

**M.K. DANDEKER & CO.,**  
*Chartered Accountants*

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Branches : BANGALORE  
HYDERABAD  
MUMBAI

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF PATEL KNR INFRASTRUCTURES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **PATEL KNR INFRASTRUCTURES LIMITED**, which comprise the Balance Sheet as at 31st March, 2015, 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.

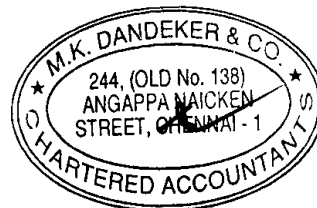
**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

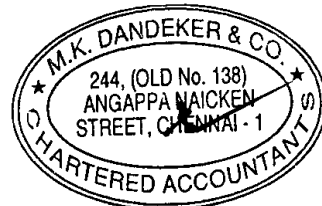
An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2015, and its **profit** and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

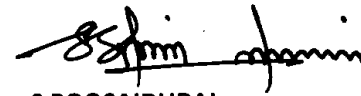
- 1) As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we enclose in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the said Order.
- 2) As required 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 purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) 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 does not have any pending litigations which would impact its financial position.
  - 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* **M.K. DANDEKER & CO.,**

*Chartered Accountants*  
(Firm Registration No. 000679S)



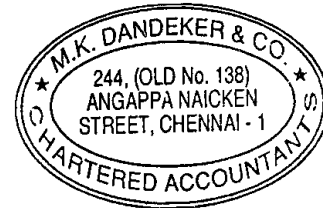
**S POOSAIDURAI**

Partner

Membership No. 223754.

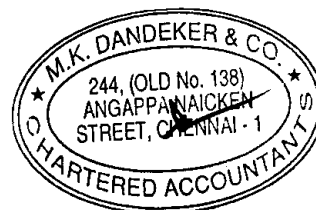
**Place : Hyderabad**

**Date : May 30, 2015**



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

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.
2. The Company is engaged in the business of infrastructure development and maintenance and hence the clauses 3 (ii) (a), (b) & (c) of the Companies (Auditor's Report) Order 2015 relating to inventory are not applicable.
3. 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. Hence, reporting under clause 3 (iii) (a) & (b) of the Companies (Auditor's Report) Order 2015 does not arise.
4. According to the information and explanations given to us, the Company is having adequate Internal Control system commensurate with the size of the Company and the nature of its business. Also, there is no continuing failure to correct major weaknesses in internal control system.
5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
6. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.
7. a. The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
- b. According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.
- c. There was no amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
8. The Company has accumulated losses of Rs.1,50,01,504 at the end of the financial year and it is not more than fifty percentage of its net worth. The Company has not incurred any cash losses in the current and immediately preceding financial year.

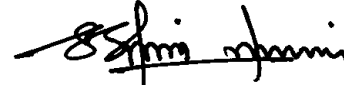


**M.K.Dandeker & Co.**  
**Chartered Accountants**

9. The Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
10. The 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. The term loans were applied for the purpose for which the loans were obtained.
12. Based on the information and explanation given to us and based on the audit procedures followed by us, there were no frauds on or by the Company that has been noticed or reported during the year.

Place : Hyderabad  
Date : May 30, 2015

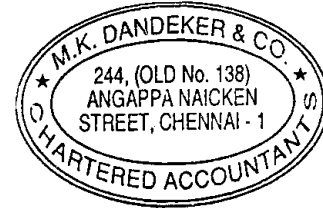
for **M.K. DANDEKER & CO.,**  
Chartered Accountants  
(Firm Registration No. 000679S)



**S POOSAIDURAI**

Partner

Membership No. 223754.



