

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KHAGARIA PURNEA HIGHWAY PROJECT LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Khagaria Purnea Highway Project Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the



- i. The company has no pending litigation which would impact its financial position;
- ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;
- iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund.

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



A handwritten signature in black ink, appearing to read "Shashank Agrawal".

Shashank Agrawal
Partner
M.No. 536670

Place: Gurgaon
Date: 18th May, 2016

banks or financial institution The company has not issued debentures. Company has not borrowed any money from the Government.

- ix. Money raised by way of term-loan was 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.
- 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. Company has not paid or provided for any managerial remuneration, hence the provision of section 197 read with Schedule V of the Companies Act 2013 are not applicable to the company.
- xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information provided to use, the transaction entered with the related parties are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us by management, the company has not made any preferential allotment of shares or debentures during the year.
- xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. According to the information provided to us, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

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



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Shashank Agrawal
Partner
M.No. 536670

Place: Gurgaon
Date: 18th May, 2016

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Gurgaon
Date: 18th May, 2016

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



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Shashank Agrawal
Partner
M.No. 536670

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Balance Sheet as at March 31, 2016

(Figures in Rupees)

PARTICULARS	Note No.	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	46,60,26,000	46,60,26,000
Reserves and surplus	4	(10,88,63,553)	(3,70,50,315)
Non-current liabilities			
Long-term borrowings	5	5,89,22,58,677	6,22,03,42,572
Long-term provisions	6	5,24,00,000	-
Current liabilities			
Other current liabilities	7	46,57,00,200	71,67,70,892
TOTAL		6,76,75,21,324	7,36,60,89,149
ASSETS			
Non-current assets			
Fixed Assets			
Tangible Assets	8	5,88,73,11,397	6,31,58,51,736
Current assets			
Cash & Bank Balances	9	26,90,96,164	57,76,415
Short Term Loans & Advances	10	6,23,13,763	3,08,65,306
Other Current assets	11	54,88,00,000	1,01,35,95,692
TOTAL		6,76,75,21,324	7,36,60,89,149

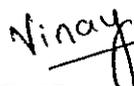
Summary of significant accounting policies
As per our report of even date annexed

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


Shashank Agrawal
Partner
M. No. 536670
Place : Gurgaon
Date: May 18, 2016



For & on behalf of Khagaria Purnea Highway Project Limited


Chief Financial
Officer


Company
Secretary


Director

Director

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Statement for Profit & Loss for the year ended March 31,2016

Particulars	Refer Note No.	(Figures in Rupees)	
		Year Ended March 31,2016	Year Ended March 31,2015
Income			
Revenue from operations	12 (a)	1,12,00,00,000	1,12,00,00,000
Other income	12 (b)	2,27,84,380	69,40,620
Total Income (I)		1,14,27,84,380	1,12,69,40,620
Expenses:			
Other Expenses	13	13,87,57,449	5,93,14,157
Total expenses (II)		13,87,57,449	5,93,14,157
Earning before interest,tax,depreciation and amortization (EBITDA) (I)-(II)			
		1,00,40,26,931	1,06,76,26,463
Finance costs	14	60,87,20,544	65,90,13,959
Depreciation and amortization expense	8	46,71,19,625	42,98,20,909
Profit/ (loss) before tax		(7,18,13,238)	(2,12,08,405)
Tax expenses			
Current tax		-	-
MAT credit entitlement		-	-
Deferred tax		-	-
Profit/ (loss) for the year		(7,18,13,238)	(2,12,08,405)
Earnings per equity share			
Basic and diluted earning per share	15	(1.54)	(0.46)
Summary of Significant accounting policies	2		

As per our report of even date annexed

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

Shashank Agrawal
Partner
M. No. 536670
Place : Gurgaon
Date: May 18, 2016



For & on behalf of Khagaria Purnea Highway Project Limited

Ninay
Chief Financial
Officer

Susali
Company
Secretary

[Signature]
Director

Director

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Cash Flow Statement for the year ended March 31, 2016

