even date annexed

For Gianender & Associates
Chartered Accountants
ICAI Regn No. 046617

Jeetender Gupta
Partner
M. No. 092547
Place : New Delhi
Date : May 23, 2019



[Signature]
CFO

For & on behalf of Khagaria Purnea Highway Project Limited

[Signature]
Company Secretary

[Signature]
Director

[Signature]
Rahul Maheshwari
Director

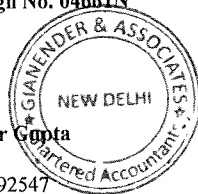
KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Statement for Profit & Loss for the year ended March 31, 2019
Cin no. U45203DL2011PLC214857

(Figures in Rupees)			
Particulars	Refer Note No.	Year Ended March 31, 2019	Year Ended March 31, 2018
Income			
Revenue from operations	19	194,799,880	202,847,168
Other income	20	594,688,045	575,648,981
Total Income (I)		789,487,925	778,496,149
Expenses:			
Other Expenses	21	292,793,075	197,132,926
Total expenses (II)		292,793,075	197,132,926
Earning before interest,tax,depreciation and amortization (EBITDA) (I)-			
(II)		496,694,850	581,363,223
Finance costs	22	551,936,914	598,666,087
Depreciation and amortization expense	3	17,603	17,603
Profit/ (loss) before tax		(55,259,667)	(17,320,467)
Tax expenses			
Current tax		-	-
MAT credit entitlement		-	-
Deferred tax		-	-
Profit/ (loss) for the year		(55,259,667)	(17,320,467)
Earnings per equity share			
Basic and diluted earning per share	23	(1.19)	(0.37)
Summary of Significant accounting policies	2.1		

As per our report of even date annexed

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


Jeetender Gupta
Partner
M. No. 092547
Place : New Delhi
Date : May 23, 2019




CFO


**Company
Secretary**


Director


Director

For & on behalf of Khagaria Purnea Highway Project Limited

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Cash Flow Statement for the year ended March 31, 2019
Cin no. U45203DL2011PLC214857

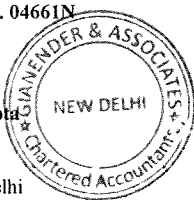
(Figures in Rupees)

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Cash Flow from operating activities		
Profit before tax	(55,259,667)	(17,320,467)
Profit before tax (excluding extraordinary items)		
Adjustments for :		
Interest on fixed deposits	(72,701,596)	(13,459,032)
Interest Cost	516,526,634	561,280,672
Depreciation	17,603	17,603
Operating profit/Loss before working capital changes	388,582,974	530,518,776
Adjustments For :		
(Increase) / Decrease in trade and other receivables	467,794,573	335,474,260
(Increase) / Decrease in long term provisions	31,486,184	27,376,382
(Increase) / Decrease in Loans and Advances	(10,522,247)	1,510,190
Increase / (Decrease) in financial liabilities	(28,171,238)	(2,926,357)
Cash Generated from/(used in) Operating Activities	849,170,245	891,953,251
Direct taxes paid (net of refund)	13,530,117	(23,605,917)
Net Cash(used in)/from Operating Activities (A)	862,700,362	868,347,334
Cash flow from Investing activities :		
Interest received on fixed deposits	11,131,866	13,459,032
Change in fixed deposits	2,776,127	55,700,000
Net cash (used in) / from investing activities	13,907,993	69,159,032
Cash flow from financing activities		
Interest paid	(458,256,238)	(493,168,243)
Repayment of term borrowings	(327,358,293)	(380,286,821)
Net cash (used in) / from financing activities	(785,614,530)	(873,455,064)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	90,993,825	64,051,302
Cash and cash equivalents as at the beginning of the year	115,055,693	51,004,391
Cash and cash equivalents as at the end of the year	206,049,518	115,055,693
Component of Cash and Cash Equivalents as at year end		
Balances with Banks-		
-in Current Accounts	683,707	927,374
-In Escrow accounts	7,501,457	5,412,637
-in Term Deposits with Scheduled Banks	197,775,454	108,700,000
Cash in Hand	88,899	15,682
Total Cash and Cash Equivalents (also refer note 7)	206,049,518	115,055,693

As per our report of even date annexed

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

Jeetender Gupta
Partner
M. No. 092547
Place : New Delhi
Date : May 23, 2019



[Signature]
CFO

For & on behalf of Khagaria Purnea Highway Project Limited

[Signature]
Company Secretary

[Signature]
Director

[Signature]
Director

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2019

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 23, 2019.