# PATEL-KNR INFRASTRUCTURES LTD

Regd office: Patel Estate Road, Jogeswari(W), Mumbai-400102

## Balance Sheet as at March 31, 2015

Amt in Rs

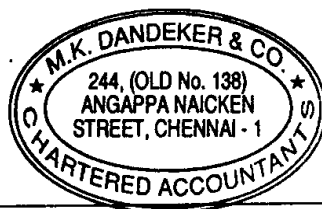
Particulars	Note no	As at 31-3-2015		As at 31-3-2014	
<b>EQUITY &amp; LIABILITIES:</b>					
<b>Shareholders' funds</b>					
Share capital	3	37,00,00,000		37,00,00,000	
Reserves and surplus	4	-1,36,51,179	35,63,48,821	-1,90,52,477	35,09,47,523
<b>Non- Current Liabilities</b>					
Long term Borrowings	5	3,15,43,00,000		3,34,14,00,000	
Other Long term liabilities	6	4,07,200		15,74,452	
Long-term Provision	7	4,87,00,000	3,20,34,07,200	-	3,34,29,74,452
<b>Current Liabilities</b>					
Other current Liabilities	8		35,69,85,901	36,15,62,790	36,15,62,790
Short-term provisions	8(a)		15,80,00,000	19,00,00,000	19,00,00,000
<b>TOTAL</b>			<b>4,07,47,41,922</b>		<b>4,24,54,84,765</b>
<b>ASSETS:</b>					
<b>Non-Current Assets</b>					
<b>Fixed Assets</b>					
Tangible assets	9 (i)	33,54,535		33,85,186	
Intangible assets	9 (ii)	3,14,11,31,803		3,40,28,92,787	
Other Long Term loans and Advanes	10	5,00,74,039	3,19,45,60,377	3,44,25,578	3,44,07,03,551
<b>Current Assets</b>					
Trade Receivables	11	2,72,38,155		1,26,75,602	
Cash and Bank Balances	11	84,68,86,096		78,75,18,641	
Short-term loans and advances	11	60,41,016		45,67,442	
Other current assets	12	16,278	88,01,81,545	19,529	80,47,81,214
<b>TOTAL</b>			<b>4,07,47,41,922</b>		<b>4,24,54,84,765</b>
Significant accounting policies	2				

The accompanying notes are an intergral part of the financial statements

As per our report attached  
**For M. K. Dandeker & Co.**  
 Chartered Accountants  
 (ICAI Registration No. 000679S)

**For Patel-KNR Infrastructures Ltd**

*S Poosaidurai*  
**S POOSAIDURAI**  
 Partner  
 Membership No. 223754  
 Place: Hyderabad  
 Date: 30/05/2015



*Mangala M.*  
 Director  
**Mangala M.**  
 Company Secretary

*K.N.R. Reddy*  
 Director

# PATEL-KNR INFRASTRUCTURES LTD

Regd office:Patel Estate Road,Jogeswari(W),Mumbai-400102

Statement of Profit and Loss for the year ended March 31, 2015

Particulars	Note No	31.03.2015	31.03.2014
<b>REVENUE</b>			
Revenue from oprations	13	65,88,00,000	65,88,00,000
Other Income	14	5,86,11,045	4,08,09,577
<b>Total Revenue</b>		<b>71,74,11,045</b>	<b>69,96,09,577</b>
<b>EXPENSES</b>			
Operating Expenses	15	11,58,93,393	9,89,14,168
Employee benefit Expenses	16	2,08,000	1,44,000
Finance Cost	17	32,47,78,172	34,44,09,825
Administration Expenses	18	4,70,208	1,35,759
Depreciation & Amortization Expenses	9	26,23,95,579	26,22,35,697
Other Expenses	19	69,92,893	96,91,051
<b>Total Expenses</b>		<b>71,07,38,245</b>	<b>71,55,30,500</b>
Profit/ (loss) Before exceptional and extraordinary items and Tax		66,72,800	(1,59,20,923)
Exceptional Items/Extraordinary Items		-	-
Profit Before Tax		66,72,800	-
Tax Expenses:			
1.Current Tax		12,71,502	-
2.Deferred Tax		-	-
Profit /(Loss) for the period		54,01,298	(1,59,20,923)
<b>Balance carried to Balance Sheet</b>		<b>54,01,298</b>	<b>(1,59,20,923)</b>
Basic and Diluted earnings per equity share		0.15	(0.43)
Face value per equity share		10.00	10.00
Significant accounting policies	2		

The accompanying notes are an intergral part of the financial statements

As per our report attached

For M. K. Dandeker & Co.

Chartered Accountants

(ICAI Registration No. 000679S)

