

# **INDEPENDENT AUDITOR'S REPORT**

**To the members of PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

## **Report on the Financial Statements**

We have audited the accompanying financial statements of **PATEL KNR HEAVY INFRASTRUCTURES LIMITED**, ("the Company"), 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 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*

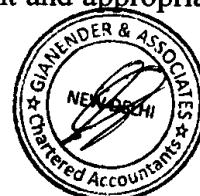
Our responsibility is to express an opinion on these financial statements based on our audit.

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 disclosures in the financial statements. The procedures selected depend on 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 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 loss 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 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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, Statement of Profit and Loss and Cash Flow Statement dealt with 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 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:
    - a. There are no pending litigations which would impact financial position of the company are as follows:
    - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For GIANENDER & ASSOCIATES**

**Chartered Accountants**

Regn. No. 04661N

By the hand of



**Shashank Agrawal**

Partner

M. No. 536670

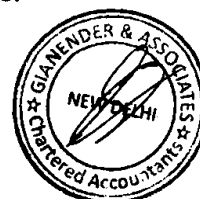
Place : DELHI

Date : 22/5/2015

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

**Re: PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

- i.
  - a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) Fixed assets have been physically verified by management at the end of the year which, in our opinion, is reasonable having regard to the size of the Company and nature of its asset and no serious discrepancies have been noticed on such verification.
- ii. There are no inventories as company is engaged in the business of infrastructure development and maintenance and hence Para 3 clauses (ii)(a),(ii)(b) and (ii)(c) of the Companies (Auditor's Report) Order 2015 relating to inventory are not applicable.
- iii. The Company has not granted secured / unsecured loans to parties covered in the register maintained under section 189 of the Act. Accordingly, sub-clause (a) and (b) are not applicable
- iv. In our opinion and according to the information and explanations given to us, the internal control procedures are generally adequate and commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and for annuity collection. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls system.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year. Therefore, the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, are not applicable to the Company.
- vi. According to the information and explanations given to us, we are of the opinion that prima facie, cost records prescribed, pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 of the Act, are made and maintained.
- vii.
  - a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company is generally regular in depositing undisputed statutory dues relating to provident fund, income tax deducted at source, service tax, value added tax and other statutory dues during the year with the appropriate authorities. We are informed that the provisions of employees' state insurance, wealth tax, duty of customs, duty of excise, cess are not applicable to the company. Undisputed Labour welfare cess of Rs.224.50 lakhs was accrued but not due as on 31st March, 2015. As on 31st March 2015, there are no other undisputed statutory dues payable for a period of more than six months from the date they became payable.
  - b) According to the information and explanations given to us, there are no statutory dues pending in respect of income tax, sales tax, value added tax, service tax, duty of customs, wealth tax, duty of excise, cess on account of any dispute.
  - c) According to the information and explanations given to us, no amount is required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder.



- vii. In our opinion, the accumulated losses of the company are not more than fifty percent of its net-worth. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- ix. According to the information and explanations given to us the Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
- x. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi. According to the information and explanations given to us the Company, the loans taken by the company were applied for the purpose for which the loans were obtained.
- xii. According to information and explanations given to us, which have been relied by us, no fraud on or by the Company has been noticed or reported during the year.

**For GIANENDER & ASSOCIATES**

**Chartered Accountants**

Regn. No. 04661N

By the hand of



**Shashank Agrawal**

Partner

M. No. 536670

Place : DELHI

Date : 22/5/2015

# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2015

(Rupees in Lakhs)

PARTICULARS	NOTE No	As At 31-03-2015	As At 31-03-2014
<b>I EQUITY AND LIABILITIES</b>			
<b>1) SHAREHOLDERS' FUNDS</b>			
a) Share Capital	1	2,382.38	2,382.38
b) Reserves and Surplus	2	<u>(85.59)</u>	<u>471.85</u>
		2,296.79	2,854.23
<b>2) SHARE APPLICATION MONEY PENDING ALLOTMENT</b>			
		-	-
<b>3) NON - CURRENT LIABILITIES</b>			
a) Long-term borrowings	3	48,453.72	50,620.44
b) Other Long term Liabilities	4	207.23	224.50
c) Long-term Provisions	5	<u>-</u>	<u>1,693.00</u>
		48,660.95	52,537.94
<b>4) CURRENT LIABILITES</b>			
a) Trade Payables	6	39.67	42.30
b) Other Current Liabilities	7	2,714.55	2,931.46
c) Short-Term Provision	8	<u>2,170.00</u>	<u>-</u>
		4,924.22	2,973.76
<b>TOTAL</b>		<u><u>55,881.96</u></u>	<u><u>58,365.93</u></u>
<b>II ASSETS</b>			
<b>1) NON-CURRENT ASSETS</b>			
a) Fixed Assets			
-Tangible Assets	9	45,441.73	48,484.20
b) Long-term loans and advances	10	456.22	456.22
<b>2) CURRENT ASSETS</b>			
a) Current Investments	11	5,399.86	-
b) Cash and Cash Equivalents	12	1,503.87	6,059.74
c) Short-term loans and advances	13	851.40	908.49
d) Other Current Assets	14	<u>2,228.88</u>	<u>2,457.28</u>
		9,984.01	9,425.51
<b>TOTAL</b>		<u><u>55,881.96</u></u>	<u><u>58,365.93</u></u>