Pursuant to an order dated March 08, 2019 of the National Company Law Tribunal (NCLT), Principal Bench, New Delhi, India, Corporate Insolvency Resolution Process (CIRP) has been initiated for Punj Lloyd Limited (Ultimate Holding Company) as per the provisions of the Insolvency and Bankruptcy Code, 2016 (IBC). An Interim Resolution Professional (IRP) and thereafter Resolution Professional (RP) have been appointed for carrying out the CIRP of Punj Lloyd Limited. Upon initiation of CIRP, the powers of the Board of Directors of Punj Lloyd Limited have been suspended and shall be exercised by the IRP/ RP.

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 an 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

The Company derives revenue primarily from fixed price construction contracts. After the construction of the projects, company will receive annuity from the client, which will be recognise as revenue in the Statement of Profit and Loss over the concession period of the respective projects based on the implicit rate of return embedded in the projected cash flows.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) - 'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets /liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

Accordingly, the policy for Revenue is amended as under:

The Company derives revenue primarily from construction contracts. To recognize revenue, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation in the contract, and (5) recognize revenue when a performance obligation is satisfied.

At contract inception, the company assesses its promise to transfer services to a customer to identify separate performance obligations.. The Company applies judgment to determine whether each service promised to a customer are capable of being distinct, and are distinct in the context of the contract, if not, the promised services are combined and accounted as a single performance obligation. For performance obligations where control is transferred over time, revenue are recognized by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgment and is based on the nature of the services to be provided. The method for recognizing revenues and cost depends on the nature of the services rendered.



KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2019

Other income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.
Fair value gains on current investments carried at fair value are included in other income.
Dividend income is recognised when the right to receive the same is established by the reporting date.
Other items of income are recognised as and when the right to receive arises.

(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

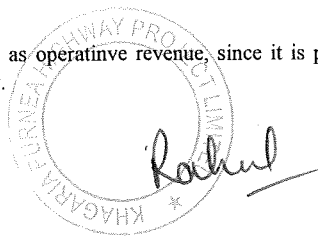
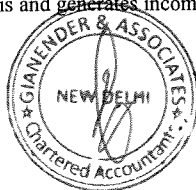
Concessions refer to administrative authorization granted by the public bodies for the construction and later maintenance of highways. Concession assets are classified as:

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

Intangible assets: Only in which contractual arrangements do not set an unconditional right 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 project's expected rate of return in line with its estimate flow, which includes inflation forecasts. Once the construction has finished, the Company re-estimate the fair value of the service rendered if circumstances have changed or uncertainties 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 are recognized in the income statement. Unless the circumstances affecting concession asset flows significantly change (economical re-balances approved by the granting authority, contract enhancement, etc.) the rate of return will not be modified. Economic rebalancing is only considered for calculating the value of a financial asset when the grantor has vested right to receive cash or other financial assets.

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



KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2019

(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.

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.

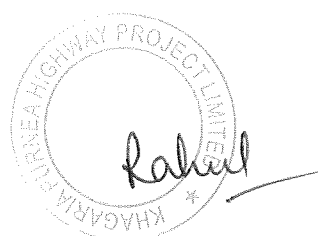
Financial liabilities

(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.



KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2019

(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.

(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.

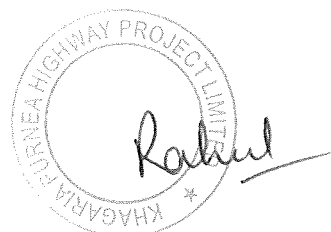
Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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.



KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2019

(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.

