INDEPENDENT AUDITOR'S REPORT

To the Members of PLN Construction Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **PLN Construction Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;

(b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

(c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of sub-section (2) of section 164 of the Act;

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

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

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

iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Srivastava Kumar & Co.**
Firm registration number : 011204N
Chartered Accountants

Per Anil Kr. Sharma
Partner
M.No. : 097850
Place : New Delhi
Dated : May 13, 2015

Annexure referred to in paragraph 1 under the heading report on other legal and regulatory requirements of the Auditors Report of even date

Re: PLN Construction Limited

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   b) During the year, these fixed assets have been physically verified by the management in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. As mentioned to us no material discrepancies were noticed by the management on such verification.

   c) The company has not disposed off any substantial part of its fixed assets during the year.

2. a) The inventory has been physically verified by the management at reasonable intervals. In our opinion the frequency of verification is reasonable.

   b) In our opinion, the procedure of physical verification of inventory, followed by the management, is reasonable and adequate in relation to the size of the company and nature of its business.

   c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies between physical inventory and the book records, as observed on verification, which were not material in relation to the size of the company, have been properly dealt with in the books of accounts.

3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3 (iii) (a) to (b) of the Companies (Auditor Report) Order, 2015 are not applicable to the Company.

4. There is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for the sale of goods and services.

5. Company has not accepted deposits. Accordingly 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 company.

6. To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for the Company.

7. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no statutory dues which have not been deposited on account of any dispute.

(d)There is no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under.

8. The company does not have accumulated losses as on the balance sheet date, which are more than 50% of its paid up capital and free reserves. The company has not incurred any cash losses during the financial year covered by our audit, also the company has not incurred any cash loss during the previous year immediately preceding the financial year.

9. The Company has not defaulted in repayment of dues to a financial institution or bank as at the balance sheet date.

10. Company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.

11. Term loans were applied for the purpose for which the loans were obtained

12. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **Srivastava Kumar & Co.**
Firm registration number : 011204N
Chartered Accountants

Per Anil Kr. Sharma
Partner
M.No. : 097850
Place : New Delhi
Dated : May 13, 2015

PLN Construction Limited
Balance Sheet as at March 31, 2015
(All amounts in INR, unless otherwise stated)

	Notes	As at March 31, 2015	As at March 31, 2014
Equity and liabilities			
Shareholder's fund			
Share capital	3	20,000,000	20,000,000
Reserves and surplus	4	152,134,275	147,314,211
Non-current liabilities			
Long-term borrowings	5	66,336,944	177,555,000
Other liabilities	6	838,966,364	792,153,100
Current liabilities			
Short-term borrowings	7	19,420,982	12,256,152
Trade payables	8	35,683,242	38,470,596
Other current liabilities	8	40,815,750	24,616,244
TOTAL		**1,173,357,557**	**1,212,365,303**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	233,242,152	248,863,182
Deferred tax assets (net)	10	486,756	2,801,764
Loans and advances	11	405,642,717	391,900,025
Current assets			
Trade receivables	12	403,603,867	456,831,511
Cash and bank balances	13	5,301,659	10,620,183
Loans and advances	11	125,080,406	101,348,638
TOTAL		**1,173,357,557**	**1,212,365,303**
Summary of significant accounting policies	2.1		

The accompanying notes form integral part of the financial statements

This is the balance sheet referred to in our report of even date

For **Srivastava Kumar & Co**
Chartered Accountants
Firm Registration No: 011204N

For and on behalf of the Board of Directors of
PLN Construction Limited

per **Anil Kumar Sharma**
Partner
Membership No. : 097850

Yogeshwari Bidhuri
Company Secretary

Hardik Hundia
Director

Atul Jain
Director

Place: New Delhi
Date: May 13, 2015

PLN Construction Limited
Statement of Profit and Loss for the year ended March 31, 2015
(All amounts in INR, unless otherwise stated)