Significant Accounting Policies 21

See accompanying Notes to financial statements

As per our report of even date attached

**For Gianender & Associates**

Chartered Accountants

(ICAI Registration No.004661N)



**Shashank Agrawal**

Partner

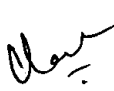
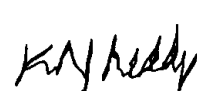

Membership No:536670

Place: DELHI

Date : 22/5/2015



**For and on behalf of the Board**



  
 Mahesh Inani      K.N.Reddy      B.S.Reddy  
 (Company Secretary)      (Director)      (Director)

# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

(Rupees In Lakhs)

PARTICULARS	NOTE No.	For the Year ended 31.03.2015	For the Year ended 31.03.2014
<b>I Income</b>			
Revenue from operations	15	8,874.00	8,874.00
Other income	16	533.43	323.74
<b>Total Revenue</b>		<b>9,407.43</b>	<b>9,197.74</b>
<b>II Expenses:</b>			
Operating & Maintenance Expenses	17	945.04	900.87
Employee Benefit Expenses		1.40	-
Finance costs	18	5,416.35	5,381.64
Depreciation Expense	19	3,489.51	3,408.68
Other expenses	20	112.57	619.38
<b>Total expenses</b>		<b>9,964.87</b>	<b>10,310.57</b>
<b>Profit before tax (I- II)</b>		<b>(557.44)</b>	<b>(1,112.83)</b>
Tax expense:			
1) Current tax		-	-
2) Deferred tax		-	-
<b>Profit (Loss) for the period</b>		<b>(557.44)</b>	<b>(1,112.83)</b>
Earnings per equity share:	30		
1) Basic		(2.34)	(4.67)
2) Diluted		(2.34)	(4.67)
Significant Accounting Policies	22		

See accompanying Notes to financial statements

As per our report of even date attached

**For Gianender & Associates**

Chartered Accountants

(ICAI Registration No.004661N )





**Shashank Agrawal**

Partner

Membership No:536670

Place: DELHI

Date : 22/5/2015

**For and on behalf of the Board**



Mahesh Inani  
(Company Secretary)



K.N.Reddy  
(Director)



B.S.Reddy  
(Director)

**PATEL KNR HEAVY INFRASTRUCTURES LTD.**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

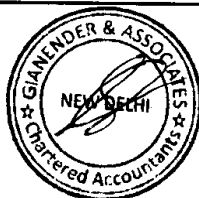
(Rupees in Lakhs)

PARTICULARS	For the Year ended 31-03-2015	For the Year ended 31-03-2014
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	(557.44)	(1,112.83)
<b>Adjustments for</b>		
Depreciation & Amortisation Expenses	3,489.51	3,408.68
Provision for Periodic Maintenance	477.00	455.00
Interest and Financial Charges	5,416.35	5,381.64
Interest Received From FDR	(226.13)	(326.79)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	8,599.29	7,805.70
(Increase)/Decrease in Trade and Other Receivables	69.12	1,236.61
Increase/(Decrease) in Trade Payables and Other Liabilities	(232.63)	36.41
<b>CASH GENERATED FROM OPERATIONS</b>	8,435.78	9,078.72
Taxes paid	-	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>8,435.78</b>	<b>9,078.72</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and Capital Work In Progress	(14.86)	(28.29)
(Purchase)/Proceed From Current Investment	(5,399.86)	-
Interest Received	392.50	328.36
Less : Interest Accrued	82.54	166.37
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,104.76)</b>	<b>133.70</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Funds Borrowed / (Repaid)	(2,598.90)	(560.62)
Interest & Financial Charges	(5,420.53)	(5,381.78)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(8,019.43)</b>	<b>(5,942.40)</b>
Cash and Cash Equivalents as at April 1, 2014 (Opening Balance)	(4,688.41)	3,270.02
Cash and Cash Equivalents as at March 31, 2015 (Closing Balance)	4,880.14	1,610.12
	<b>191.73</b>	<b>4,880.14</b>

**Notes:**

- Components of Cash & Cash Equivalents

Cash in Hand	-	0.16
Bank Balance -Current Account	191.73	518.90
- Fixed Deposit	-	4,361.08
	<b>191.73</b>	<b>4,880.14</b>
- The Cash flow statement is prepared in accordance with the Indirect Method stated in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.
- Previous year's figures have been regrouped, wherever necessary.
- Figures in brackets represent cash outflows.



5 Reconciliation with Cash and Bank Balances (Note no 12)

	As on 31st March 2015	As on 31st March 2014
Cash and Cash Equivalents as per AS-3	191.73	4,880.14
Add:		
Other Bank Balances (maturities more than 3 months)	1,312.14	1,179.60
<b>Total Cash and Bank Balances (Note no 12)</b>	<b>1,503.87</b>	<b>6,059.74</b>

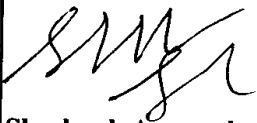
The Schedules referred above form an integral part of the Balance Sheet.

