

**PUNJ LLOYD KAZAKHSTAN, LLP**

**Financial Statements**

**For the Year Ended March 31, 2015  
With Independent Auditor's Review**

# PUNJ LLOYD KAZAKHSTAN LLP

Financial Statements – March 31, 2015

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## AUDIT REPORT

To the Shareholders of Punj Lloyd Kazakhstan, LLP

We have audited the accompanying financial statements of Punj Lloyd Kazakhstan, LLP ("the Company") for the year ended March 31, 2015 set out on pages 4 to 12.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2015, and the results of its operations, the changes in shareholders equity for the period then ended, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Vitaly Sipakov

IAC NEXIA KZ  
Almaty, Kazakhstan  
Date: April 27, 2015



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**PUNJ LLOYD KAZAKHSTAN LLP**

(Figure in Thousands of Kazakhstani Tenge)

Balance Sheet as at March 31,2015

Non-Current assets :	Note	<u>31-March-15</u>	<u>31-Mar-14</u>
<b>Intangible Assets</b>			
Software		-	-
<b>Deferred Tax Asset</b>			
<b>Tangible Assets</b>			
Property, plant and equipment	3	502,472	704,820
		<u>502,472</u>	<u>704,820</u>
<b>Current assets:</b>			
Inventories and work in progress	4	729,478	825,973
Trade and other receivables	5	109,105	49,961
Bank balance and Cash	6	6,025	2,092
		<u>844,608</u>	<u>877,527</u>
<b>Current liabilities:</b>			
Trade and other payables	7	2,026,199	2,242,372
Bank loan and overdraft	8	987,291	207,681
		<u>3,013,490</u>	<u>2,450,054</u>
<b>Net current assets</b>		(2,168,882)	(1,572,526)
<b>Deferred Tax Liability</b>			
<b>Net assets</b>		(1,666,410)	(867,706)
<b>Represented By:</b>			
<b>Shareholders funds</b>			
Share capital	1	1,107,977	1,107,977
Retained earnings		(2,774,387)	(1,975,685)
		<u>(1,666,410)</u>	<u>(867,706)</u>

GENERAL DIRECTOR

CHIEF ACCOUNTANT

This balance sheet is checked by auditors. Please see auditor's report

AUDITOR

SEAL



**PUNJ LLOYD KAZAKHSTAN LLP**

(Figure in Thousands of Kazakhstani Tenge)

**Income Statement for the period ended March 31, 2015**

	Note	31-March-15	31-March-14
Revenue	2		
Less: Cost of sales			
<b>Gross profit</b>			
General and administrative expenses		(863,048)	(404,569)
Other operating income		118,342	139,173
Foreign exchange loss/ (gain), net		(53,997)	(358,779)
<b>Operating profit</b>		<b>(798,703)</b>	<b>(624,175)</b>
Finance costs			
<b>Profit before income tax</b>		<b>(798,703)</b>	<b>(624,175)</b>
Income tax	10		
Deferred Tax liability			
Deferred Tax			
<b>Profit after tax</b>		<b>(798,703)</b>	<b>(624,175)</b>

GENERAL DIRECTOR

CHIEF ACCOUNTANT

AUDITOR

SEAL



The attached notes 1 to 13 form an integral part of these financial statements.

**PUNJ LLOYD KAZAKHSTAN LLP**

(Figures in Thousands of Kazakhstani Tenge)

**Statement of changes in Shareholder's Equity for the period ended March 31,2015**

	Note	Share capital	Reserves	Total shareholder's equity
<b>Balance at April 04, 2014</b>		1,107,977	(1,975,685)	(867,706)
<b>Add:</b>				
Net income for the period ended March 31,2014			(798,703)	(798,703)
<b>Balance at March 31,2015</b>	<b>1</b>	<b>1,107,977</b>	<b>(2,774,388)</b>	<b>(1,666,410)</b>

GENERAL DIRECTOR

CHIEF ACCOUNTANT

AUDITOR

SEAL



The attached notes 1 to 13 form an integral part of these financial statements.



## PUNJ LLOYD KAZAKHSTAN LLP

(Figures in Thousands of Kazakhstani Tenge)

### Notes forming part of the financial statements – March 31,2015

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#### 1. STATUS AND ACTIVITIES

Punj Lloyd Kazakhstan LLP (the "Company") was established as a limited liability partnership under the Laws of the Republic of Kazakhstan and registered with the Ministry of Justice of the Republic of Kazakhstan on September 03, 2002. As at March 31,2015 the Company was fully owned by Punj Lloyd Limited Registered in New Delhi ("Punj Lloyd Ltd."), a company established under the Laws of India.