(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 within 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.

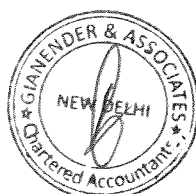
I. Foreign currency transaction

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

FOREIGN CURRENCY TRANSACTIONS :

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Foreign currency derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.



KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Other Equity For the year ended March 31, 2019

Equity share of Rs. 10 each issued, subscribed and fully paid	Numbers	Amount
At 31, March 2018	46,602,600	466,026,000
At 31, March 2019	46,602,600	466,026,000

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	415,703,413	159,026,000	(628,063,731)	(53,334,318)
Profit for the year	-	-	(17,320,467)	(17,320,467)
Add: Exchange difference during the year on net investment in non-integral operations	-	-	-	-
Other comprehensive Income	-	-	-	-
Total Comprehensive Income	415,703,413	159,026,000	(645,384,198)	(70,654,785)
As at March 31, 2018	415,703,413	159,026,000	(645,384,198)	(70,654,785)

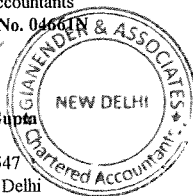
For the Year ended March 31, 2019

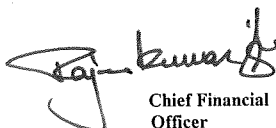
Description	Reserves and Surplus			Total
	Equity Component of Financial Instrument	Securities Premium Account	Retained earning	
As at March 31, 2018	415,703,413	159,026,000	(645,384,198)	(70,654,785)
Profit for the year	-	-	(55,259,667)	(55,259,667)
Deemed Equity	82,782,157	-	-	82,782,157
Add: Exchange difference during the year on net investment in non-integral operations	-	-	-	-
Other comprehensive Income	-	-	-	-
Total Comprehensive Income	498,485,570	159,026,000	(700,643,865)	(43,132,295)
As at March 31 2019	498,485,570	159,026,000	(700,643,865)	(43,132,295)

As per our report of even date annexed

For Gianender & Associates
Chartered Accountants
ICAI Regn No. 046641N

Jeeender Gupta
Partner
M. No. 092547
Place : New Delhi
Date : May 23, 2019




Chief Financial Officer

For & on behalf of Khagaria Purnea Highway Project Limited

  
Company Secretary Director Director

3 Property, plant and equipment

Particulars	Laptop	Total
Gross Block at cost		
As at April 01, 2017	79,315	79,315
Additions	-	-
Disposals (-)	-	-
Other adjustments	-	-
As at March 31, 2018	79,315	79,315
Additions	-	-
Disposals (-)	-	-
Other adjustments	-	-
As at March 31 2019	79,315	79,315
Accumulated Depreciation		
As at April 01, 2017	28,092	28,092
Charge for the year	17,603	17,603
Disposals (-)	-	-
As at March 31, 2018	45,695	45,695
Charge for the year	17,603	17,603
Disposals (-)	-	-
As at March 31 2019	63,298	63,298
Net Block		
At March 31, 2018	33,620	33,620
As at March 31 2019	16,017	16,017

4 Investment property

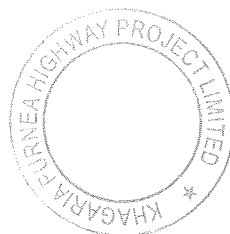
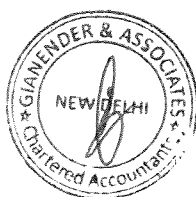
Particulars	As at March 31, 2019	As at March 31, 2018
Immovable property	3,989,300	3,989,300
	<u>3,989,300</u>	<u>3,989,300</u>

5 Receivable under Service Concession Agreement

Particulars	As at March 31, 2019	As at March 31, 2018
Long term receivable	3,817,000,305	4,282,232,936
Short term receivable	1,120,000,000	1,120,000,000
	<u>4,937,000,305</u>	<u>5,402,232,936</u>

6 Other non current financial assets

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposits more than 12 months (including interest)	29,349,119	-
	<u>29,349,119</u>	<u>-</u>