Particulars	(Figures in Rupees)	
	Year Ended March 31, 2016	Year Ended March 31, 2015
Cash Flow from operating activities		
Profit before tax	(7,18,13,238)	(2,12,08,405)
Profit before tax (excluding extraordinary items)		
Adjustments for :		
Depreciation	46,71,19,625	42,98,20,909
(Profit) / Loss on sale of investments (net)	-	-
Operating profit/Loss before working capital changes	39,53,06,388	40,86,12,504
Adjustments For :		
(Increase) / Decrease in trade and other receivables	46,47,95,693	(54,88,00,000)
(Increase) / Decrease in long term provisions	5,24,00,000	-
(Increase) / Decrease in Loans and Advances	(3,14,48,458)	(2,65,33,502)
Increase / (Decrease) in trade payables	-	-
Cash Generated from/(used in) Operating Activities	88,10,53,622	(16,67,20,998)
Direct taxes paid (net of refund)	-	-
Net Cash(used in)/from Operating Activities (A)	88,10,53,622	(16,67,20,998)
Cash flow from Investing activities :		
Purchase of fixed assets (Including CWIP)	(3,85,79,286)	(29,61,08,201)
(Increase)/ Decrease in Long-term Loans and Advances	-	-
Increase/ (Decrease) in Other Current Liabilities	(25,26,12,376)	1,35,71,379
Increase/ (Decrease) in Short term Borrowings	15,41,683	18,38,28,687
Net cash (used in) / from investing activities	(28,96,49,978)	(9,87,08,135)
Cash flow from financing activities		
Issue of Equity Shares	-	-
Premium on issue of equity shares	-	-
Proceed from Long term borrowings	(32,80,83,895)	24,76,87,478
Net cash (used in) / from financing activities	(32,80,83,895)	24,76,87,478
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	26,33,19,749	(1,77,41,655)
Cash and cash equivalents as at the beginning of the year	57,76,415	2,35,18,070
Cash and cash equivalents as at the end of the year	26,90,96,164	57,76,415
Component of Cash and Cash Equivalents as at year end		
Balances with Banks-		
-in Current Accounts	3,06,741	1,99,170
-In Escrow accounts	77,23,308	52,90,175
-in Term Deposits with Scheduled Banks	26,09,00,000	-
Cash in Hand	1,66,115	2,87,071
Total Cash and Cash Equivalents (also refer note 9)	26,90,96,164	57,76,415

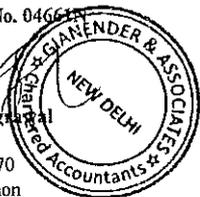
NOTES

1. Cash Flow statement has been prepared under the Indirect Method as set out in the Accounting Standard 3; " Cash Flow Statement" as per Companies (Accounting Standard) Rules, 2006.
2. Previous year's figures have been regrouped/reclassified wherever applicable

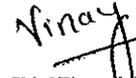
As per our report of even date annexed

For Gianender & Associates
Chartered Accountants
ICAI Regn No. 046647


Shashank Agrawal
Partner
M. No. 536670
Place : Gurgaon
Date: May 18, 2016



For & on behalf of Khagaria Purnea Highway Project Limited


Chief Financial
Officer


Company
Secretary


Director

Director

KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2016

Note No. 1- CORPORATE INFORMATION

Khagaria Purnea Highway Project Limited (the company) was incorporated under the Companies Act, 1956 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".

Note No. 2 - SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

1. The Company maintains its accounts on accrual basis following the historical cost convention, except for the revaluation of certain fixed assets, in accordance with generally accepted accounting principles ["GAAP"] in compliance with the provisions of the Companies Act, 2013 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of The Companies (Accounts) Rules, 2014 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and relevant provisions of the Companies Act, 1956 read with the Circular No.07/2014 dated April 1, 2014 of the Ministry of Corporate Affairs. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known

(b) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees rounded off to the nearest Rupee. Per share data is presented in Indian Rupees to two decimals places.