As per our report of even date attached

For Gianender & Associates

Chartered Accountants

Firm Regn. No.004661N



**Shashank Agrawal**

Partner

Membership No:536670

Place: Delhi


Date: 22/5/2015





**Mahesh Inani**  
(Company Secretary)

For and on behalf of the Board

  
**K.N.Reddy**  
(Director)

  
**B.S.Reddy**  
(Director)





**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

**NOTE 1**

**SHARE CAPITAL**

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of Shares in Lakhs	Rupees in Lakhs	No. of Shares in Lakhs	Rupees in Lakhs
<b>EQUITY SHARE CAPITAL</b>				
<b>Authorised Share capital</b>				
Equity Shares of Rs. 10/- each	300.00	3,000.00	300.00	3,000.00
<b>Issued, subscribed &amp; fully paid share capital</b>				
Equity Shares of Rs. 10/- each Issued at Par	238.24	2,382.38	238.24	2,382.38
<b>Total</b>	<b>238.24</b>	<b>2,382.38</b>	<b>238.24</b>	<b>2,382.38</b>

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 declares and pays dividends in indian rupees. 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 31st March 2015, 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

The reconciliation of the number of shares and amount of share capital outstanding as at March 31, 2015 and March 31, 2014 is set out below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of Shares in Lakhs	Rupees in Lakhs	No. of Shares in Lakhs	Rupees in Lakhs
Number of Equity Shares at the beginning	238.24	2,382.38	238.24	2,382.38
Add:- Number of Shares Issued	-	-	-	-
Less: Number of Shares Brought Back	-	-	-	-
Number of Equity Shares at the end	<b>238.24</b>	<b>2,382.38</b>	<b>238.24</b>	<b>2,382.38</b>

The details of shareholder holding more than 5% shares as at March 31, 2015 and March 31, 2014 is set out below:

Name of the shareholders	As at March 31, 2015		As at March 31, 2014	
	No. of Shares in Lakhs	% held	No. of Shares in Lakhs	% held
1 Patel Engineering Infrastructures Ltd & its Nominees	100.06	42.00	100.06	42.00
2 KNR Constructions Ltd & its Nominees	95.30	40.00	95.30	40.00
3 ENPRO Ltd	42.88	18.00	42.88	18.00
	<b>238.24</b>	<b>100.00</b>	<b>238.24</b>	<b>100.00</b>



**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

**NOTE 2**

**RESERVES AND SURPLUS**

(Rupees in Lakhs)

Particulars	As At March 31, 2015	As At March 31, 2014
<b>Surplus/(deficit) in the Statement of Profit and Loss</b>		
Balance as per Last Financial Statements	471.85	1,584.68
Add: Profit/(Loss) for the Year	(557.44)	(1,112.83)
<b>Total</b>	<b>(85.59)</b>	<b>471.85</b>

**NOTE 3**

**LONG- TERM BORROWINGS**

(Rupees in Lakhs)

Particulars	As At March 31, 2015	As At March 31, 2014
<b>SECURED LOANS</b>		
<b>Debentures</b>		
Rated, Listed, Redeemable Non Convertible debentures (Refer foot note i)	35,010.00	36,790.00
<b>Sub-Total</b>	<b>35,010.00</b>	<b>36,790.00</b>
<b>Term Loan</b>		
<b>From Banks (Refer foot note ii)</b>		
Foreign Currency Loan	10,859.50	11,246.22
<b>Sub-Total</b>	<b>10,859.50</b>	<b>11,246.22</b>
<b>UNSECURED LOANS</b>		
<b>Loans and advances from related parties (Refer foot note iii)</b>		
From KNR Constructions Ltd - Associate Company	1,033.69	1,033.69
From Patel Engineering Infrastructures Limited-Associate Company	1,550.53	1,550.53
<b>Sub-Total</b>	<b>2,584.22</b>	<b>2,584.22</b>
<b>Total</b>	<b>48,453.72</b>	<b>50,620.44</b>



**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

**Foot Note - i**

**Term of Security**

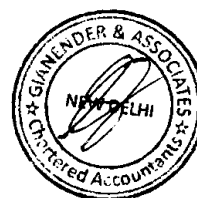
**A first pari passu charge, save and except project assets.**

- i. By way of mortgage over all immovable properties, both present and future.
- ii. By way of hypothecation over all tangible movable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other moveable assets, both present and future
- iii. Charge over all accounts including the DSRA, Escrow Account and the Sub-Accounts.
- iv. By way of Hypothecation on all intangible assets of the company including but not limited to the goodwill and undertaking both present and future.
- v. Pledge of 100% of the share capital of the Company
- vi. Charge over /assignment of the rights, titles, benefits, interests, claims and demand of the Company in the project documents