Rahul

7 Cash & cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Cash and Cash Equivalents		
Cash on hand	88,899	15,682
Balances with banks:		
On current account	683,707	927,374
On escrow account	7,501,457	5,412,637
On bank deposits with less than 3 months maturity including interest	197,775,454	108,700,000
	<u>205,960,618</u>	<u>115,040,011</u>
	<u>206,049,517</u>	<u>115,055,693</u>

8 Bank balances other than above

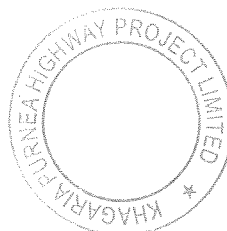
Particulars	As at March 31, 2019	As at March 31, 2018
Deposits with maturity for more than three months but less than 12 months including interest	279,044,483	249,600,000
	<u>279,044,483</u>	<u>249,600,000</u>

9 Other financial current assets

Particulars	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered good)		
- Security Deposit	148,500	148,500
- Other receivables	42,867	1,776,940
- Receivable from NHAI	511,933	19,600,000
Option Derivatives	130,443,153	99,098,766
	<u>131,146,453</u>	<u>120,624,206</u>

10 Current tax assets (net)

Particulars	As at March 31, 2019	As at March 31, 2018
Income tax receivables	69,726,451	83,256,568
Less: Income tax payables	-	-
	<u>69,726,451</u>	<u>83,256,568</u>



Rahul

11 Other current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Balance with GST authorities	-	2,665,381
Prepaid expenses	6,635,246	6,531,807
	6,635,246	9,197,188

12 Equity share capital

Particulars	As at March 31, 2019	As at March 31, 2018
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 2019		As at March 31 2018	
	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, 2019, 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.

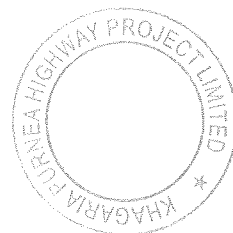
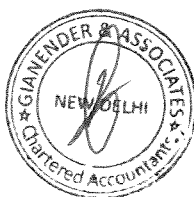
c) Shares held by Holding / Ultimate holding company and/or their subsidiaries/associates and its nominees

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, 2019	As at March 31, 2018
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 2019		As at March 31 2018	
	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



Rahul

13 Other equity

Particulars	As at March 31, 2019	As at March 31, 2018
Equity Component of Financial Instrument		
Opening	415,703,413	415,703,412
Add: Deemed equity on Loan from promoters	82,782,157	-
Closing Balance	498,485,570	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	(645,384,198)	(628,063,731)
(Loss)/profit for the year	(55,259,667)	(17,320,467)
Net deficit in the statement of profit and loss	(700,643,865)	(645,384,198)
Total reserves and surplus	(43,132,295)	(70,654,786)

14 Borrowings

Particulars	Non-current portion As at March 31, 2019	Current portion As at March 31, 2019	Non-current portion As at March 31, 2018	Current portion As at March 31, 2018
Term loans (Secured)				
From Banks				
Indian Rupee Loan	2,129,710,445	225,036,842	2,354,853,622	233,931,579
Foreign Currency Loan	-	1,387,627,931	1,305,639,927	114,802,683
From Others				
India Infrastructure Finance Company Limited	417,144,473	17,723,076	434,646,453	13,292,307
L&T Infrastructure Finance Company Limited	551,727,493	26,631,578	578,001,431	27,684,210
Total Term Loans Secured	3,098,582,411	1,657,019,427	4,673,141,433	389,710,779
Other loans and advances (Unsecured)				
Punj Lloyd Infrastructure Ltd. (the Holding Company)	261,643,484	-	320,423,832	-
	3,360,225,895	1,657,019,427	4,993,565,265	389,710,779
The above amount includes				
Secured borrowings	-	(1,657,019,427)	-	(389,710,779)
Amount disclosed under the head "other current liabilities" (note 17)				
	3,360,225,895	-	4,993,565,265	-