(c) Revenue Recognition

- (i) Annuity Income is accounted for on accrual basis
- (ii) Interest income is recognize on a time proportion basis
- (iii) Other items of income are accounted for as and when the right to receive arises.

(d) Fixed Assets

Tangible

Fixed assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment.

Administrative and other general overhead expenses that are specifically attributable to the construction or acquisition of fixed assets, for bringing the fixed asset to working condition are allocated and capitalised as a part of cost of fixed asset.

Capital Work in Progress

Capital Work-in-progress represents cost incurred towards Engineering, Procurement and Construction (EPC) /Construction Cost, Borrowing Cost and Pre-Operative expenditure till the completion of the Project for its intended use.



KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2016

(e) Depreciation

Depreciation on carriageway is provided on the straight line basis from the date of commercial operations over the remaining concession period as the useful life of carriageway is co-terminous with concession period in the manner as provided in schedule II of Companies Act 2013.

Depreciation on Tangible Fixed Assets (other than carriageway) 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.

(f) 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.

(g) 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)

(h) Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax computed in accordance with the provisions of the Income tax is determined in accordance with the provisions of the Income Tax Act, 1961 and based on expected outcome of assessment/appeals.

Deferred tax expense or benefit is recognized on timing differences being the difference between taxable income and accounting income that originate in one period if they are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(i) Provision, Contingent Liabilities and Contingent Assets

Provision are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- The Company has a present obligation as a result of a past event
- A Probable Outflow of resources Expected to Settle the Obligation and
- The amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received Contingent Liability is disclosed in the case of -

A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.

A possible obligation, unless the probability of outflow of resources is remote

Contingent Assets are neither recognized nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each balance sheet date.



3 Share Capital

Particulars	As at March 31, 2016	As at March 31, 2015
Authorized shares		
47,000,000 Equity Shares of Rs. 10/- each	47,00,00,000	47,00,00,000
Issued, subscribed and fully paid-up shares		
46,602,600 (previous year 46,602,600) equity shares of Rs 10 each, fully paid up	46,60,26,000	46,60,26,000
	46,60,26,000	46,60,26,000

a) Reconciliation of shares outstanding at the beginning and at the end of the year

Equity shares

Particulars	As at March 31 2016		As at March 31 2015	
	Nos.	Amount	Nos.	Amount
At the beginning of the period	4,66,02,600	46,60,26,000	4,66,02,600	46,60,26,000
Issued during the period - Bonus issue	-	-	-	-
Issued during the year	-	-	-	-
Outstanding at the end of the year	4,66,02,600	46,60,26,000	4,66,02,600	46,60,26,000

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, 2016, 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, 2016	As at March 31, 2015
Punj Lloyd Infrastructure Limited & its Nominees	Holding Company	46,60,26,000	46,60,26,000
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 2016		As at March 31 2015	
	Number	%	Number	%
Equity Shares of Rs.10/- each fully paid				
Punj Lloyd Infrastructure Limited and its nominees	4,66,02,600	100	4,66,02,600	100
	4,66,02,600	100	4,66,02,600	100

4 Reserve and surplus

Particulars	As at March 31, 2016	As at March 31, 2015
Securities premium account		
Balance as per the last financial statements	15,90,26,000	15,90,26,000
Add: premium on issue of equity shares	-	-
Closing Balance	15,90,26,000	15,90,26,000
Surplus/(Deficit) in the statement of profit and loss		
Balance as per last financial statements	(19,60,76,315)	(17,48,67,910)
(Loss)/profit for the year	(7,18,13,238)	(2,12,08,405)
Net deficit in the statement of profit and loss	(26,78,89,553)	(19,60,76,315)
Total reserves and surplus	(10,88,63,553)	(3,70,50,315)