**Terms of Repayment**

	<b>Series A</b>	<b>Series B</b>	<b>Series C</b>	<b>Series D</b>	<b>Series E</b>	<b>Series F</b>	<b>Total</b>
<b>Rupees in lakhs</b>	18,000.00	2,320.00	920.00	1,630.00	3,190.00	13,940.00	40,000.00
<b>Coupon Rate</b>	10.04%	9.50%	9.75%	9.75%	10.00%	10.35%	
<b>Redemption Schedule</b>							
<b>30-Sep-16</b>	450.00	-	140.00	-	-	-	590.00
<b>31-Mar-17</b>	450.00	-	140.00	-	-	-	590.00
<b>30-Sep-17</b>	405.00	-	320.00	-	-	-	725.00
<b>31-Mar-18</b>	405.00	-	320.00	-	-	-	725.00
<b>30-Sep-18</b>	435.00	-	-	415.00	-	-	850.00
<b>31-Mar-19</b>	435.00	-	-	415.00	-	-	850.00
<b>30-Sep-19</b>	555.00	-	-	400.00	-	-	955.00
<b>31-Mar-20</b>	555.00	-	-	400.00	-	-	955.00
<b>30-Sep-20</b>	585.00	-	-	-	445.00	-	1,030.00
<b>31-Mar-21</b>	585.00	-	-	-	445.00	-	1,030.00
<b>30-Sep-21</b>	555.00	-	-	-	590.00	-	1,145.00
<b>31-Mar-22</b>	555.00	-	-	-	590.00	-	1,145.00
<b>30-Sep-22</b>	750.00	-	-	-	560.00	-	1,310.00
<b>31-Mar-23</b>	750.00	-	-	-	560.00	-	1,310.00
<b>30-Sep-23</b>	1,005.00	-	-	-	-	1,100.00	2,105.00
<b>31-Mar-24</b>	1,005.00	-	-	-	-	1,100.00	2,105.00
<b>30-Sep-24</b>	1,480.00	-	-	-	-	1,305.00	2,785.00
<b>31-Mar-25</b>	1,480.00	-	-	-	-	1,305.00	2,785.00
<b>30-Sep-25</b>	2,890.00	-	-	-	-	-	2,890.00
<b>31-Mar-26</b>	-	-	-	-	-	3,040.00	3,040.00
<b>30-Sep-26</b>	-	-	-	-	-	3,045.00	3,045.00
<b>31-Mar-27</b>	-	-	-	-	-	3,045.00	3,045.00
<b>Total</b>	<b>15,330.00</b>	<b>-</b>	<b>920.00</b>	<b>1,630.00</b>	<b>3,190.00</b>	<b>13,940.00</b>	<b>35,010.00</b>

The Company has issued 40,000 Non-Convertible Debentures of face value of Rs.1.00 Lakhs each amounting to Rs.40000 lakhs on 3rd Sep-2013. These Debentures were subsequently listed on 25th Sep, 2013 on BSE. The said debentures are redeemable half yearly with the redemption starting from Sep-2013 and ending on March-2027. Interest due on debentures during the year have been paid fully without delay. The said funds have been utilised in repayment of rupee loan, repayment of promoter's unsecured loan, issue expenses and maintenance of DSRA.



**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

**Foot Note - ii**

**Terms of Security**

- i. Mortgage /charge over the company's immovable and moveable properties (other than project assets but including all receivables) both present and future.
- ii. Charge/assignment of revenue receivables (including annuity payments received from NHAI).
- iii. Charge over /assignment of the rights, titles and interests of the company in, to and in respect of all project agreements (in accordance with concession agreement).
- iv. Assignment of insurance policies, contractor guarantees, contractor performance bonds and liquidated damages.
- v. Pledge of 100% share capital of the Company
- vi. Charge over all bank accounts including the Escrow account, all sub- accounts in relation thereto and the Debt Service Reserve account.

The aforesaid charge will rank pari-passu with the mortgages and charges created/to be created in favour of participating institutions/banks including the swap providers.

**Terms of Repayment**

The above loan is repayable in twenty seven semi-annual unequal installments ranging from \$0.47 Millions to \$1.47 Millions commencing from 30<sup>th</sup> Sep' 2010 and ending on 30<sup>th</sup> Sep'2023. The number of balance installments as on 31st March, 2015 is 17. The interest is payable half-yearly.

**Translation of loan Amount**

The Company had hedged the above facility to cover against fluctuation in foreign currency and LIBOR to the satisfaction of the lenders through USD/INR options up to 30th Sep 2023. Loan amount repayable upto 31st March 2016 has been translated at hedged rate of Rs.50.7850 /Per USD as the loan upto 31st March 2016 is hedged at Rs.50.7850/Per USD and balance loan amount at closing rate as on 31st March 2015 because the balance loan is hedged at Rs.70/ Per USD, whereas the closing rate as on 31st March 2015 is Rs.62.5908 Per USD

**Foot Note - iii**

Loans from KNR Constructions Limited & Patel Engineering Infrastructure Limited are in the nature of Sub-debt and are repayable after satisfaction of senior Debt



**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

**NOTE 4**

**OTHER LONG TERM LIABILITIES**

(Rupees in Lakhs)

Particulars	As At March 31, 2015	As At March 31, 2014
<b>Trade payables</b>	-	-
<b>Others</b>		
-Labour Welfare Cess Payable	207.23	224.50
<b>Total</b>	<b>207.23</b>	<b>224.50</b>

**NOTE 5**

**LONG TERM PROVISIONS**

(Rupees in Lakhs)

Particulars	As At March 31, 2015	As At March 31, 2014
<b>Provision for employee benefits</b>	-	-
<b>Others</b>		
-Periodic Maintenance Provision	-	1,693.00
<b>Total</b>	<b>-</b>	<b>1,693.00</b>

**NOTE 6**

**TRADE PAYABLES**

(Rupees in Lakhs)

Particulars	As At March 31, 2015	As At March 31, 2014
<b>Others</b>		
Sundry Creditors (Suppliers/Service)*	39.67	42.29
Bills Payable (Sub-contractors)	-	0.01
<b>Total</b>	<b>39.67</b>	<b>42.30</b>

\* Includes Rs. 39.67 lakhs ( Previous Year Rs. 42.29 lakhs) payable to KNR Constructions Limited- Associate Company