*S. Poosaidurai*

S. POOSAIDURAI

Partner

Membership No. 223754

Place: Hyderabad

Date: 30.05.2015

For Patel-KNR Infrastructures Ltd

*Mangala M.*

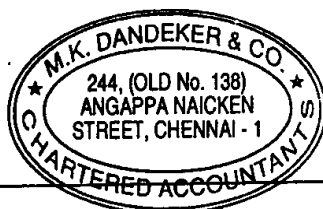
Director

*Mangala M.*

Company Secretary

*K.N.R. Reddy*

Director



**PATEL-KNR INFRASTRUCTURES LTD**

**Regd office:Patel Estate Road,Jogeswari(W),Mumbai-400102**

**Cash flow statement for the year ended March 31, 2015**

	As at 31-3-2015	As at 31-3-2014
<b>A Cash flow from operating activities</b>		
Net Profit before taxes	66,72,800	-1,59,20,923
Adjustments for:		
Depreciation/ amortisation	26,23,95,579	26,22,35,697
Interest paid (On NCD)	32,47,22,554	34,44,09,825
Interest received (From FD's)	-3,93,63,915	-4,08,09,577
Provision for Periodic Maintenance reserve	4,87,00,000	5,31,83,395
Operating profit before working capital changes	<b>60,31,27,018</b>	<b>60,30,98,417</b>
Adjustments for :		
Increase / (Decrease) in Current liabilities	-3,65,76,889	2,15,90,642
(Increase) / Decrease in short term loans and advances	-14,73,574	25,373
(Increase) / Decrease in Trade Receivable	-1,45,62,553	-
(Increase) / Decrease in Long term loans and advances	-1,56,48,461	-20,15,413
(Increase) / Decrease in other Current assets	3,251	-18,684
(Increase) / Decrease in Long Term Liabilities	-11,67,252	-
Cash generated from/(used in) operating activities	<b>53,37,01,540</b>	<b>62,26,80,335</b>
Direct taxes paid	12,71,502	-
<b>Net cash generated from /(used in) operating activities</b>	<b>53,24,30,038</b>	<b>62,26,80,335</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets, including intangible assets	-6,03,944	-
Dividend on MF received		
Interest received	3,93,63,915	4,08,09,577
Cash generated from / (used in) investing activities		
Extraordinary items		
<b>Net cash generated from / (used in) investing activities</b>	<b>3,87,59,971</b>	<b>4,08,09,577</b>
<b>C Cash flow from financing activities</b>		
(Repayment)/Proceeds from other borrowings	-18,71,00,000	-18,54,68,347
Interest paid	-32,47,22,554	-34,44,09,825
<b>Net cash generated from /(used in) financing activities</b>	<b>-51,18,22,554</b>	<b>-52,98,78,172</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>5,93,67,455</b>	<b>13,36,11,740</b>
Cash and cash equivalents as at the beginning	78,75,18,641	65,39,06,899
Cash and cash equivalents as at the end of the year 31 March 2015	84,68,86,096	78,75,18,641

**Notes:**

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as specified in Companies (Accounting Standards) Rules ,2006
- Purchase of fixed assets includes movement of capital work in progress and preoperative expenses pending allocation during the period.
- Cash and cash equivalents represent cash and bank balances .

As per our report attached

**For M. K. Dandeker & Co.**

Chartered Accountants

(ICAI Registration No. 000679S)

*S Poosaidurai*

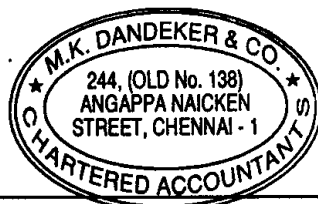
**S POOSAIDURAI**

Partner

Membership No. 223754

Place: Hyderabad

Date:30/05/2015



**For Patel-KNR Infrastructures Ltd**

*K.N. Reddy*

Director

*Mangala M.*

Director

**Mangala M.**  
Company Secretary



**Note 10: Other long term Loans and advances**

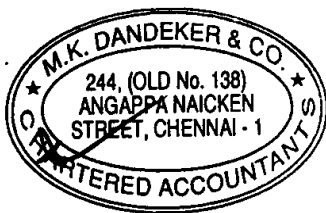
Particulars	As at March 31, 2015		As at March 31, 2014	
	Sales Tax deposits	25,000		25,000
Income Tax Advance	5,13,20,541		3,44,00,578	
Less: Provision for Taxation	12,71,502			
		5,00,74,039		3,44,25,578

**Note 11: Current assets**

Particulars	As at March 31, 2015		As at March 31, 2014	
	<b>a) Trade Receivables and other deposits (Unsecured considered good)</b>			
-Outstanding for more than 6 months :-				
-Client Bills receivables	37,17,589		37,17,589	
-Client Retention Deposit	6,926		6,926	
-Outstanding for less than 6 months :-				
- Annuity Receivables	89,51,087		89,51,087	
- Other receivables -Misc Wroks	1,07,05,002			
		2,33,80,604		1,26,75,602
<b>b) Cash and Bank Balances</b>				
1) Cash and Cash equivalents				
Balances with Bank				
- On Currents Accounts	53,87,37,183	53,87,37,183	32,31,56,842	32,31,56,842
2) Fixed Deposit Including Interest there on				
Thamilnadu Mercantile Bank Ltd *	20,81,48,913		19,14,86,214	
The Ratnakar Bank Ltd	10,00,00,000		10,00,00,000	
Axis Bank Ltd	-	-	7,87,11,149	
Axis Bank Ltd	-	-	2,68,37,432	
Axis bank Ltd	-	30,81,48,913	6,73,27,004	46,43,61,799
(*Deposited with bank in conection with issueof debentures )				
<b>c) Short term Loans and advances:-</b>				
Interest accrued and due	60,41,016	60,41,016	45,67,442	45,67,442
<b>Total</b>		<b>87,63,07,716</b>		<b>80,47,61,685</b>

