

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PATEL KNR HEAVY INFRASTRUCTURE LIMITED**

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of **PATEL KNR HEAVY INFRASTRUCTURE LIMITED**, which comprise the Balance Sheet as at 31<sup>st</sup> March 2014, the statement of Profit and Loss and 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**

Management is responsible for 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 accounting standards notified under the Companies Act, 1956 read with the general circular 15/2013 dated 13<sup>th</sup> September 2013 and 8/2014 dated 4<sup>th</sup> April, 2014 of the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

**OPINION:**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014,
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in case of the Cash flow Statement, of the cash flows for the year ended on that date.

AR FY:13-14 PKHIL



## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that :
  - a) We have 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 appears from our examination of those books.
  - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the general circular 15/2013 dated 13<sup>th</sup> September 2013 and circular 8/2014 dated 4<sup>th</sup> April 2014 of the Ministry of Corporate Affairs.
  - e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2014, and taken on record by the Board of Directors, none of the director is disqualified as on 31<sup>st</sup> March 2014, from being appointed as a director in terms of Para (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Gianender & Associates  
Chartered Accountants  
Firm Regn. No. 004661N



  
Ravi Kumar Goyal  
Partner  
M. No: 501246

Place:

Date: 28/5/2014

**Annexure referred to in paragraph 1 under the heading "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" of our report on even date**

**Re: PATEL KNR HEAVY INFRASTRUCTURE LIMITED**

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b) The Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us, during the year no substantial disposal of fixed assets of the company has taken place which would have affected its going concern status.
- (ii) The company is engaged in the business of BOT (Annuity) on DFBOT pattern and maintenance and hence Para 4 (ii) (a), (b) and (c) of the companies (Auditor's report) Order 2003 relating to inventory are not applicable.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the company has not granted any loans, secured or unsecured, to any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 the provision of paragraph 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the company has not taken any loans, secured or unsecured, from any companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, the provision of paragraph 4(iii) (f) and (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for purchase of fixed assets and for Annuity collection. During the course of our audit, we have not observed any major weakness in internal control system. Further, the provision of Paragraph 4(iv) with respect to sale of goods and purchase of inventory are not applicable to the company.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations given to us, there are no particulars of contracts or arrangement during the year which are required to be entered in the register maintained pursuant to section 301 of the Companies Act, 1956.
- (b) paragraph 4(ii)(b) of the said order is not applicable, as there are no such transactions during the year.



- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from public. Therefore, the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and relevant rules framed there under are not acceptable to the company.
- (vii) In our Opinion, the Company has no internal audit system.
- (viii) 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 209 (1) (d) of the Companies Act, 1956, have been made and maintained.
- (ix) (a) The company is generally regular in depositing all undisputed statutory dues relating to Income tax deducted at source, service tax and value added tax. As per records produced before us, there are no undisputed dues which were outstanding as on 31<sup>st</sup> March, 2014 for a period over six month from the date of same become payable.
- (b) According to information and explanation given to us, there are no statutory dues pending in respect of income-tax, sales tax, Value Added Tax, service tax, custom duty, wealth tax, excise duty and cess on account of any dispute.
- (x) 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.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution and banks.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the Company is not a chit fund or a Nidhi / Mutual benefit fund / Society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's report) Order 2003 are not applicable.
- (xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Companies (Auditor's report) Order are not applicable the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the information and explanations given to us, and on the basis of books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that the term loan have been utilized for the purposes for which the loan were obtained.



balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

- (xviii) Based on the audit procedures performed and the information and explanations given to us by the management, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year on the terms and conditions which are prejudicial to the interest of the company
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company had issued 40,000 debentures of Rs. 100,000 each. The company has created security in respect of debentures issued
- (xx) According to the information and explanations given to us, the Company has not raised any money by way of public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For Gianender & Associates  
Chartered Accountants  
Firm Regn. No. 004661N

Place:

Date: 28/5/2014



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

Ravi Kumar Goyal  
Partner  
M. No: 501246

# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2014

(Rupees in Lakhs)

PARTICULARS	NOTE No.	As At 31-03-2014		As At 31-03-2013	
<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>471.85</u>	2,854.23	<u>1,584.68</u>	3,967.06
<b>2) SHARE APPLICATION MONEY PENDING ALLOTMENT</b>					
-					
<b>3) NON - CURRENT LIABILITIES</b>					
a) Long-term borrowings	3	50,620.44		50,190.29	
b) Other Long term Liabilities	4	224.50		241.77	
c) Long-term Provisions	5	<u>1,693.00</u>	52,537.94	<u>1,238.00</u>	51,670.06
<b>4) CURRENT LIABILITES</b>					
a) Trade Payables	6	42.30		76.23	
b) Other Current Liabilities	7	<u>2,931.46</u>	2,973.76	<u>2,843.99</u>	2,920.22
<b>TOTAL</b>			<u><u>58,365.93</u></u>		<u><u>58,557.34</u></u>
<b>II ASSETS</b>					
<b>1) NON-CURRENT ASSETS</b>					
a) Fixed Assets					
-Tangible Assets	8		48,484.20		50,873.82
b) Long-term loans and advances	9		456.22		456.22
<b>2) CURRENT ASSETS</b>					
a) Trade Receivables					
b) Cash and Cash Equivalents	10		6,059.74		3,490.81
c) Short-term loans and advances	11		908.49		1,027.40
d) Other Current Assets	12		<u>2,457.28</u>	9,425.51	<u>2,709.09</u>
<b>TOTAL</b>			<u><u>58,365.93</u></u>		<u><u>58,557.34</u></u>