**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

**NOTE 7**

**OTHER CURRENT LIABILITIES**

<b>Particulars</b>	<b>(Rupees in Lakhs)</b>	
	<b>As At March 31, 2015</b>	<b>As At March 31, 2014</b>
Current maturity of long term borrowings		
<b>Debtures</b>	1,780.00	1,710.00
<b>Term Loan</b>		
<b>From Banks</b>		
Foreign Currency Loan	818.91	749.08
Interest accrued but not due on borrowings;	-	4.18
Labour Welfare Cess Payable	17.27	17.27
Patel Engineering Ltd (Withheld Amount)	11.28	11.28
<b>Outstanding Expenses</b>		
Audit Fee payable	3.78	3.72
Certification Fee Payable	0.80	0.16
Independent Consultancy Fee	4.25	10.51
Salaries Payable	0.20	-
Consultancy Charges Payable	33.48	32.15
Misc. Expenses Payable*	3.19	1.32
Other Payables (For Punch List items)	-	150.20
<b>Statutory Dues</b>		
VAT Payable	2.63	0.82
TDS/TCS	38.76	240.77
<b>Total</b>	<b>2,714.55</b>	<b>2,931.46</b>

\* Includes Rs. 3.10 lakhs ( Previous Year Rs. 1.23 lakhs) payable to KNR Constructions Limited- Associate Company

**NOTE 8**

**SHORT TERM PROVISIONS**

<b>Particulars</b>	<b>(Rupees in Lakhs)</b>	
	<b>As At March 31, 2015</b>	<b>As At March 31, 2014</b>
<b>Provision for employee benefits</b>	-	-
<b>Others</b>		
-Periodic Maintenance Provision	2,170.00	-
<b>Total</b>	<b>2,170.00</b>	<b>-</b>



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

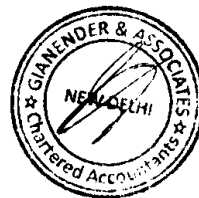
## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

### NOTE 9

### FIXED ASSETS

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	As at April 1, 2014	Additions/ Adjustments	As at March 31, 2015	As at April 1, 2014	For the Period	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
<b>I Tangible Assets</b>								
Carriage way	61,312.00	432.19	61,744.19	12,857.60	3,489.51	16,347.11	45,397.08	48,454.40
Flat (Refer foot note)	31.33	-	31.33	1.53	-	1.53	29.80	29.80
Vehicle		14.86	14.86	-	-	-	14.86	-
Sub-total	61,343.33	447.04	61,790.37	12,859.13	3,489.51	16,348.64	45,441.73	48,484.20
<b>TOTAL</b>	61,343.33	447.04	61,790.37	12,859.13	3,489.51	16,348.64	45,441.73	48,484.20
Previous Year	60,324.27	1,019.06	61,343.33	9,450.45	3,408.68	12,859.13	48,484.20	50,873.82

Foot Note: The Flat is mortgaged to the Debenture Trustee



**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

**NOTE 10**

**LONG TERM LOANS AND ADVANCES**

Particulars	(Rupees in Lakhs)	
	As At March 31, 2015	As At March 31, 2014
<b>(Unsecured, considered good)</b>		
Others Loans & Advances		
MAT Credit	456.22	456.22
<b>Total</b>	<b>456.22</b>	<b>456.22</b>

**NOTE 11**

**CURRENT INVESTMENTS**

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of Units	Rupees in Lakhs	No. of Units	Rupees in Lakhs
<b>Investment in Mutual Funds at Cost (Quoted) (Refer foot note)</b>				
-L&T Short Term Opp Fund	62,060,419	4,450.28	-	-
-L&T Liquid Fund	811	15.53	-	-
-L&T Resurgent India Corporate Bond Fund	2,695,529	271.26	-	-
-L&T Ultra Short Term Fund	2,931,124	662.79	-	-
<b>Total</b>	<b>67,687,884</b>	<b>5,399.86</b>	<b>-</b>	<b>-</b>

**Foot Note:**

Particulars	(Rupees in Lakhs)	
	As At March 31, 2015	As At March 31, 2014
Aggregated Amount of Quoted Investment	5,399.86	-
Aggregated Market Value of Quoted Investment	5,428.23	-
Aggregated Amount of Un-Quoted Investment	-	-

**NOTE 12**

**CASH AND BANK BALANCES**

Particulars	(Rupees in Lakhs)	
	As At March 31, 2015	As At March 31, 2014
<b>Cash &amp; Cash Equivalents</b>		
<b>Balance with Banks</b>		
Current accounts	191.73	518.90
Term Deposit with less than 3 months original maturity	-	4,361.08
<b>Cash on hand</b>	-	0.16
<b>Sub-Total</b>	<b>191.73</b>	<b>4,880.14</b>
<b>Other Bank Balance</b>		
Bank Deposits with more than 3 months original maturity	1,312.14	1,179.60
<b>Sub-Total</b>	<b>1,312.14</b>	<b>1,179.60</b>
<b>Total</b>	<b>1,503.87</b>	<b>6,059.74</b>





**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

**NOTE 13**

**SHORT TERM LOANS AND ADVANCES**

(Rupees in Lakhs)

Particulars	As At	As At
	March 31, 2015	March 31, 2014
(Unsecured, considered good)		
<b>Others Loans &amp; Advance</b>		
Prepaid Insurances	10.42	10.31
VAT Recoverable	-	257.33
TDS Receivable	840.98	640.85
<b>Total</b>	<b>851.40</b>	<b>908.49</b>

**NOTE 14**

**OTHER CURRENT ASSETS**

(Rupees in Lakhs)