The Company is presently engaged in construction of projects for Agip KCO for two export pipelines construction for AGIP's Karachaganak refinery complex.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### a. Basis of accounting

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB), interpretations issued by IASB and applicable Commercial Laws of Republic of Kazakhstan. The significant accounting policies adopted are as follows:

##### b. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreddation and impairment in value

##### c. Inventories and work in progress

Project Materials (excluding scaffoldings):- Lower of cost or net realizable value. Cost is determined on weighted average basis.

Scrap:- Net realizable value.

Work in progress – projects – Net realizable value.

Scaffolding (included in Project Materials) Cost less amortization/charged based on their useful life, which is estimated at seven years.

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.

##### Financial assets

The financial assets consist of cash, trade and other receivables. Cash consists of cash on hand and cash held on bank current accounts and on short-term deposits.

##### d. Cash and cash equivalents

For the purpose of the preparation of the statement of cash flows, cash and cash equivalents include cash and bank balances (including fixed deposits).

##### e. Revenue recognition

Income from construction contracts is recognized on percentage of completion of contract method. Percentage of completion is determined on the basis of total cost incurred to date of estimated final costs to completion. No profit is recognized unless there is reasonable progress on the contract. Losses on contracts are recognized when first identified. The effect of any adjustment arising from revisions to estimates is included in the income statement of the period in which revisions are made.

**PUNJ LLOYD KAZAKHSTAN LLP***(Figures in Thousands of Kazakhstani Tenge)***Notes forming part of the financial statements – March 31,2015****2. SIGNIFICANT ACCOUNTING POLICIES (continued)****f. Revenue** **31-March-15** **31-Mar-14**

Progress Billing  
Movement of balance of Work in Progress  
During the period

\_\_\_\_\_  
\_\_\_\_\_

Depreciation is consistently provided on the straight-line basis so as to write off the cost of the property, plant and equipment over their expected useful lives. The depreciation has been provided as per the following rates:

	<b><u>Depreciation Rates</u></b>
Building and constructions	10%
Machinery and Equipment	25%
Vehicles	
- Buses	10%
- Other	10%
Software	30%
Furniture and Fixtures	10%

**g. Impairments**

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether the assets has been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognized as an expense in the income statement.

**h. Foreign currency transactions**

*Foreign currency transactions are recorded in Kazakhstan Tenge at the rates of exchange on the date of transaction. Monetary assets and liabilities in foreign currencies, if any, are translated to Kazakhstan Tenge at rates of exchange on the balance sheet date. All gains or losses on exchange are taken to the income statement.*

**i. Accounts receivable**

Accounts receivable are stated at original voice amount less provision for uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

**j. Accounts payables and accruals**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.



**PUNJ LLOYD KAZAKHSTAN LLP**

(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements – March 31,2015

**3. Property, Plant and Equipment**

	Land	Buildings and constructions	Machinery and equipment	Vehicles	Furniture and fixture	Total
<b><u>COST</u></b>						
At Apr 01, 2014	44,460	674,023	615,171	977,736	224,176	2,535,569
Additions during the year	-	29,742	190,959	255,092	23,502	499,295
Disposals / Transfers during the year	-	(17,265)	(137,070)	(249,190)	(17,819)	(421,347)
At March 31,2015	44,460	644,281	424,212	722,644	200,674	2,036,271
<b><u>DEPRECIATION</u></b>						
At Apr 01, 2014	-	353,122	491,711	849,418	136,496	1,830,747
Charge for the year	-	62,035	16,596	31,479	14,289	124,399
Disposals / Transfers during the year	-	(17,265)	(137,070)	(249,190)	(17,819)	(421,347)
At March 31,2015	-	397,892	371,237	631,705	132,966	1,533,800
<b><u>NET BOOK VALUE</u></b>						
At Apr 01, 2014	44,460	320,901	123,460	128,318	87,680	704,820
At March 31,2015	44,460	246,389	52,975	90,939	67,708	502,472