**Note 12: Other Current assets**

Particulars	As at March 31, 2015		As at March 31, 2014	
	1) Other Receivables	-		-
2) Other advances received from Client	-		-	
2) Prepaid Expenses	16,278	16,278	19,529	19,529



Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	Amt in Rs	Number	Amt in Rs
Authorised Equity Shares of Rupees 10/- each Issued	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
Equity Shares of Rupees 10/- each Subscribed and Paid up	3,70,00,000	37,00,00,000	3,70,00,000	37,00,00,000
Equity Shares of Rupees 10/- each fully paid (refer foot note no. i, ii, iii and iv)	3,70,00,000	37,00,00,000	3,70,00,000	37,00,00,000
<b>Total</b>	<b>3,70,00,000</b>	<b>37,00,00,000</b>	<b>3,70,00,000</b>	<b>37,00,00,000</b>

**Foot Notes:**

**i. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period**

Particulars	As at March 31, 2015		As at March 31, 2014	
	Equity Shares	Amt in Rs.	Equity Shares	Amt in Rs.
Shares outstanding at the beginning of the period / year				
Shares issued during the period / year	3,70,00,000	37,00,00,000	3,70,00,000	37,00,00,000
Shares bought back during the period / year	-	-	-	-
<b>Shares outstanding at the end of the period / year</b>	<b>3,70,00,000</b>	<b>37,00,00,000</b>	<b>3,70,00,000</b>	<b>37,00,00,000</b>

**ii. Shares held by Holding /ultimate holding company and their subsidiaries /associates**

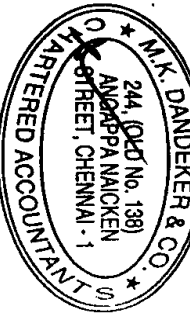
Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	Amt in Rs.	No. of Shares	Amt in Rs.
Patel Engineering Ltd (Holding Company and Ultimate Holding Co) Equity share of Rs 10 Each	15,54,000	1,55,40,000	15,54,000	1,55,40,000
		1,55,40,000		1,55,40,000

**iii. Shareholding more than 5% shares**

Name of Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
Patel Engineering Ltd	1,55,40,000	42%	1,55,40,000	42%
KNR Constructions Ltd	1,48,00,000	40%	1,48,00,000	40%
Empro Ltd	66,60,000	18%	66,60,000	18%
<b>Total</b>	<b>3,70,00,000</b>	<b>100%</b>	<b>3,70,00,000</b>	<b>100%</b>

**iv. Terms/Rights attached to Equity share holders:**

The company has only one class of equity share having par value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed if any by the board of directors is subject to the approval of the share holders in the ensuing annual general meeting



**Note 4: Reserves and surplus**

Particulars	As at March 31, 2015		As at March 31, 2014	
<b>(a) Profit / (Loss) Surplus</b>				
Opening balance		(1,90,52,477)		(31,31,554)
(+) Profit/(Loss) for the current period / year		54,01,298		(1,59,20,923)
Less: Transfer to Debenture Redemption Reserve (25% out of the profits)		13,50,325		-
		(1,50,01,504)		(1,90,52,477.00)
<b>(b) Debenture Redemption Reserve</b>				
Opening balance		-		-
(+) Transfer during the year		13,50,325		-
<b>Total</b>		<b>(1,36,51,179)</b>		<b>(1,90,52,477)</b>

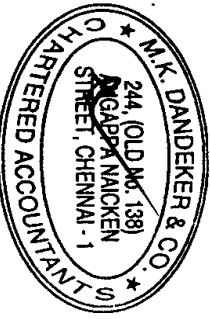
**Note 5: Long-term borrowings**

Particulars	As at March 31, 2015		As at March 31, 2014	
<b>Debentures (refer foot note no. i)</b>				
<b>(i) Secured</b>				
Non convertible debentures at the beging of the year		3,52,69,00,000		3,70,34,00,000
Less : Redeemed during the year		18,55,00,000		17,65,00,000
Less : Redeemable in Next year		18,71,00,000		18,55,00,000
<b>Total</b>		<b>3,15,43,00,000</b>		<b>3,34,14,00,000</b>