	Notes	Year ended March 31, 2015	Year ended March 31, 2014
Income			
Revenue from operations	14	230,272,636	294,213,362
Other income	15	37,485,149	39,051,115
Total income (I)		**267,757,785**	**333,264,477**
Expenses			
Cost of components and spares consumed		66,399,914	116,999,892
Employee benefits expense	16	16,336,661	26,462,561
Other expenses	17	135,375,969	112,758,113
Total expenses (II)		**218,112,544**	**256,220,566**
Earning before interest, tax, depreciation and amortization (EBITDA) (I-II)		**49,645,241**	**77,043,911**
Depreciation	9	27,772,365	31,149,249
Finance costs	18	14,719,502	32,426,516
Profit/ (loss) before tax		**7,153,375**	**13,468,146**
Tax expenses			
Current tax		1,363,076	2,694,673
MAT credit entitlement		(1,363,076)	(2,694,673)
Deferred tax credit		2,315,007	4,369,741
Total tax expenses		**2,315,007**	**4,369,741**
Profit/ (loss) for the year		**4,838,368**	**9,098,405**
Earnings per equity share (nominal value per share Rs.10 each (previous year Rs.10))	19		
Basic and diluted		2.42	4.55
Summary of significant accounting policies	2.1		

The accompanying notes form an integral part of the financial statements

This is the statement of profit and loss referred to in our report of even date

For **Srivastava Kumar & Co**
Chartered Accountants
Firm Registration No: 011204N

For and on behalf of the Board of Directors of
PLN Construction Limited

per **Anil Kumar Sharma**
Partner
Membership No. : 097850

Yogeshwari Bidhuri
Company Secretary

Hardik Hundia
Director

Atul Jain
Director

Place: New Delhi
Date: May 13, 2015

PLN Construction Limited
Cash flow statements for the year ended March 31, 2015
(All amounts in INR, unless otherwise stated)

	Year ended March 31, 2015	Year ended March 31, 2014
Cash flow from/ (used in) operating activities		
Profit /(Loss) before tax	**7,153,375**	**13,468,146**
Non-cash adjustment to reconcile Profit /(Loss) before tax to meet cash flow		
Depreciation	27,772,365	31,149,249
Bad and doubtful debts written off	-	9,101,299
Interest expense	13,156,769	25,955,001
Interest income	(37,477,989)	(39,051,115)
Operating profit before working capital changes	**10,604,520**	**40,622,580**
Movement in working capital:		
Decrease in trade payables	(2,787,354)	(11,978,623)
Increase in other current liabilities	16,199,506	119,180,410
Increase in trade receivables	53,227,644	(202,707,559)
Decrease in Unbilled revenue (work-in-progress)	-	134,784,050
Decrease/(Increase) in loans and advances	(30,447,101)	35,940,411
Cash generated from/ (used in) operations	46,797,214	115,841,269
Direct taxes paid (net of refunds)	(7,027,359)	(12,440,579)
Net cash flow from/ (used in) operating activities (A)	**39,769,855**	**103,400,690**
Cash flow from investing activities		
Purchase of fixed assets	(12,169,639)	-
Increase in margin money deposits	3,940,916	(83,294)
Interest received	37,477,989	39,051,115
Net cash flow from investing activities (B)	**29,249,267**	**38,967,821**
Cash flow from (used in) financing activities		
Proceeds/ (Repayment) from long -term borrowings (net)	(64,404,792)	-
(Repayment)/Proceeds from short-term borrowings (net)	7,164,830	(111,490,234)
Interest paid	(13,156,769)	(25,955,001)
Net cash flow from (used in) financing activities (C)	**(70,396,731)**	**(137,445,235)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(1,377,609)**	**4,923,277**
Cash and cash equivalents at the beginning of the year	6,037,987	1,114,710
Cash and cash equivalents at the end of the year	**4,660,379**	**6,037,987**
Components of cash and cash equivalents		
Cash on hand	1,238,688	794,196
Balances with banks:		
On current accounts	3,421,691	5,243,791
Total cash and cash equivalents (also refer note 11)	**4,660,379**	**6,037,987**