Particulars	As At	As At
	March 31, 2015	March 31, 2014
Amounts Recoverable from Patel Engineering Ltd	912.93	1,057.50
Annuity Accrued but not Due	755.75	755.75
Amount withheld - NHAI	435.04	435.04
Amount Recoverable from NHAI	42.62	42.62
Interest Accrued but not due	82.54	166.37
<b>Total</b>	<b>2,228.88</b>	<b>2,457.28</b>



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

### NOTE 15

#### REVENUE FROM OPERATIONS

PARTICULARS	(Rupees in Lakhs)	
	As At March 31, 2015	As At March 31, 2014
Sale of Services		
Annuity Income	8,874.00	8,874.00
<b>TOTAL</b>	<b>8,874.00</b>	<b>8,874.00</b>

### NOTE 16

#### OTHER INCOME

PARTICULARS	(Rupees in Lakhs)	
	As At March 31, 2015	As At March 31, 2014
Interest Income	226.13	326.79
Dividend Income	2.49	-
Net Gain/(Loss) on sale of Debt Mutual Fund Units	306.13	-
Liability no longer required written back	0.01	-
Net Gain/Loss on foreign currency transaction & translation (Other than considered for finance cost)	(1.33)	(3.05)
<b>TOTAL</b>	<b>533.43</b>	<b>323.74</b>

### NOTE 17

#### OPERATING & MAINTENANCE EXPENSES

PARTICULARS	(Rupees in Lakhs)	
	As At March 31, 2015	As At March 31, 2014
Carriageway repairs & maintenances		
- Routine Maintenance	468.04	445.87
- Periodic Maintenance	477.00	455.00
<b>TOTAL</b>	<b>945.04</b>	<b>900.87</b>

### NOTE 18

#### FINANCE COSTS

PARTICULARS	(Rupees in Lakhs)	
	As At March 31, 2015	As At March 31, 2014
Interest Expense		
Interest on Debentures	3,849.10	2,286.23
Interest on Term Loans	531.79	2,074.52
Interest on TDS/Service Tax/VAT	4.77	0.01
	<b>4,385.66</b>	<b>4,360.77</b>
Other Borrowing Costs		
Loan Prepayment Charges	-	61.80
Bank Charges	0.36	0.32
Hedging Expenses	1,030.33	958.75
<b>TOTAL</b>	<b>5,416.35</b>	<b>5,381.64</b>



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

## NOTE 19

### DEPRECIATION EXPENSE

PARTICULARS	(Rupees in Lakhs)	
	As At March 31, 2015	As At March 31, 2014
Depreciation	3,489.51	3,408.68
<b>TOTAL</b>	<b>3,489.51</b>	<b>3,408.68</b>

## NOTE 20

### OTHER EXPENSES

PARTICULARS	(Rupees in Lakhs)	
	As At March 31, 2015	As At March 31, 2014
<b>Administration And Other Expenses</b>		
Advisory Fee	-	337.08
Arranging Fee	-	112.36
Agency Fee	21.05	20.31
Consultancy Fee	5.82	66.42
Escrow Account Fee	10.11	-
Franking Charges	-	4.10
Independent Engineer Fee	28.33	33.49
Rates & Taxes	17.20	-
Insurance Premium	18.46	21.60
Travelling & Conveyance	0.91	2.78
Payments to the auditor	-	
for Audit	3.37	3.37
for Tax Audit	0.56	0.56
for other services	1.31	2.37
for reimbursement of expenses	0.12	0.12
Miscellaneous Expenses	5.33	14.82
<b>TOTAL</b>	<b>112.57</b>	<b>619.38</b>



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## 21. CORPORATE OVERVIEW:-

The Company is a Special Purpose Vehicle floated by Patel Engineering Infrastructures Ltd and KNR Constructions Ltd. in pursuance of a contract with National Highway Authority of India ("NHAI") for the Design, Construction, Development, Operation, Finance and Maintenance of Islam Nagar (KM 230.00) to Kadtal (KM 278.00) of Nagpur –Hyderabad Section on NH-7 in the State of Telangana, Under North-South Corridor (NHDP Phase –II) on BOT (Annuity) basis – Project Reference Number NS-2 /BOT/AP-07. The company has achieved Provisional COD with effect from 11th June 2010.

## 22. SIGNIFICANT ACCOUNTING POLICIES:

### A. BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention method on accrual basis of accounting in accordance with generally accepted accounting principles in India ("GAAP"). The Company has prepared these financial statements to comply with the accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

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 year, 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, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans etc. Actual results could differ from these estimates and would be recognized in the period in which the results are known.

### B. FIXED ASSETS

Fixed assets are stated at cost of acquisition, less accumulated depreciation thereon. For this purpose, cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use. Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any is recognized.



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## C. DEPRECIATION

Depreciation on assets has been provided in the manner specified in Schedule II to the Companies Act, 2013.

Depreciation on carriageway and additions or adjustments is provided on proportionate basis over the concession period ending on March 2, 2028 i.e. the useful life of the assets as per schedule II of Company Act, 2013.

## D. CAPITAL WORK IN PROGRESS

Capital Work In Progress includes direct and indirect expenditure incurred for the Carriage way and costs incidental and related there to.

Expenses incurred relating to the development of carriageway prior to commencement of commercial operations is included under Capital Work-in-progress (net of income earned during project development stage) and after completion are transferred to tangible Asset.