**Foot Notes:**

The company has issued 9.57% Rated Taxable Redeemable Non-Convertible Debentures of face value Rs.10 lakhs each amounting to Rs 409 Crores on April 23, 2010. The same are redeemable partly every year with the redemption starting from Oct/2010 and would be completed by 2027". The said debentures carry an interest rate of 9.57% payable half yearly. These debentures were subsequently listed on 01/06/2010 in NSE. Interest due during the year have been paid fully without delay. Debenture Redemption Reserve has been created out of the Profits available for distribution as Dividend in compliance with the provisions given under Sec 71(4) of the Companies Act, 2013

ii) All the above debentures are secured by 1) First charge on the entire assets, movable and immovable, present and future of the company, 2) First charge on the revenues and receivables of the company including the annuity, 3) First charge on the Debt service reserve account, and other reserves, Trust and retention account and all other Bank accounts of the company, 4) Assignment of all the contracts, Project documents and insurance policies as regards the road project on NH -7 on annuity and 5) Assignment of a revolving letter of credit of Rs 32.94 Crores in favour of AXIS Bank, 6) Next repayment date 14/04/2015



Note 6: Other long term liabilities				Amt in Rs	
Particulars				As at March 31, 2015	As at March 31, 2014
a) Trade Payables					
Due to Related parties				4,07,200	15,74,452
Due to others				-	-
Total				4,07,200	15,74,452

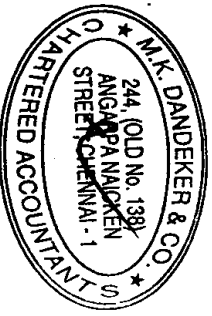
Note 7: Long-term provisions				As at March 31, 2015		As at March 31, 2014	
Particulars				As at March 31, 2015		As at March 31, 2014	
Periodic Maintenance Reserve (Refer Note Below)				4,87,00,000	4,87,00,000	-	-
Total				4,87,00,000	4,87,00,000	-	-

Note 8: Other current liabilities				Amt in Rs			
Particulars				As at March 31, 2015		As at March 31, 2014	
Trade Payables (Due to KNR Construction Ltd)				-38,57,551		1,76,28,903	
Interest accrued but not due on borrowings				16,89,69,568		15,66,84,022	
Debentures Redeemable within 12 months				18,71,00,000		18,55,00,000	
Other Trade Payables				9,16,333		17,49,865	
Total				35,31,28,350	35,31,28,350	36,15,62,790	36,15,62,790

Note 8 (a): Short term provisions				As at March 31, 2015		As at March 31, 2014	
Particulars				As at March 31, 2015		As at March 31, 2014	
Periodic Maintenance Reserve (Refer Note Below)				15,80,00,000	15,80,00,000	19,00,00,000	19,00,00,000
Total				15,80,00,000	15,80,00,000	-	19,00,00,000

Note - Details of movement of Provisions are as follows (Note no 7 and 8(a) )

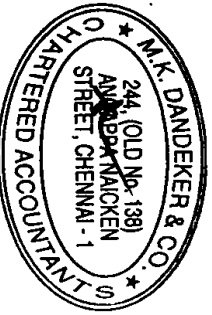
Particulars	As at March 31,		As at March 31,	
	2015	2014	2014	2014
Opening Balance	19,00,00,000	13,68,16,605		
Add: Accretion during the year	4,87,00,000	5,31,83,395		
Less: Utilised during the year -	3,20,00,000	Nil		
Closing Balance	20,67,00,000	19,00,00,000		



NOTE NO:9 Fixed Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2014	Additions during the Year	Deductions during the Year	As at 31.03.2015	As at 01.04.2014	For the year	Deductions during the Year	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
Particulars										
Note 9 (i) - Tangible Assets										
Buildings	15,57,000	-	-	15,57,000	3,46,000	86,500	-	4,32,500	11,24,500	12,11,000
Motor vehicles	38,82,128	6,03,944	-	44,86,072	17,07,942	5,48,095	-	22,56,037	22,30,035	21,74,186
<b>TOTAL</b>	<b>54,39,128</b>	<b>6,03,944</b>	<b>-</b>	<b>60,43,072</b>	<b>20,53,942</b>	<b>6,34,595</b>	<b>-</b>	<b>26,88,537</b>	<b>33,54,535</b>	<b>33,85,186</b>
Previous Year	54,39,128	-	-	54,39,128	15,79,229	4,16,332	-	20,53,942	33,85,186	-
Note 9(ii) - Intangible Assets										
Carriageway	4,71,16,97,707	-	-	4,71,16,97,707	1,30,88,04,920	26,17,60,984.00	-	1,57,05,65,904	3,14,11,31,803	3,40,28,92,787
<b>TOTAL</b>	<b>4,71,16,97,707</b>	<b>-</b>	<b>-</b>	<b>4,71,16,97,707</b>	<b>1,30,88,04,920</b>	<b>26,17,60,984</b>	<b>-</b>	<b>1,57,05,65,904</b>	<b>3,14,11,31,803</b>	<b>3,40,28,92,787</b>
Previous Year	4,71,16,97,707	-	-	4,71,16,97,707	1,04,70,43,936	26,17,60,984	-	1,30,88,04,920	3,40,28,92,787	-
										26,23,95,579.00