The accompanying notes form integral part of the financial statements
This is the cash flow statement referred to in our report of even date

For **Srivastava Kumar & Co**
Chartered Accountants
Firm Registration No: 011204N

For and on behalf of the Board of Directors of
PLN Construction Limited

per **Anil Kumar Sharma**
Partner
Membership No. : 097850

Yogeshwari Bidhuri
Company Secretary

Hardik Hundia
Director

Atul Jain
Director

Place: New Delhi
Date: May 13, 2015

3 Share capital

Particulars	As at March 31, 2015	As at March 31, 2014
Authorised shares		
5,000,000 (previous year 5,000,000) equity shares of Rs. 10 each	**50,000,000**	**50,000,000**
Issued, subscribed and fully paid-up shares		
2,000,000 (previous year 2,000,000) equity shares of Rs. 10 each	20,000,000	20,000,000
	20,000,000	**20,000,000**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

Particulars	As at March 31, 2015		As at March 31, 2014	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	2,000,000	20,000,000	2,000,000	20,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	**2,000,000**	**20,000,000**	**2,000,000**	**20,000,000**

(b) Terms and 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.

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 all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding company

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

	As at March 31, 2015	As at March 31, 2014
Punj Lloyd Limited, the holding company 2,000,000 (previous year 2,000,000) equity shares of Rs. 10 each	20,000,000	20,000,000

(d) Details of shareholders holding more than 5% of the equity share capital of the Company

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	Nos.	% of Holding	Nos.	% of Holding
Punj Lloyd Limited	2,000,000	100%	2,000,000	100%

(e) No bonus shares or shares issued for consideration other than cash or shares bought back over the last five years immediately preceding the reporting date.

4 Reserve and surplus

Particulars	As at March 31, 2015	As at March 31, 2014
General reserve	**2,210,000**	**2,210,000**
Surplus in the statement of profit and loss		
Balance as per last financial statements	145,104,211	136,005,805
Depreciation Reserve	(18,304)	
Profit /(Loss) for the year	4,838,368	9,098,406
Net surplus in the statement of profit and loss	**149,924,275**	**145,104,211**
Total reserves and surplus	**152,134,275**	**147,314,211**

5. Long Term Borrowings

Particulars	Non Current Portion		Current Maturities	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
From financial institutions (secured) 14.5%(previous year Nil) loan repayable in 22 monthly installments, beginning from 23/11/2014 . This is secured by way of pari passu charge on movable the fixed assets of the Company .	17,570,584	-	38,103,924	-
The above amount includes				
Amount disclosed under the head "other current liabilities" (note 7)	-	-	(38,103,924)	-
Unsecured				
(a) Loans and advances to related parties 11% loan from Holding Co	48,766,360	177,555,000	-	-
	66,336,944	**177,555,000**	**-**	**-**

6. Other liabilities

Particulars	Non Current Portion As at March 31, 2015	Non Current Portion As at March 31, 2014	Current Maturities As at March 31, 2015	Current Maturities As at March 31, 2014
Due to Holding Co	838,966,364	792,153,100		
	838,966,364	**792,153,100**	**-**	**-**

7 Short-term borrowings

Particulars	As at March 31, 2015	As at March 31, 2014
Cash credit from a bank (secured)	19,420,982	12,256,152
	19,420,982	**12,256,152**
The above amount includes		
Secured borrowings	19,420,982	12,256,152
	19,420,982	**12,256,152**

Cash credit from a bank is secured by hypothecation of trade receivables of the Company. The cash credit is repayable on demand and carries interest @ Base rate + 4.50%.