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

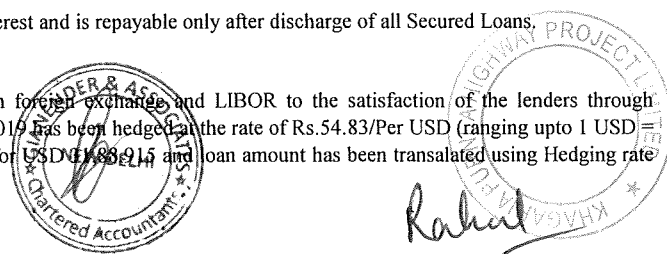
Indian Rupee term loan from banks and financial institutions and carries interest @ 10.30% p.a (previous year 9.70% pa). The loan is repayable in 25 structured unequal semi-annual installments commencing from the month of first Annuity payment i.e, Oct-2014, and ending on 31st October, 2026 and ranging from Rs 12,81,09,717/- to 28,94,24,695/-

The above term loan includes foreign currency loan of USD 1,99,24,081, 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 18974500. During the FY 2019-20, the entire outstanding ECB loan would be paid and fresh Indian currency term loan would be taken in the place of it.

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 1,34,20,496 and Rs. 65/per USD (ranging upto 1 USD = 75) for USD 1,88,915 and loan amount has been translated using Hedging rate or closing rate as the case may be as on 31st March 2019



15 Long term Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for major maintenance	154,247,424	109,608,250
	154,247,424	109,608,250

16 Trade payables

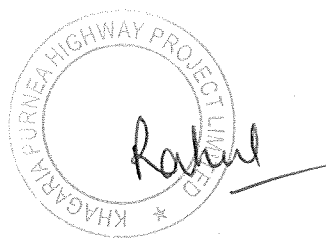
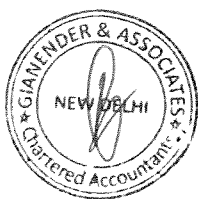
Particulars	As at March 31, 2019	As at March 31, 2018
-total outstanding dues of micro enterprises and small enterprises	-	-
-total outstanding dues of creditors other than micro enterprises and small enterprises	14,263,294	826,928
	14,263,294	826,928

17 Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of long term borrowings (note 14)	1,657,019,427	389,710,779
Other Payables		
Audit Fee Payable	124,800	117,000
Interest Accrued but not Due	23,696,368	22,688,690
Due to ultimate Holding company		
EPC payable	-	14,460,000
Bonus payable	-	54,841,799
Other Payables	-	18,660
Retention money payable to EPC contractor	-	1,226,446
Due to Holding Company	496,647	82,529
Salary Payable	153,818	412,693
Other Expenses Payable	28,335,314	8,000
	1,709,826,374	483,566,596

18 Other current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory Dues		
TDS Payable	814,501	1,050,538
Labour Cess Payable	670,300	-
Service Tax/ GST Payable	15,398	720
	1,500,199	1,051,258



KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
19 Revenue from operations

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Contract Revenue	194,799,880	202,847,168
	194,799,880	202,847,168

20 Other income

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Derivative Premium	31,344,387	20,037,263
Unspent liabilities written back	26,574,883	-
Interest on Income Tax Refund	4,099,690	-
Finance Income from SCA	459,967,489	542,152,686
Interest on Fixed Deposit	72,701,596	13,459,032
	594,688,045	575,648,981

21 Other Expenses

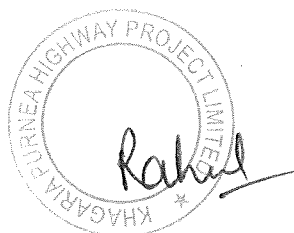
Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Travelling and conveyance	231,322	390,625
Consultancy and professional charges	11,419,132	14,605,160
Office expenses	2,425	60,858
Operation and Maintenance charges	165,391,230	139,353,223
Major maintenance of carriageway	31,486,184	27,376,382
Auditor remuneration(refer note no.30)	130,000	130,000
Insurance	12,587,449	13,663,174
Fee & Taxes	151,091	157,811
Exchange differences (net)	71,394,242	1,395,693
	292,793,075	197,132,926