Calculation for Reference

DEPRECIATION ON MOTOR CAR - AS PER REVISED SCHEDULE II OF COMPANIES ACT, 2013			
Particulars	I	II (Innova Car)	III (Bolero camper)
Motor car value as on 31-03-2012	11,87,498	17,04,733	0
Depn for 2012-13	2,17,740	1,12,092	0
Closing Balance as on 31-03-2013	9,69,758	15,92,641	0
Depn for 2013-14	2,17,740	1,70,473	0
Closing Balance as on 31-03-2014	7,52,018	14,22,168	0
Capitalized value as on 26-07-2014			6,03,944
Useful Life	10	10	10
Useful life elapsed as on 31-03-2014	5	2	0
Revised useful life	8	8	10
Revised balance useful life	3	6	10
Depreciation to be charged	2,50,673	2,37,028	60,394.40



13. Revenue from Operations	As at 31-3-2015	As at 31-3-2014
a) Annuity Income	65,88,00,000	65,88,00,000
	<b>65,88,00,000</b>	<b>65,88,00,000</b>

14. Other Income	As at 31-3-2015	As at 31-3-2014
a) Interest Income	3,93,63,915	3,97,50,097
b) Interest on income tax refund	-	10,59,480
c) Other income	1,91,47,500	-
d) Credits written back	99,630	-
	<b>5,86,11,045</b>	<b>4,08,09,577</b>

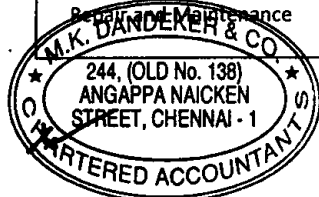
15. Operating Expenses	As at 31-3-2015	As at 31-3-2014
Other Sub Contract Cost	1,91,47,500	-
Repairs and Maintenance:-		
Regular Maintenance Cost	4,80,45,893	4,57,30,773
Periodic Maintenance Cost	4,87,00,000	5,31,83,395
	<b>11,58,93,393</b>	<b>9,89,14,168</b>

16. Employee benefit Expenses	As at 31-3-2015	As at 31-3-2014
Salaries & Wages	2,08,000	1,44,000
	<b>2,08,000</b>	<b>1,44,000</b>

17. Finance Cost	As at 31-3-2015	As at 31-3-2014
Bank Charges	55,618	23,596.00
Interest on Debentures	32,47,22,554	34,43,86,229
	<b>32,47,78,172</b>	<b>34,44,09,825</b>

18. Administration and General Exp	As at 31-3-2015	As at 31-3-2014
Insurance	32,959	20,293
Stationery and Printing	1,950	1,250
Travel Rail/Road	37,768	46,334
Travell Loading/Boarding	4,712	5,815
Travel-meals/Food Expenses	6,027	5,042
Listing fee	56,180	56,180
General Expenses	-	-
Irrecoverable debts w/o	3,00,000	-
Other Expenses	30,612	845
	<b>4,70,208</b>	<b>1,35,759</b>

19. Other Expense	As at 31-3-2015	As at 31-3-2014
Audit fee	3,59,552	2,80,900
Certification fee	28,090	89,888
Rates and Taxes	7,200	250
Advertisement	28,601	29,236
Consultation Charges	55,37,573	90,08,062
Professional	6,98,724	1,04,617
Tax audit fees	44,944	28,090
Int.on TDS Delay	1,552	-
Seminar Fee	4,300	-
Professional fee	2,82,357	1,50,008
	<b>69,92,893</b>	<b>96,91,051</b>



## **Note No: 1-Corporate Information**

The Company as formed as SPV namely Patel-KNR Infrastructures Ltd and has been awarded on Build Operate and Transfer (BOT) Annuity basis, the widening of existing two-lane portion from Km 463.6.00 (A.P-karnataka border) to Km 524.00 (Avathi village), covering 60.4 Kilometers, on National Highway No.7 (NH-7) in the state of KARNATAKA, to 4 lanes under the Concession Agreement dated 28<sup>th</sup> September, 2006 with the National Highways Authority of India. The Concession Agreement is for a period of 18 years from the date of the Commencement stated in clause 1.1 of the said agreement. At the end of Concession period, the entire facility will be transferred to NHAI.