8 Other current liabilities

Particulars	As at March 31, 2015	As at March 31, 2014
Trade payables (including acceptances) (refer note 22 for details of dues to micro and small enterprises)	35,683,242	38,470,596
Other liabilities		
Current maturities of long term borrowings (note 5)	38,103,924	-
Others	601,190	21,812,692
TDS payable	2,110,636	2,803,552
	40,815,750	**24,616,244**
	76,498,992	**63,086,840**

9 Fixed assets : Tangible assets

Particulars	Plant and equipment	Office equipment	Vehicles	Total
Cost				
At April 01, 2013	545,398,126	957,798	1,117,260	547,473,184
Additions during the year		-	-	-
At March 31, 2014	**545,398,126**	**957,798**	**1,117,260**	**547,473,184**
Additions during the year	12,169,639	-	-	12,169,639
As at March 31, 2015	**557,567,765**	**957,798**	**1,117,260**	**559,642,823**
Depreciation				
At April 01, 2013	266,172,389	774,082	514,282	267,460,753
Charge for the year	30,976,550	46,337	126,362	31,149,249
At March 31, 2014	**297,148,939**	**820,419**	**640,644**	**298,610,002**
Charge for the year	27,432,546	137,379	220,744	27,790,669
As at March 31, 2015	**324,581,485**	**957,798**	**861,388**	**326,400,671**
Net block				
At March 31, 2014	248,249,187	137,379	476,616	248,863,182
As at March 31, 2015	**232,986,280**	**0**	**255,872**	**233,242,152**

10 Deferred tax assets

Particulars	As at March 31, 2015	As at March 31, 2014
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(14,921,906)	(12,611,515)
Impact of expenditure charged to the statement of profit and loss in current year but allowed for tax purposes on payment	-	-
Unabsorbed losses/carried forward losses	15,408,662	15,413,279
Net Deferred Tax Asset /(Liability)	**486,756**	**2,801,764**

11 Loans and advances

Particulars	Long-term		Short-term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Security deposits				
Unsecured, considered good			600,863	404,527
	-	-	600,863	404,527
Loans and advances to related parties				
Unsecured, considered good	337,047,914	336,397,914	119,915,515	86,550,593
	337,047,914	336,397,914	119,915,515	86,550,593
Advance recoverable in cash or kind or for value to be received				
Unsecured, considered good			4,247,399	14,076,888
	-	-	4,247,399	14,076,888
Other loans and advances				
Advance income-tax (net of provision for taxation)	36,751,420	29,724,061	-	-
VAT/Sales tax recoverable	27,785,634	23,083,377	-	-
MAT credit entitlement	4,057,749	2,694,673		
Balances with statutory/ government authorities	-	-	316,629	316,630
	68,594,803	55,502,111	316,629	316,630
	405,642,717	**391,900,025**	**125,080,406**	**101,348,638**
MAT credit entitlement				

12 Trade receivables

Particulars	As at March 31, 2015	As at March 31, 2014
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	276,518,382	283,183,560
	276,518,382	**283,183,560**
Other receivables		
Unsecured, considered good	127,085,485	173,647,951
	127,085,485	**173,647,951**
	403,603,867	**456,831,511**

13 Cash and bank balances

Particulars	As at March 31, 2015	As at March 31, 2014
Cash and cash equivalents		
Cash on hand	1,238,688	794,196
Balances with banks:		
On current accounts	3,421,691	5,243,791
	4,660,379	**6,037,987**
Other bank balances		
Margin money deposits	641,280	4,582,196
	641,280	**4,582,196**
	5,301,659	**10,620,183**

14 Revenue from operations

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Job Revenue	230,272,636	294,213,362
	230,272,636	**294,213,362**

15 Other income

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Interest income on others	37,477,989	39,051,115
Exchange difference (net)	7,160	-
	37,485,149	**39,051,115**

16 Employee benefit expenses

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Salaries, wages and bonus	15,568,532	24,872,221
Staff welfare expenses	768,129	1,590,340
	16,336,661	**26,462,561**