22 Finance costs

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Interest on Term Loan	479,371,835	495,410,367
Deemed interest	37,154,799	65,870,305
Bank charges	521,712	678,456
Other borrowing cost	34,888,568	36,706,960
	551,936,914	598,666,087

23 Earnings per share
Basic and diluted earnings

	Year Ended March 31, 2019	Year Ended March 31, 2018
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.)	(55,259,667)	(17,320,467)
Basic and diluted earnings per share (Rs.)	(1.19)	(0.37)
Nominal value of share (Rs.)	10	10



KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2019

24 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 :-	
Mr. Rahul Maheshwari	Director
Mr. S K Goyal	Director
Mr. Gaurav Kapoor	Director
Mr. Vineeta Sharma	Company Secretary
Mr. Rajkumar Babjee Yajjala	Manager upto 28th September 2018
Mr. Umesh Sharma	Manager from 01st March 2019

B. Transactions with related parties

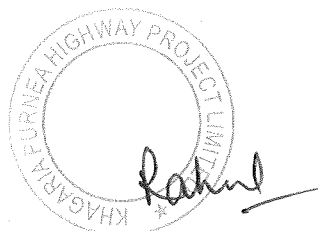
(Rs)

Name / Relationship/ Nature of transaction	Amount of transaction		Due to		Due from	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<u>Punj Lloyd Limited</u>						
EPC Works	-	49,057,832	-	-	-	-
O & M and other expenses	104,028,955	66,453,750	-	-	-	-
Corporate Guarantee	4,755,601,838	5,062,852,212	-	-	-	-
<u>Punj Lloyd Limited</u>						
EPC payable	-	-	-	14,460,000	-	-
Bonus payable	-	-	-	54,841,799	-	-
Other Payables	-	-	-	18,660	-	-
Retention money payable to EPC contractor	-	-	-	1,226,446	-	-
<u>Punj Lloyd Infrastructure Limited</u>						
Equity Share Capital	-	-	466,026,000	466,026,000	-	-
Share premium	-	-	159,026,000	159,026,000	-	-
Other Payables	-	-	496,647	82,529	-	-
Unsecured Loan**	-	-	564,948,000	564,948,000	-	-
<u>Directors Sitting Fees</u>						
Mr. Sandeep Kumar	4,000	16,000	-	-	-	-
Mr. Rahul Vashishtha	-	40,000	-	-	-	-
<u>Key managerial personnel-Remuneration</u>						
Mr. Rajkumar Babjee Yajjala-Manager	1,090,831	-	-	-	-	-

Liabilities of Bonus Payable to Ultimate Holding Company (Punj Lloyd Limited) has been written back amounting to Rs.2,65,74,883/-

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.

** Non discounting figures.



KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Summary of Significant Accounting Policies and Other Explanatory Information
(All amounts in ₹ unless otherwise stated)

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

	Level	As at	As at	As at	As at
		31 March 2019	31 March 2019	31 March 2018	31 March 2018
		Amortized Cost	Fair Value	Amortized Cost	Fair Value
Financial assets					
Cash and cash equivalents	3	206,049,517	206,049,517	115,055,693	115,055,693
Bank balances other than above	3	279,044,483	279,044,483	249,600,000	249,600,000
Other financial current assets	3	160,495,572	160,495,572	120,624,206	120,624,206
Receivable under Service Concession Agreement	3				
		4,937,000,305	4,937,000,305	5,402,232,936	5,402,232,936
Total		5,582,589,877	5,582,589,877	5,887,512,835	5,887,512,835
Financial liabilities					
Borrowings	3	5,017,245,322	5,017,245,322	5,383,276,044	5,383,276,044
Trade payables	3	14,263,294	14,263,294	826,928	826,928
Other financial liabilities	3	52,806,947	52,806,947	93,855,817	93,855,817
Total		5,084,315,562	5,084,315,562	5,477,958,789	5,477,958,789

Fair value technique

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:-

The fair value of cash and cash equivalents, trade receivables, current trade payables, current financial liabilities and borrowings approximate their carrying amount largely due to the short-term nature of these instruments. The Board considers that the carrying amounts of financial assets and financial liabilities recognised at cost/amortized cost in the financial statements approximate their fair values.