5 Long term borrowing

Particulars	Non-current portion	Current portion	Non-current portion	Current portion
	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
Term loans (Secured)				
From Banks				
Indian Rupee Loan	2,82,69,42,855	22,11,82,458	3,04,81,25,313	22,11,82,458
Foreign Currency Loan	1,40,79,60,262	10,88,49,103	1,47,98,24,723	10,73,07,420
From Others				
India Infrastructure Finance Company Limited	45,78,46,155	88,61,538	46,67,07,693	88,61,538
L&T Infrastructure Finance Company Limited	63,45,61,405	2,61,75,438	66,07,36,843	2,61,75,438
Total Term Loans Secured	5,32,73,10,677	36,50,68,537	5,65,53,94,572	36,35,26,854
Other loans and advances (Unsecured)				
Punj Lloyd Infrastructure Ltd. (the Holding Company)	56,49,48,000	-	56,49,48,000	-
	5,89,22,58,677	36,50,68,537	6,22,03,42,572	36,35,26,854
The above amount includes				
Secured borrowings	-	(36,50,68,537)	-	(36,35,26,854)
Amount disclosed under the head "other current liabilities" (note 6)				
	5,89,22,58,677	-	6,22,03,42,572	-

The above term loan are secured by :

- 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;
- a pledge of 51% of the total paid up equity share capital of the Company held by Punj Lloyd Infrastructure Limited.
- unconditional and irrevocable Corporate Guarantee of Punj Lloyd Limited, the Ultimate Holding Company, to cover any shortfall in meeting the company's obligations under the Sponsor Support Agreement executed by Punj Lloyd Limited / Punj Lloyd Infrastructure Limited as sponsors, in the event of termination of the Concession Agreement with National Highways Authority of India on or before the Commercial Opeartion Date (COD) due to any reason whatsoever.

provided that:

the aforesaid mortgages, charges, assignments, guarantees 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 @10.55% p.a (previous year 12% 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 25718517.14, 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 940880 to USD 19145608

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 17323521.72 and Rs. 65/per USD (ranging upto 1 USD = 75) for USD 4116333.86 and loan amount has been translated using Hedging rate or closing rate as the case may be as on 31st March 2016



6 Long Term provisions

Particulars	As at March 31, 2016	As at March 31, 2015
Provision for major maintenance	5,24,00,000	-
	<u>5,24,00,000</u>	<u>-</u>

7 Other Current Liabilities

Particulars	As at March 31, 2016	As at March 31, 2015
Current maturities of long term borrowings (note 5)	36,50,68,537	36,35,26,854
Other Payable		
Audit Fee Payable	1,43,000	1,40,738
Interest Accrued but not Due	2,41,79,812	2,13,69,063
Due to ultimate Holding company		
EPC payable	44,10,000	89,94,672
Bonus payable	6,92,30,358	22,56,17,778
Other Payables	18,660	1,27,04,910
Retention money payable to EPC contractor	-	8,12,80,038
Due to Holding Company	5,82,529	5,79,264
Statutory Dues		
TDS Payable	4,33,028	3,35,644
Sundry Creditors	14,45,388	17,86,530
Salary Payable	1,88,888	4,35,401
	<u>10,06,31,663</u>	<u>35,32,44,038</u>

9 Cash & Bank Balances

Particulars	As at March 31, 2016	As at March 31, 2015
Cash and Cash Equivalents		
Balances with banks-		
on Current account	3,06,741	1,99,170
on Escrow Account	77,23,308	52,90,175
on Bank deposit with less than 3 months maturity	<u>2,23,00,000</u>	<u>-</u>
Other bank balances		
Deposits with maturity for more than three months but less than 12 months	23,86,00,000	-
Cash on hand	1,66,115	2,87,071
Cash and Cash Equivalents	<u>26,90,96,164</u>	<u>57,76,415</u>

10 Short Term Loans & Advances

Particulars	As at March 31, 2016	As at March 31, 2015
Security Deposit (Unsecured, Considered good)	1,45,800	1,45,800
Other Loans and Advances (Unsecured, Considered good)		
- Advances Recoverable in cash or in kind	15,46,387	15,50,809
- Prepaid expenses	37,25,626	36,70,440
- TDS Recoverable	<u>5,68,95,950</u>	<u>2,54,98,257</u>
	<u>6,23,13,763</u>	<u>3,08,65,306</u>