17 Other expenses

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Contractor charges	14,558,755	7,314,351
Site expenses	32,352,218	1,287,581
Freight and cartage	19,495,845	25,617,462
Diesel and fuel	25,576,273	53,197,226
Rent	1,663,103	1,653,000
Hire charges	31,052,582	10,146,374
Rates and taxes	2,289,596	396,313
Insurance	1,051,242	982,714
Repairs and maintenance:		
Plant and machinery	3,378,190	911,489
Payment to auditors (refer details below)	100,000	100,000
Consultancy and professional charges	233,085	590,669
Bad and doubtful debts written off	-	9,101,299
Travelling and conveyance	2,331,842	1,206,960
Miscellaneous expenses	1,293,238	252,675
	135,375,969	**112,758,113**

Payment to auditors:		
As auditors:		
Audit fee	100,000	100,000
	100,000	100,000

18 Finance costs

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Interest expense	13,156,769	25,955,001
Bank charges	1,260,568	4,242,570
Other Borrowing costs	302,165	181,501
Exchange difference (net)	-	2,047,444
	14,719,502	**32,426,516**

19 Earnings per share

Basic and diluted earnings

		March 31, 2015	March 31, 2014
a)	Calculation of weighted average number of equity shares of Rs. 10 each		
	Number of equity shares at the beginning of the year	2,000,000	2,000,000
	Equity shares at the end of the year	2,000,000	2,000,000
	Weighted average number of equity shares outstanding during the year	2,000,000	2,000,000
b)	Net (loss)/ profit after tax available for equity share holders (Rs.)	4,838,368	9,098,405
c)	Basic and diluted (loss)/earnings per share (Rs.)	2.42	4.55
d)	Nominal value of share (Rs.)	10	10

20 (a) Segment Reporting

Business Segment:

The Company's business activity falls within a single business segment i.e. Laying of Pipelines by Horizontal Directional Drilling (HDD) Method. Therefore, segment reporting in terms of Accounting Standard 17 on Segmental Reporting is not applicable.

Geographical Segment

The Company's operations are within India and does not operate in any other Country and hence there are no geographical segments.

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

Particulars	As at March 31, 2015	As at March 31, 2014
a) Contract revenue recognised as revenue in the period (Clause 38 (a))	230,272,636	294,213,362
b) Aggregate amount of costs incurred and recognised profits up to the reporting date Contracts under progress (Clause 39 (a))	-	-
c) Advance received on Contracts under progress (Clause 39 (b))	-	-
d) Retention amount on Contract under progress (Clause 39 (c))	-	-
e) Gross amount due from customers for contract work as an asset (Clause 41 (a))	-	-
f) Gross amount due from customers for contract work as a liability (Clause 41 (b))	-	-

21 Related party disclosures

Names of related parties and related party relationship

Related parties where control exists irrespective of whether transactions have occurred or not

Holding company	Punj Lloyd Limited

Related parties with whom transactions have taken place during the year

Holding company	Punj Lloyd Limited
Fellow subsidiaries	Punj Lloyd Upstream Limited

Key Managerial Personnel

Atul Kumar Jain	Director
Shiv Punj	Director
Hardik Hundia	Director

Related party transactions

Particulars	Holding company		Fellow subsidiaries		Total	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
INCOME						
Job Revenue						
Punj Lloyd Limited	210,605,166	120,862,353	-	-	210,605,166	120,862,353
Punj Lloyd Solar Power Limited	-	-	-	63,000,000	-	63,000,000
Interest Income						
Punj Lloyd Upstream Limited	-	-	37,072,136	38,427,743	37,072,136	38,427,743
EXPENSES						
Hire Charges						
Punj Lloyd Limited	10,520,257	4,669,316	-	-	10,520,257	4,669,316
Rent						
Punj Lloyd Limited	1,580,103	1,653,000	-	-	1,580,103	1,653,000
Interest						
Punj Lloyd Limited	11,243,875	23,739,692	-	-	11,243,875	23,739,692
Balance outstanding as at end of the year Receivable/(payable)						
Punj Lloyd Limited	(509,333,802)	(719,276,349)	-	-	(509,333,802)	(719,276,349)
Punj Lloyd Upstream Limited	-	-	456,963,429	422,948,507	456,963,429	422,948,507
Punj Lloyd Solar Power Limited	-	-	-	31,672,000	-	31,672,000