## E. REVENUE RECOGNITION

Revenue is recognized based on the nature of activity when consideration can be reasonable measured and there exists reasonable certainty of its recovery.

### **Revenue from Operations**

Annuity Income is accounted for on accrual basis.

### **Other Operating Income**

Other operational revenue represents income earned from activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

### **Other income**

Interest income is accrued at applicable interest rate on time proportion basis.

Dividend income is accounted when the right to receive the same is established.

Other items of income are accounted for as and when the right to receive arises.

## F. INVESTMENTS

Current Investments are carried at lower of cost and market value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investment.



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## G. EARNING PER SHARE

Basic and Diluted Earnings Per Share (EPS) is reported in accordance with Accounting Standard (AS) -20, "Earning Per Share", issued by the Institute of Chartered Accountants of India and notified under Companies (Accounting Standards) Rules, 2006. EPS is computed by dividing the net profit or loss for the year by the weighted average number of Equity Shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which would have been issued on the conversion of all dilutive potential equity shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at the average market value of the outstanding shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increase loss per share are included

## H. 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 period.

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 assets , at the higher of the net selling price and the value in use:
- b) In the case of 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:

## I. BORROWING COSTS

Borrowing costs that are attributable to the acquisition and construction of qualifying assets are capitalized, as part of cost of such assets till such time the asset is ready for its intended use. A qualifying asset is one that requires 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 were incurred.

In accordance of accounting standard - 16 "Borrowing Costs", income earned on investment of (short term) of funds intermittently surplus but inextricably linked with project is set off against related borrowing costs



# **PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## **J. EMPLOYEE BENEFITS**

Provisions for / contributions to retirement benefit schemes are made as follows (as per AS-15):

- a) Provident fund on actual liability basis.
- b) Gratuity based on actuarial valuation.
- c) Leave encashment benefit on retirement on actuarial valuation basis

## **K. TAXES**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. A provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

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.

Deferred tax assets in relation to unabsorbed depreciation or carry forward of losses under tax laws should be recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax in respect of timing differences which reverse during the tax holiday period is not recognized to the extent the enterprise's gross total income is subject to the deduction during the tax holiday period as per the provisions of section -80IA/80-IB of the Income tax Act.



# **PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

### **L. FOREIGN CURRENCY TRANSACTIONS AND DERIVATIVES**

- a) The reporting currency of the Company is Indian Rupee.
- b) Foreign Currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate on the date of the transaction.
- c) At each Balance Sheet date, foreign currency monetary items are reported using the closing rate or at amount likely to be realized from or required to disburse. Exchange differences, that arise on settlement of Long Term monetary items or on reporting at each Balance sheet date, of Long Term Monetary items at the closing rate or realizable rate are adjusted in carrying value of the related fixed assets whereas for short term monetary items the same is recognized as income or expense.
- d) Forward Exchange Contract: Exchange differences on such contracts are recognized in the statement of profit & loss in the reporting period in which the exchange rates changes. Any profit or loss arising on the cancellation of such forward contract is recognized as income or expense for the period.

### **M. CLAIMS**

Claims by or against the Company are accounted for as and when accepted.

### **N. PROVISIONS AND CONTINGENT LIABILITIES**

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

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.





# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## 23. Employee Benefits

Particulars of Employees who were in receipt of remuneration of more than Rs.5,00,000/- or more per month, if employed for a part of the year -- Nil (Previous Year – Nil) or who were in receipt of remuneration of more than Rs.60,00,000/- or more per annum, if employed for whole of the year -- Nil (Previous Year – Nil).

Actuarial valuation for gratuity to the company is not applicable during the year because the no of Employees are less than ten.

## 24. Inventories

The company does not have any transactions to which the provision of AS-2 relating to Valuation of Inventories is applicable.

## 25. Segment Information

### Business Segment:

The services rendered by the Company are in the nature of Design, Construction, Development, Operation, Finance and Maintenance of Islam Nagar (KM 230.00) to Kadthal (KM 278.00) of Nagpur –Hyderabad Section on NH-7 in the State of Telangana, Under North-South Corridor (NHDP Phase – II) 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 Telangana. The conditions prevailing in Telangana being uniform, no separate geographical disclosure is considered necessary.

## 26. The Effects of Changes in Foreign Exchange Rates

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 Standard Chartered Bank to carriageway. The same is depreciated over the remaining concession period.

## 27. Taxes on Income

a) The Company is eligible for deduction under section 80IA of the Income Tax Act and the concession period of the Company's project falls within the tax holiday period as defined in Section 80IA. Since deferred tax on Timing Difference 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.

b) The Company does not have taxable wealth under the provisions of the Wealth Tax Act 1957.