11 Other Current assets

Particulars	As at March 31, 2016	As at March 31, 2015
Other Current assets		
Annuity/Bonus annuity receivable - from NHAI	54,88,00,000	1,00,92,44,444
Other receivables - from NHAI	<u>-</u>	<u>43,51,248</u>
	<u>54,88,00,000</u>	<u>1,01,35,95,692</u>



8 Tangible Assets

Particulars	(Rs)									
	Gross Block			Depreciation			Net Carrying Value		Net Carrying Value	
	As at April 01, 2015	Additions	Deletions	As at March 31, 2016	up to March 31, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible Assets										
Carriageway	6,90,49,24,823	3,85,79,286	-	6,94,35,04,109	59,30,63,307	46,71,18,705	-	1,06,01,82,012	5,88,33,22,097	6,31,18,61,516
Land- Freehold*	39,89,300	-	-	39,89,300	-	920	-	-	39,89,300	39,89,300
Laptop	26,500	-	-	26,500	25,580	920	-	26,500	-	920
Total	6,90,89,40,623	3,85,79,286	-	6,94,75,19,909	59,30,88,887	46,71,19,625	-	1,06,02,08,512	5,88,73,11,397	6,31,58,51,736
Previous Year Figures				6,90,89,40,623	-	-	-	59,30,88,887		

* Land has been mortgaged to the senior lenders



12 (a) Revenue from operation

Particulars	Year Ended March 31,2016	Year Ended March 31,2015
Annuity Income	1,12,00,00,000	1,12,00,00,000
	<u>1,12,00,00,000</u>	<u>1,12,00,00,000</u>

12 (b) Other Income

Particulars	Year Ended March 31,2016	Year Ended March 31,2015
Interest Income	2,27,84,380	69,40,620
	<u>2,27,84,380</u>	<u>69,40,620</u>

13 Other Expenses

Particulars	Year Ended March 31,2016	Year Ended March 31,2015
Travelling and conveyance	4,41,540	7,59,247
Consultancy and professional charges	92,10,565	19,37,319
Office expenses	24,291	58,726
Operation and Maintenance charges	6,90,25,367	5,12,70,248
Major maintenance of carriageway	5,24,00,000	-
Payment to Auditor (Refer below)	1,48,850	1,46,068
Insurance	58,66,265	47,10,515
Fee & Taxes	16,40,571	2,25,438
Other expenses	-	2,06,596
	<u>13,87,57,449</u>	<u>5,93,14,157</u>

Payments to auditors:

Audit Fee	1,48,850	1,46,068
	<u>1,48,850</u>	<u>1,46,068</u>

14 Finance costs

Particulars	Year Ended March 31,2016	Year Ended March 31,2015
Interest on Term Loan	57,09,42,803	60,78,70,788
Bank charges	3,10,494	1,99,108
Other borrowing cost	3,74,67,246	5,09,44,063
	<u>60,87,20,544</u>	<u>65,90,13,959</u>

15 Earnings per share

Basic and diluted earnings

	Year Ended March 31,2016	Year Ended March 31,2015
Calculation of weighted average number of equity shares of Rs. 10 each		
Number of equity shares at the Beginning of the year	4,66,02,600	4,66,02,600
Equity shares at the end of the year	4,66,02,600	4,66,02,600
Weighted average number of equity shares outstanding during the year	4,66,02,600	4,66,02,600
Net loss after tax available for equity share holders (Rs.)	(7,18,13,238)	(2,12,08,405)
Basic and diluted earnings per share (Rs.)	(1.54)	(0.46)
Nominal value of share (Rs.)	10	10



KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to Financial Statements for the year ended March 31, 2016
Note No. 16 - 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 :-	
Dinesh Thairani	Director
Rajat Seksaria	Director
Rahul Vashishtha	Director
Jahnvi Upadhyay	Director
Vinay Dalmia	CFO
Swati Chhabra	Company Secretary
Naveen Chakravarty	Manager