22 The Micro and Small Enterprises have been identified by the Company from the available information, which has been relied upon by the auditors. According to such identification, there were no dues to Micro and Small Enterprise that are reportable as per Micro, Small and Medium Enterprise Development Act, 2006 outstanding as at March 31, 2015.

23 Previous year figures

Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For **Srivastava Kumar & Co**
Chartered Accountants
Firm Registration No: 011204N

For and on behalf of the Board of Directors of
PLN Construction Limited

per **Anil Kumar Sharma**
Partner
Membership No. : 097850

Yogeshwari Bidhuri
Company Secretary

Hardik Hundia
Director

Atul Jain
Director

Place: New Delhi
Date: May 13, 2015

PLN Construction Limited
Notes to Financial statements for the year ended March 31, 2015

1. Corporate information

PLN Construction Limited the Company ("The Company") is a public Limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is a subsidiary of Punj Lloyd Limited and is primarily engaged in the business of lying of pipelines by Horizontal Directional Drilling (HDD) Method.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 2013 (the "Act"). The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements have been consistently applied by the Company and are consistent with those of previous year.

2.1. Summary of significant accounting policies

(a) Use of estimates:

The preparation of financial statements in conformity with Indian GAAP 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. 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.

(b) Tangible fixed assets

Tangible assets 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.

Subsequent expenditure related to an item of tangible asset 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 tangible assets, 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 tangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(c) Depreciation on tangible fixed assets

Depreciation on tangible fixed assets is calculated on a straight line basis, at the rates prescribed under Schedule II to the Companies Act, 2013, which are based on estimated useful life of the assets.

Individual assets costing upto Rs. 5,000 are depreciated @ 100%.

(d) Impairment of tangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(e) Leases

Where the Company is the lessee

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

(f) Unbilled revenue (Work-in-progress)

Unbilled revenue (Work-in-progress) is valued at Net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(g) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i. Contract revenue associated with long term construction contracts is recognized as revenue by reference to the stage of completion of the contract at the balance sheet date. The stage of completion of project is determined by the proportion that contracts costs incurred for the work performed up to the balance sheet date bear to the estimated total contract costs. However, profit is not recognized unless there is reasonable progress on the contract. If total cost of a contract, based on technical and other estimates, is estimated to exceed the total contract revenue, the foreseeable loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the statement of profit and loss of the year in which revisions are made. Contract revenue earned in excess of billing has been classified as "Unbilled revenue (work-in-progress)" and billing in excess of contract revenue has been classified as "Other current liabilities" in the financial statements. Claims on construction contracts are inched based on management's estimate of the probability that they will result in additions revenue, they are capable of being reliably measured, there is a reasonable basis to support the claim and that such claims would be admitted either wholly or in part. The Company assesses the carrying value of various claims periodically, and makes provisions for any unrecoverable amount arising from the legal and arbitration proceedings that they may be involved in from time to time. Insurance claims are accounted for on acceptance/settlement with insurers. The Company collects service tax and value added taxes (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

(h) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(i) Foreign currency transaction

i. Initial recognition

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

ii. Conversion

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

iii. **Exchange differences**

Exchange differences arising on the translation settlement of foreign currency monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(j) Income taxes

Tax expense comprises of 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 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in Shareholders' funds is recognised in Shareholders' funds and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in Shareholders' funds is recognised in Shareholders' funds and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

Identification of segments

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

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(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) Provisions

A provision is recognized when the Company has a present 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. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(n) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(o) Contingent liabilities

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.

(p) Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents and the same is considered as project period.

(q) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 2013, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.