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## 28. Related Party Transactions:

### a) List of related party with whom transaction entered during the year

Name of Related Party	Relationship
KNR Constructions Limited	Associate Company and O & M Contractor
Patel Engineering Infrastructures Limited	Associate Company
<b>KEY MANAGEMENT PERSONNEL</b>	
Mr. ASHWIN RAMANLAL PARMAR	Director
Mr. B.S.REDDY	Director
Mr. K.N.REDDY	Director
MAHESH INANI	Company Secretary

### b) The nature and volume of transactions during the year with the above-related parties are as follows.

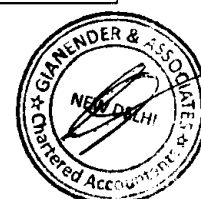
(Rupees in Lakhs)

Company Particulars	2014-15	2013-14
Patel Engineering Infrastructures Ltd		
-Share Capital	Nil	Nil
-Unsecured Loan Received	Nil	Nil
-Unsecured Loan Repaid	Nil	6,058.08
KNR Constructions Ltd		
-Share Capital	Nil	Nil
-Unsecured Loan Received	Nil	271.35
-Unsecured Loan Repaid	Nil	4,357.96
-Amount Recoverable	Nil	5.62
-O & M Expenses	468.04	445.87
- Expenses reimbursement	23.83	42.99
Key Managerial Personnel		
-Remuneration –Company Secretary	1.40	Nil

### Balance outstanding as on 31 March 2015

(Rupees in Lakhs)

Company Particulars	2014-15	2013-14
Patel Engineering Infrastructures Ltd		
-Share Capital	1,000.60	1,000.60
-Unsecured Loan	1,550.53	1,550.53
KNR Constructions Ltd		
-Share Capital	952.95	952.95
-Unsecured Loan	1,033.69	1,033.69
-Amount Recoverable	Nil	Nil
-O & M Payable	39.67	37.57
- Expenses re-imbursement	3.10	1.23
Key Managerial Personnel		



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

-Remuneration Payable –Company Secretary	0.20	Nil
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The entire shareholding held by respective shareholders is pledged to Lenders and Debenture Trustee.

- c) No amounts pertaining to related parties have been written off or written back during the year.(previous year: Rs. Nil)

### 29. Provisions, Contingent Liabilities and Contingent Assets and Commitments

#### a) Movement in provisions:

Particulars	(Rupees in Lakhs)	
	2014-15	2013-14
Opening Balance	1,693.00	1,238.00
Additional provision during the year	477.00	455.00
Provision used/reversed during the year	-	-
Provision transferred due to transfer of business	-	-
<b>Balance</b>	<b>2,170.00</b>	<b>1,693.00</b>
Represented as:		
- Long Term Provision	-	1,693.00
- Short Term Provision	2,170.00	-

#### b) Nature of provisions:

**Periodic Maintenance Provision:** The Company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.

For this purpose, besides a regular maintenance, periodic major maintenance is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures, repairs and refurbishment of tolling system and other equipment's and maintenance of service roads.

As per Concession agreement, the periodic maintenance is expected to occur over a period 5 years. The maintenance cost /bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of prudence, based on estimates, a provision for major maintenance expenses is provided for in the books annually.



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

## c) Contingent Liabilities and Commitments

Particulars	Rupees in Lakhs	
	2014-15	2013-14
Contingent Liability	Nil	Nil
Capital Commitments (Net of advances)	Nil	Nil
<b>Other Commitment</b>		
<b>Operation &amp; Maintenance</b>		
Estimated amount of contracts to be executed from schedule project completion date, on Operation & Maintenance (Base price Rs.378.00 lakhs for base year 2010-11, escalated @ 5% p.a. upto the end of concession period) and not provided for	8667.77	9135.82
<b>Periodic Maintenance</b>		
Periodical Maintenance to be incurred in FY:2015-16	2,169	2,169
Expenditure already provided for up to FY:2014-15	2,169	1,693

## 30. Earnings Per Share (EPS)

Particulars	2014-15	2013-14
Net Profit after tax (Rs. in Lakhs)	(557.44)	(1,112.83)
Weighted Average number of Equity Shares	23,823,804	23,823,804
Basic and Diluted Earnings per shares(Rs.)	(2.34)	(4.67)
Face Value per equity shares (Rs.)	10.00	10.00

## 31. Impairment

The Company has reviewed the future discounted cash flows based on value in use of fixed assets and is satisfied that the recoverable amount is more than the amount carried in the books. Accordingly, no provision is required to be made for the impairment in the accounts.

32. As per terms of the concession agreement dated 5<sup>th</sup> Sep. 2007 between the Company and NHAI, the Company is entitled for an Annuity of Rs.4,437 Lakhs (half-yearly) after 6 months from the completion of construction period of 24 months.



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 33. Dues To Micro, Small And Medium Enterprises

There has been no claimed transaction during the period with MICRO, Small and Medium Enterprises covered under the MICRO, Small and Medium Enterprises development act. (MSMED Act, 2006) Hence reporting details of principal and interest does not arise.

### 34. Expenditure in Foreign Currency

Particulars	2014-15	2013-14
Foreign Exchange Outgo	1,243.36	1,203.30
Expenditure in foreign currency		
-Payment of interest	477.40	514.17
-Agency Fee	16.88	16.23

### 35. Remuneration paid to the Statutory Auditors for the year ended 31.03.2015 (including service tax)

Rupees in Lakhs

Audit and Other Fees	2014-15	2013-14
Statutory Audit Fees	3.37	3.37
Tax Audit Fee	0.56	0.56
Certification Fees	1.31	2.37
Out of Pocket Expenses	0.12	0.12

36. 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.

37. Company has not created debenture redemption reserve as required by Section 71 of Companies Act 2013 and rules thereon due to losses.

38. Previous year's figures have been regrouped/reclassified/rearranged wherever considered necessary

For Gianender & Associates

For and on behalf of the Board

Chartered Accountants

Firm Regn No.004661N

Shashank Agrawal  
Partner

M.No.536640

Place: DELHI

Date: 22/5/2015



Company Secretary

Director

Director