B. Transactions with related parties

Name / Relationship/ Nature of transaction	Amount of transaction		Due to		Due from	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<u>Punj Lloyd Limited</u>						
EPC Works	-	26,89,56,224		9,02,74,710	-	-
O & M and other Charges	5,40,00,000	2,97,50,000	44,28,660	1,27,04,910	-	-
EPC Bonus	-	-	6,92,30,358	22,56,17,778	-	-
Corporate Guarantee	5,69,23,79,214	6,01,89,21,426	-	-	-	-
<u>Punj Lloyd Infrastructure Limited</u>						
Equity Share Capital	-	-	46,60,26,000	46,60,26,000	-	-
Share premium	-	-	15,90,26,000	15,90,26,000	-	-
Management Fees	-	-	-	5,79,264	-	-
Unsecured Loan	-	8,07,85,410	56,49,48,000	56,49,48,000	-	-

The Term Loans are secured by a pledge of 51% of the total paid up equity share capital of the Company held by Punj Lloyd Infrastructure Limited.



KHAGARIA PURNEA HIGHWAY PROJECT LIMITED
Notes to the Financial Statements

Note No. 17 - Contingent Liabilities (not provided for)

Particulars	As at	As at
	March 31, 2016	March 31, 2015
Capital Commitment to EPC contractors		
Punj Lloyd Limited		
Total EPC cost	6,13,00,00,000	6,13,00,00,000
Less: Mobilization advance	-	-
Work Executed	(6,08,09,42,168)	(6,08,09,42,168)
EPC cost remaining to be executed	4,90,57,832	4,90,57,832

Note No. 18 - Employee Benefits

The Payment of Gratuity Act 1972 is not applicable to the company since the company does not have requisite number of employees.

Note No. 19 -Taxation

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 deferred tax on Timing differences 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.

Note No. 20

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

Note No. 21

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

Note No. 22

Based on the review of the future discounted cash flow, the recoverable amount of the project facility is more than its carrying amount. Accordingly, no provision for the impairment is made in the books of accounts.

Note No. 23

The current assets, loans & advances are stated at the value which in the opinion of the management are realisable in the ordinary course of business. Current liabilities and provisions are stated at the value payable in the ordinary course of business.

Note No. 24

Business Segment:

The services rendered by the Company are in the nature of Design, Built, Finance, operate and transfer of NH-31 from (KM 270.00) to (KM 410.00) of Khagaria Purnea Section in the State of Bihar, Under North-South Corridor (NHDP Phase -III) on BOT (Annuity) basis and hence no business segment disclosure is considered necessary.

Geographical Segment:

During the year under report the Company has engaged in its business within the state of Bihar. The conditions prevailing in Bihar being uniform, no separate geographical disclosure is considered necessary.

Note No. 25

In terms of provisions of para 46 A (notified by MCA in AS-11) company has exercised the option of capitalisation of foreign exchange differences arising on outstanding long term foreign currency borrowing from ICICI Bank Limited to carriageway. The same will be depreciated over the remaining concession period.

Expenditure in Foreign Currency

Particulars	2015 - 2016	2014- 2015
Interest	10,24,66,081	7,92,69,302
Commitment Fees	-	11,59,990
Others	2,97,86,399	3,10,24,205
Total	13,22,52,480	11,14,53,497

Note No. 26

The Company has not entered into any finance lease. The Company has taken office premises and Guest house under cancellable operating lease. These agreements are normally renewed on expiry. Lease rental expenses in respect of operating leases for the year Rs. Nil (previous year:Rs. 1,12,500/-) has been included in Pre-operative expenses.



Note No. 27

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.

Note No. 28

Previous Year figures have been re-grouped / re-arranged wherever necessary.

Note No. 29

Note No. - 1 to 29 form an integral part of financial statements.

As per our report of even date annexed

For Gianender & Associates

Chartered Accountants

ICAI Regn No. 04661N



Shashank Agrawal
Partner

M. No. 536670

Place : Gurgaon

Date: May 18, 2016



For & on behalf of Khagaria Purnea Highway Project Limited



Vinay
Chief Financial
Officer



Swati
Company
Secretary



Director

Director