## **Note No: 2- SIGNIFICANT ACCOUNTING POLICIES**

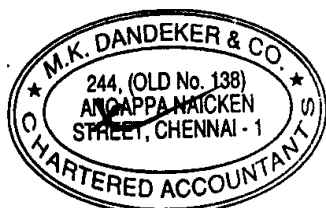
### **1. Basis of Accounting:**

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.

### **2. 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.



### 3. Revenue from operations

- a) Annuity Income:
  - i) Annuity collections are accounted for as and when the amount is accrued and when the recovery of the same is certain.
  - ii) Other items of income are accounted as and when the right to receive arises.
- b) Other Income:
  - i) Interest income is recognized on time basis determined by the amount outstanding and the rate applicable and where no significant uncertainty as to measurability or collectability exists.

### 3. Fixed Assets:

#### Tangible

Tangible Fixed Assets are stated at original cost less accumulated depreciation

#### Intangible Assets and Amortization

Intangible assets are recognized as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India and approved under the Companies Act (Rules) and are amortized as follows:

Carriageway representing right to receive half yearly annuities are obtained in consideration for rendering construction, operation and maintenance services in relation to building and maintenance of the project on Build, Operate and Transfer basis. The cost of such Carriageway comprises of construction cost and other preoperative costs incurred during the construction phase.

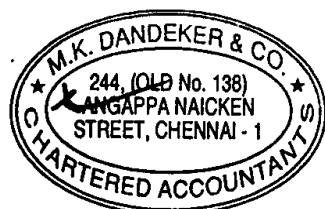
Such Carriageway on completion is capitalized as Intangible Asset and is amortized over the period of rights given under the Concession Agreement as they represent right to receive annuity during the concession period.

### 4. Depreciation:

Depreciation on Tangible Fixed Assets are provided on the straight-line method over the useful lives of the assets estimated by the Management. Depreciation on the assets purchases/sold during a period is proportionately charged. The management has estimated the useful life for the following assets.

- a) Buildings -18years,
- b) Motor vehicle -10 years

However as per the Schedule II of Companies Act, 2013 the useful lives of the above assets has estimated as 30 years and 8 years respectively. In order to comply with the requirements of The Companies Act, 2013 wherein it is provided the useful life of any asset shall not be longer than the one specified in the Schedule II we have considered the useful life of Motor Car as 8 years in concurrence with the Act. The Depreciation has been provided on the Carrying amount of the asset as at 01-04-2014 and the same is depreciated over the remaining useful life of the asset.





**5. Taxes**

Tax on income for the current year is determined on the basis of book profit computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and qualified using the tax rates and laws enacted or substantively enacted as on 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.

**6. Borrowing Costs:**

Borrowing costs that are attributable to the acquisition and construction of qualifying asset are capitalized as part of the cost of such asset, till such time as 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 or sale. All other borrowing costs are recognized as an expense in the year in which they are incurred.

**7. Provisions, Contingent Liabilities and Contingent Assets:**

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

- A. the Company has a present obligation as a result of a past event.
- B. a probable outflow of resources is expected to settle the obligation, and
- C. 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.

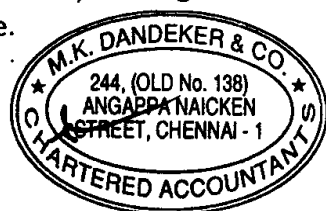
**Maintenance Obligations:** Contractual obligations to maintain, replace or restore the infrastructure (principally resurfacing costs and major repairs and unscheduled maintenance which are required to maintain the carriage way in operational condition except for any enhancement element) are recognized and measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provision for the resurfacing is built up in accordance with the provisions of AS 29, Provisions, Contingent Liabilities and Contingent Assets.

Contingent Liability is disclosed in the case of

- A. 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.
- B. 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.



## 8. Impairment of Assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

- A. the provision for impairment loss, if any, required; or
- B. 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:

- A. in the case of an individual asset, at the higher of net selling price and value in use;
- B. in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end use of its useful life.)