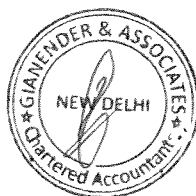
Long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Fair value of variable interest rate borrowings approximates their carrying value of such long-term debt approximates fair value subject to adjustments made for transaction cost.

26 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant 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.



Rahul

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Summary of Significant Accounting Policies and Other Explanatory Information
(All amounts in ₹ unless otherwise stated)

27 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 risks 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 change 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 believes that the credit risk is negligible since its mail receivable is from the grantors of the concession which is Government Authority.

d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

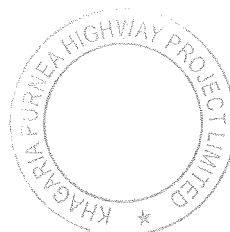
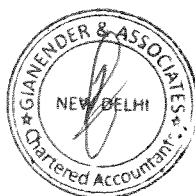
The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The table below summarises the maturity profiles of the Company's financial Liabilities based on contractual undiscounted payments as at March 31, 2019:

Particulars	Carrying Amount	Upto 1 year	1-2 years	3-5 years	more than 5 years
Non Derivative Financial Liability					
Borrowings - From banks/ financial institutions	4,755,601,838	1,657,019,427	339,153,339.00	1,420,885,017	1,338,544,055
Borrowings - From related parties	564,948,000	-	-	-	564,948,000
Other Financial Liabilities	52,806,947	52,806,947	-	-	-
Trade Payable	14,263,293.5	14,263,293.5	-	-	-
Total	5,387,620,078	1,724,089,667	339,153,339	1,420,885,017	1,903,492,055

The table below summarises the maturity profiles of the Company's financial Liabilities based on contractual undiscounted payments as at March 31, 2018:

Particulars	Carrying Amount	Upto 1 year	1-2 years	3-5 years	more than 5 years
Non Derivative Financial Liability					
Borrowings - From banks/ financial institutions	5,062,852,212	389,710,779	1,657,019,427	1,229,765,281	1,786,356,725
Borrowings - From related parties	564,948,000	-	-	-	564,948,000
Other Financial Liabilities	93,855,817	93,855,817	-	-	-
Trade Payable	826,928	826,928	-	-	-
Total	5,722,482,956	484,393,524	1,657,019,427	1,229,765,281	2,351,304,725



Rahul

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Summary of Significant Accounting Policies and Other Explanatory Information
(All amounts in ₹ unless otherwise stated)

e) Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The company operates in India and the company is exposed to foreign exchange risk through its Borrowings in Foreign Currency.

The foreign currency risk from financial instruments are as follows:

Particulars	As on 31.03.2019	As on 31.03.2018
Interest accrued but not due (INR)	23,696,368	22,688,690
Borrowings in Foreign Currency (INR)	1,387,627,931	1,420,442,610
Total	1,411,324,299	1,443,131,300

The Company had hedged the foreign currency Loan 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 1,34,20,496 and Rs. 65/per USD (ranging upto 1 USD = 75) for USD 31,88,915 and loan amount has been translated using Hedging rate or closing rate as the case may be as on 31st March 2019.

Sensitivity analysis based on average outstanding Foreign currency loan

Particulars	Impact on profit/ loss after tax	
	FY 2018-19	FY 2017-18
Increase or decrease in exchange rate by Rs.1	19,924,081	21,897,382

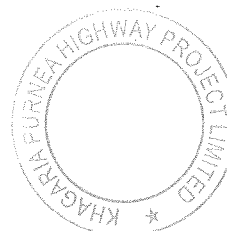
Note: Profit will increase in case of decrease in foreign currency rate and vice versa

28 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.