**Cost**

At April 01, 2014  
Additions during the year  
At March 31,2015

**Depreciation**

At April 01, 2014  
Charge for the year  
At March 31,2015

**Net Book Value**

At April 01, 2014  
At March 31,2015

Software

0

0

0

0

**4. Inventories and work in progress**

	<u>31-March-15</u>	<u>31-March-14</u>
Inventories	729,478	825,973
Work in Progress	0	0
	825,973	824,434

**PUNJ LLOYD KAZAKHSTAN LLP***(Figures in Thousands of Kazakhstani Tenge)***Notes forming part of the financial statements – March 31,2015****5. Trade and Other receivables**

	<u>31-March-15</u>	<u>31-Mar-14</u>
Trade Receivables	99,356	63,620
Advances	2,360	(19,328)
Pre-payments		227
Other receivables	7,389	4,942
	<u>109,105</u>	<u>49,461</u>

**6. Related Party transactions**

The Company, in the ordinary course of business, enters into trading and financial transactions with parties, which fall within the definition of "related party" as defined in International Accounting Standard 24. These related parties are under common control. The Management believes that the terms of such transactions are not materially different from those that could have been obtained from unrelated parties. The amounts due from / to related parties are unsecured, interest free and are repayable on demand.

The amount due to related parties included in Trade and Other Payables as on 31.03.2015 is KZT 1,941,263 thousands (As on 31.03.2014 due from Trade and Other Payables KZT 2,098,323 thousands)

**7. Bank Balances and Cash**

	<u>31-March-15</u>	<u>31-Mar-14</u>
Bank Balances	5,601	1,433
KZT	4,771	31
Dollars	830	576
Fixed Deposit	360	52
Cash on hand	64	
Money in transit		2,092
	<u>6,025</u>	<u>1,433</u>

**8. Current Liabilities**

	<u>31-March-15</u>	<u>31-Mar-14</u>
Trade payables	2,024,098	2,235,235
Advance payment from customer		
Accruals and provisions	325	356
Other Payables	1,775	6,781
	<u>2,026,198</u>	<u>2,242,372</u>

## Notes forming part of the financial statements – March 31, 2015

## 9. Loans and overdraft

	<u>31-March-15</u>	<u>31-Mar-14</u>
<b><u>Bank Loans</u></b>		
SBI / ICICI Bank		0
<b><u>Loans from Shareholder /other related parties</u></b>		
Punj Lloyd Limited	792,354	18,204
Interest on Loan	194,937	189,477
Total loans including overdraft	<u>987,291</u>	<u>207,681</u>

Out of total loans received from Punj Lloyd Limited KZT 792,354 thousand (USD 4,267 million) bear interest at 0% p.a.

## 10. Provision for Tax

	<u>31-March-15</u>	<u>31-Mar-14</u>
Provision for Corporate Tax	-----	-----
Deferred Tax	(0)	-----
	<u>(0)</u>	-----

## 11. Financial instruments

**Fair Value**

The Management believes that the fair values of financial assets and liabilities are not significantly different from their carrying amounts at balance sheet date.

**Interest rate risk**

The company is exposed to interest rate risk from its interest earning financial assets and interest bearing liabilities. The effective interest rates on financial assets and liabilities are at commercial rates negotiated from time to time.

**Foreign Exchange rate risk**

The Company is exposed to foreign exchange rate risk as the US Dollar is constant against the Kazakh Tenge. The rate of US \$ 1 as on March 31, 2015 was Kazakhstani Tenge 185.65 as against 182.04 on March 31, 2014

**Notes forming part of the financial statements – March 31,2015**

**12. Contingent liabilities and other commitments**

At the balance-sheet date, the company had the following contingent liabilities and other commitments

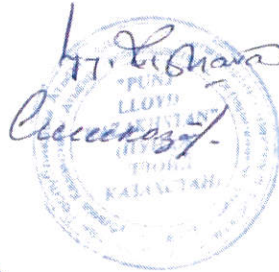
	<u>31-March-15</u>	<u>31-Mar-14</u>
Outstanding Letter of credit (in USD)		
Letter of Guarantee on AGIP and KSS by Citibank	0	2,993,985
	<u>0</u>	<u>2,993,985</u>

**13. Comparative figures**

Previous year figures have been regrouped whenever necessary to confirm to the current year's presentation.

**GENERAL DIRECTOR**

**CHIEF ACCOUNTANT**



**AUDITOR**

**SEAL**

