

PUNJ LLOYD KAZAKHSTAN, LLP

Financial Statements

**For the Year Ended March 31, 2018
With Independent Auditor's Review**

PUNJ LLOYD KAZAKHSTAN LLP

Financial Statements – March 31, 2018

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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, 2018 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, 2018, 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
Almaty, Kazakhstan
Date: April 24, 2018

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PUNJ LLOYD KAZAKHSTAN LLP

(Figure in Thousands of Kazakhstani Tenge)

Balance Sheet as at March 31, 2018

Non-Current assets :	Note	31-March-18	31-Mar-17
Intangible Assets			
Software		-	-
Deferred Tax Asset			
Tangible Assets			
Property, plant and equipment	3	-	248,676
		<u>-</u>	<u>248,676</u>
Current assets:			
Inventories and work in progress	4	263,636	596,992
Trade and other receivables	5	3,330	101,875
Bank balance and Cash	7	14,041	418
		<u>281,008</u>	<u>699,285</u>
Current liabilities:			
Trade and other payables	8	3,389,521	3,520,764
Bank loan and overdraft	9	1,789,140	1,752,683
		<u>5,178,661</u>	<u>5,273,447</u>
Net current assets		(4,897,653)	(4,325,485)
Deferred Tax Liability			
Net assets		(4,897,653)	(4,325,485)
Represented By:			
Shareholders funds			
Share capital	1	1,107,977	1,107,977
Retained earnings		<u>(6,005,630)</u>	<u>(5,433,462)</u>
		(4,897,653)	(4,325,485)

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, 2018

	Note	31-March-18	31-March-17
Revenue			
Less: Cost of sales			
Gross profit			
General and administrative expenses		(1,181,497)	(401,493)
Other operating income		677,124	337,205
Foreign exchange loss/ (gain), net		(67,794)	
Operating profit		(572,168)	392,307
Finance costs			
Profit before income tax		(572,168)	392,307
Income tax	10		
Deferred Tax liability			
Deferred Tax			
Profit after tax		(572,168)	392,307

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 31,2018

	Note	Share capital	Reserves	Total shareholder's equity
	1			
Balance at April 01, 2017		1,107,977	(5,433,462)	(4,325,485)
Add:				
Net income for the period ended March 31,2018			(572,168)	(572,168)
Balance at March 31,2018		1,107,977	(6,005,630)	(4,897,653)

GENERAL DIRECTOR

CHIEF ACCOUNTANT

AUDITOR

SEAL



PUNJ LLOYD KAZAKHSTAN LLP

(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements – March 31, 2018

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, 2018 the Company was fully owned by Punj Lloyd Limited Registered in New Delhi ("Punj Lloyd Ltd."), a company established under the Laws of India.

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 deprecation 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, 2018****2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

f. Revenue	<u>31-March-18</u>	<u>31-Mar-17</u>
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:

	<u>Depreciation Rates</u>
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 31,2018

3. Property, Plant and Equipment

	Land	Buildings and constructions	Machinery and equipment	Vehicles	Furniture and fixture	Total
<u>COST</u>						
At Apr 01, 2017	44,460	608,450	163,888	114,198	179,734	1,110,730
Additions during the year						
Disposals / Transfers during the year	44,460	608,450	163,888	114,198	179,734	1,110,730
At March 31,2018	0	0	0	0	0	0
<u>DEPRECIATION</u>						
At Apr 01, 2017	-	486,948	144,394	89,539	141,173	862,054
Charge for the year	-	51,864	2,376	12,329	8,525	75,096
Disposals / Transfers during the year		538,812	146,770	101,869	149,699	937,150
At March 31,2018	0	0	0	0	0	0
<u>NET BOOK VALUE</u>						
At Apr 01, 2018						
At March 31,2018	0	0	0	0	0	0

	Software
<u>Cost</u>	
At April 01, 2017	0
Additions during the year	
At March 31,2018	0
<u>Depreciation</u>	
At April 01, 2017	
Charge for the year	
At March 31,2018	0
<u>Net Book Value</u>	
At April 01, 2017	
At March 31,2018	0

4. Inventories and work in progress

	<u>31-March-18</u>	<u>31-March-17</u>
Inventories	263,636	596,992
Work in Progress	0	0
	<u>263,636</u>	<u>596,992</u>

PUNJ LLOYD KAZAKHSTAN LLP*(Figures in Thousands of Kazakhstani Tenge)***Notes forming part of the financial statements – March 31, 2018****5. Trade and Other receivables**

	<u>31-March-18</u>	<u>31-Mar-17</u>
Trade Receivables		96,632
Advances		355
Pre-payments	80	1,258
Other receivables	3,250	3,629
	<u>3,330</u>	<u>101,875</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 31.03.2018 is KZT 3,380,090 thousands (As on 31.03.2017 due from Trade and Other Payables KZT 3,334,467 thousands)

7. Bank Balances and Cash

	<u>31-March-18</u>	<u>31-Mar-17</u>
Bank Balances		
KZT	12,831	3
Dollars		
Fixed Deposit	0	360
Cash on hand	1,210	55
Money in transit		
	<u>14,041</u>	<u>418</u>

8. Current Liabilities

	<u>31-March-18</u>	<u>31-Mar-17</u>
Trade payables	3,383,546	3,391,949
Advance payment from customer		
Accruals and provisions	377	163
Other Payables	5,598	128,651
	<u>3,389,521</u>	<u>3,520,764</u>

PUNJ LLOYD KAZAKHSTAN LLP*(Figures in Thousands of Kazakhstani Tenge)***Notes forming part of the financial statements – March 31,2018**

9. Loans and overdraft

	<u>31-March-18</u>	<u>31-Mar-17</u>
<u>Bank Loans</u>		
SBI / ICICI Bank		0
<u>Loans from Shareholder /other related parties</u>		
Punj Lloyd Limited	1,454,161	1,422,145
Interest on Loan	334,979	330,538
Total loans including overdraft	<u>1,789,140</u>	<u>1,752,683</u>

Out of total loans received from Punj Lloyd Limited KZT 1,454,161 thousand (USD 4,567 million) bear interest at 0% p.a.

10. Provision for Tax

	<u>31-March-18</u>	<u>31-Mar-17</u>
Provision for Corporate Tax	-----	-----
Deferred Tax	0	0
	<u>0</u>	<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 not constant against the Kazakh Tenge. The rate of US \$ 1 as on March 31,2018 was Kazakhstani Tenge 319.02 as against 314.79 on March 31, 2017

PUNJ LLOYD KAZAKHSTAN LLP

(Figures in Thousands of Kazakhstani Tenge)

Notes forming part of the financial statements – March 31,2018

12. Contingent liabilities and other commitments

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

	<u>31-March-18</u>	<u>31-Mar-17</u>
Outstanding Letter of credit (in USD)		
Letter of Guarantee on AGIP and KSS by Citibank	0	0
	<u>0</u>	<u>0</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