The following table summarises the capital of the Company:

Particulars	March 31, 2019	March 31, 2018
Equity	422,893,705	395,371,214
Short-term borrowings and current portion of long-term debt	1,657,019,427	389,710,779
Long-term debt	3,360,225,895	4,673,141,433
Cash and cash equivalents	485,094,000	364,655,693
Net debt	4,532,151,322	4,698,196,519
Total capital (equity + net debt)	4,955,045,027	5,093,567,732
Gearing ratio	91%	92%



Rahul

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to financial statements for the year ended March 31, 2019

- 29 The Company has no liability for employee benefits, in accordance with the provisions of Accounting Standard-19 "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.

30 Remuneration of the Auditors:

S.No	Particulars	As at March 31, 2019	As at March 31, 2018
1	Statutory Audit Fee	130,000	130,000
	Total	130,000	130,000

31 Disclosures pursuant to Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, Interest 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.

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

33 Disclosure pursuant to Ind AS 115 - "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

34 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.

35 Contingent Liabilities (not provided for) and Capital Commitments

Particulars	As at March 31, 2019	As at March 31, 2018
Contingent Liabilities	Nil	Nil
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)	(6,130,000,000)
EPC cost remaining to be executed	-	-

36 Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Borrowing cost capitalised during the year Nil. (previous year : Nil).

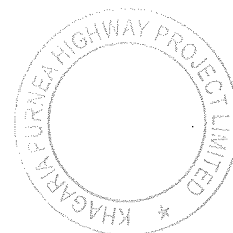
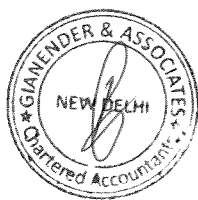
- 37 There have been no claimed transactions during the year with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006.

38 Foreign Currency Transactions

Particulars	2018-2019	2017-2018
Interest	106,915,664	102,888,920
Commitment Fees	-	-
Others	26,484,054	26,671,501
Total	133,399,718	129,560,421

39 Impairment of Financial assets

The credit risk on the financial assets has not increased since the initial recognition, therefore company measure the loss allowance for the financial assets at an amount equal to 12 month expected credit losses. Since the financial assets are expected to be realised within the contractual period of the invoice raised, as such, there is no ECL (expected credit loss) envisaged in the value of financial assets under SCA (Service Concession agreement) by the management.



Rahul

40 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.

- 41 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.
- 42 There were no litigation pending against the company which could be materially impact its financial position as at the end of the year.

43 Recent accounting pronouncements

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified new Ind AS on leases, Indian Accounting Standard (Ind AS) 116 as well as certain amendments to other existing Ind AS. Further, Ind AS 17, Leases shall stand withdrawn after notification of Ind AS 116, Leases. These amendments shall be applicable to the Company from April 01, 2019.

Ind AS 116: Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application

The Company does not have any significant impact while transiting to Ind AS 116.

Amendments to existing Ind AS

The following amended standards are not expected to have a significant impact on the Company's standalone financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company when it will adopt the respective standards.

Ind AS 109, Financial Instruments

Ind AS 12, Income Taxes

Ind AS 19, Employee Benefits

Ind AS 28, Investments in Associates and Joint Ventures

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendments

44 Reconciliation of cash flows from financial activities (Ind AS – 7)

Particulars	Term borrowings	Interest	Total
Opening balance	5,062,852,212	22,688,690	5,085,540,902
Interest accrued during the year	-	479,371,835	479,371,835
Cash flows			-
Received	-	-	-
Repayment	(327,358,293)	-	(327,358,293)
Interest paid	-	(458,256,238)	(458,256,238)
Non cash items			-
Impact of EIR	20,107,919	(20,107,919)	0
Closing Balance	4,755,601,838	23,696,368	4,779,298,206

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


- 46 Note No. - 1 to 45 form an integral part of financial statements.

As per our report of even date annexed

For Gianender & Associates

Chartered Accountants

ICAI Regn No. 046618


Jeetender Gupta
Partner

M. No. 092547

Place : New Delhi

Date : May 23, 2019


CFO

For & on behalf of Khagaria Purnea Highway Project Limited


Company Secretary


Director


Director