### Note No: 20- Earnings and Diluted per share

Basic and Diluted Earning per share (EPS) Computed in accordance with Accounting Standards (AS 20) "Earning per Share"

Basic	2014-2015	2013-2014
Profit /(loss) after tax as per Accounts (Rs.)	54,01,298	(1,59,20,923)
PAT available to equity shareholders(Rs.)	54,01,298	(1,59,20,923)
Weighted average number of shares	3,70,00,000	3,70,00,000
<b>Basic/ Diluted EPS (Rupees)</b>	0.15	0.43

### Note No: 21-Transaction with Micro, Small and Medium Enterprises

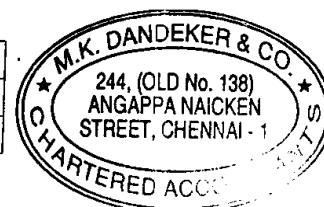
There have been no claimed transactions during the year with Micro and Small enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence, reporting of details of principal and interest does not arise.

### Note No: 22-Deferred Tax Liability

The Company has not provided for any Deferred Tax Liability in the books as the timing differences arising on account of difference as per Income Tax Act,1961 and books of accounts are expected to get reversed during the tax holiday period under Section 80 IA of the Income Tax Act,1961.

### Note No: 23- Auditor's Remuneration (excluding service tax)

Remuneration	Rupees	
	2014-15	2013-14
Audit Fees	3,20,000	2,50,000



Tax Audit fee	40,000	25,000
Certification Expenses	28,090	80,000
Reimbursement of Expenses	-	-

**Note No: 24- Disclosure of Related Parties / Related Party Transactions.**

**A. List of related parties**

1. Patel Engineering Limited – Share Holder
2. KNR Constructions Limited- Share Holder
3. Enpro Ltd - Shares Holder

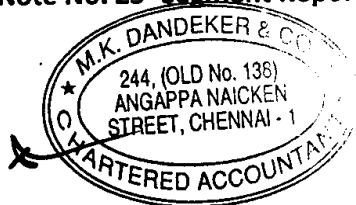
**B. Transactions with Related parties and amount due to/due from related party.**

S No	Nature of transaction	Amount of Transaction	Amount Due to 31/03/2015	Amount Due From as on 31/03/15
1	Patel Engineering Limited			
	-Reimbursement of Expenses	Nil	4,07,200	Nil
		(11,12,632)	(15,19,832)	( Nil)
2	KNR Constructions Limited			
	- Reimbursement of Expenses	Nil	(Nil)	(Nil)
		(Nil)	(54,619)	(Nil)
	-Operation and Maintenance Exp	4,57,30,773	Nil	38,57,551
		(4,35,27,207)	(1,72,44,721)	(Nil)
	-Major maintenance	3,20,00,000	Nil	Nil
		(Nil)	(Nil)	(Nil)
	-ROB Expenses	Nil	Nil	Nil
		(Nil)	(3,77,256)	(Nil)
	-Other Payables	Nil	6,926	Nil
		(Nil)	(6,926)	Nil

Note: Figures in brackets relate to previous year

- C. No amount due to/due from related parties has been written off or written back during the year.

**Note No: 25- Segment Reporting**



The Company is in the business of execution of BOT (annuity) road projects. Hence, operations are under single business and geographical segment.

**Note No: 26- Employee Benefits**

The company does not have employees and hence the Accounting Standard -15 on 'Employee Benefits' is not applicable.

**Note No: 27 -Impairment**

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

**Note No: 28 –Depreciation on carriageway under Schedule XIV of the Companies Act 1956**

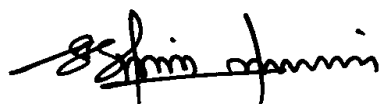
The company is annuity based project and hence the method of Depreciation calculations specified in Schedule II is not considered and the company is amortizing the cost of intangible asset over the period of concession agreement.

**Note No: 29 –Previous Year Figures**

The company has reclassified/regrouped the previous year figures where ever required

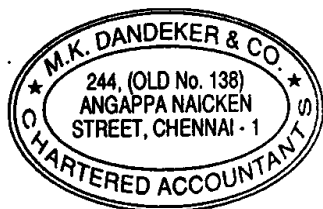
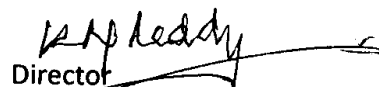
As per our report attached  
For **M. K. Dandeker & Co.**  
Chartered Accountants  
(ICAI Registration No. 000679S)

For and on Behalf of the board



**S POOSAI DURAI**  
Partner  
Membership No. 223754

Place: Hyderabad  
Date: 30 /05/2015

  
Director  
Director  
Mangala M.  
Company Secretary