Significant Accounting Policies 20

See accompanying Notes to financial statements

As per our report of even date attached

**For Gianender & Associates**

Chartered Accountants

(ICAI Registration No.004661N)

**For and on behalf of the Board**

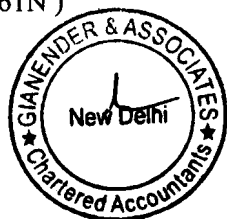
  
Ravi Kumar Goyal

Partner

Membership No:501246

Place:

Date : 28/5/2014



  
Director

  
Director

# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

(Rupees In Lakhs)

PARTICULARS	NOTE No.	For the Year ended 31.03.2014	For the Year ended 31.03.2013
<b>I Income</b>			
Revenue from operations	13	8,874.00	8,874.00
Other income	14	323.74	152.65
<b>Total Revenue</b>		<b>9,197.74</b>	<b>9,026.65</b>
<b>II Expenses:</b>			
Operating & Maintenance Expenses	15	900.87	876.30
Finance costs	16	5,381.64	4,973.06
Depreciation and amortization expense	17	3,408.68	3,368.57
Other expenses	18	619.38	164.00
<b>Total expenses</b>		<b>10,310.57</b>	<b>9,381.93</b>
<b>Profit before tax (I- II)</b>		<b>(1,112.83)</b>	<b>(355.28)</b>
Tax expense:			
1) Current tax		-	-
2) Deferred tax		-	-
<b>Profit (Loss) for the period</b>		<b>(1,112.83)</b>	<b>(355.28)</b>
Earnings per equity share:	29		
1) Basic		(4.67)	(1.49)
2) Diluted		(4.67)	(1.49)
Significant Accounting Policies	20		

See accompanying Notes to financial statements

As per our report of even date attached

**For Gianender & Associates**

Chartered Accountants

(ICAI Registration No.004661N)

**For and on behalf of the Board**



**Ravi Kumar Goyal**

Partner

Membership No:501246

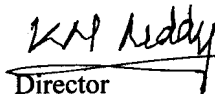
Place:

Date : 28/5/2014





Director



Director

**PATEL KNR HEAVY INFRASTRUCTURES LTD.**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014**

(Amount in Lakhs)

PARTICULARS	For the Year ended 31-03-2014	For the Year ended 31-03-2013
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	(1,112.83)	(355.28)
<b>Adjustments for</b>		
Depreciation & Amortisation Expenses	3,408.68	3,368.57
Preliminary Expenses written off	-	-
Provision for Periodic Maintenance	455.00	451.60
Interest and Financial Charges	5,381.64	4,973.06
Interest Received From FDR	(326.79)	(154.38)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	7,805.70	8,283.57
(Increase)/Decrease in Trade and Other Receivables	2,416.21	105.13
Increase/(Decrease) in Trade Payables and Other Liabilities	36.41	312.25
<b>CASH GENERATED FROM OPERATIONS</b>	10,258.32	8,700.95
Taxes paid	-	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>10,258.32</b>	<b>8,700.95</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets and Capital Work In Progress	(28.29)	-
Interest Received	328.36	155.68
Less : Interest Accrued	166.37	1.57
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>133.70</b>	<b>154.11</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Funds Borrowed / (Repaid)	(560.62)	(5,337.82)
Interest paid	(5,381.78)	(4,968.74)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(5,942.40)</b>	<b>(10,306.56)</b>
Cash and Cash Equivalents as at April 1, 2013 (Opening Balance)	4,449.62	(1,451.50)
Cash and Cash Equivalents as at March 31, 2014 (Closing Balance)	1,610.12	3,061.62
	<b>6,059.74</b>	<b>1,610.12</b>

**Notes:**

1 Components of Cash & Cash Equivalents		
Cash in Hand	0.16	0.59
Bank Balance -Current Account	518.90	208.04
- Fixed Deposit	5,540.68	1,401.49
	<b>6,059.74</b>	<b>1,610.12</b>

2 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.

3 Previous year's figures have been regrouped, wherever necessary.

4 Figures in brackets represent cash outflows.

5 Notes on accounts form an integral part of the Cash Flow Statement.





6 Reconciliation with Cash and Bank Balances (Note no 11)	As on 31st March 2014	As on 31st March 2013
Cash and Cash Equivalents as per AS-3	6,059.74	1,610.12
Add:		1,880.69
Other Bank Balances (maturities more than 3 months)	-	1,880.69
<b>Total Cash and Bank Balances (Note no 11)</b>	<b>6,059.74</b>	<b>3,490.81</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

For and on behalf of the Board

*Ravi*

**Ravi Kumar Goyal**

Partner

Membership No:501246

Place:

Date : 28/5/2014



*BBG*  
Director

*KY Naddy*  
Director

**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

**NOTE 1**

**SHARE CAPITAL**

Particulars	As at March 31, 2014		As at March 31, 2013	
	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 2014, 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, 2014 and March 31, 2013 is set out below:**

Particulars	As at March 31, 2014		As at March 31, 2013	
	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, 2014 and March 31, 2013 is set out below:**

Name of the shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares in Lakhs	% held	No. of Shares in Lakhs	% held
1 Patel Engineering Infrastructures Pvt 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 2014**

**NOTE 2**

**RESERVES AND SURPLUS**

(Rupees in Lakhs)

Particulars	As At 31-03-2014	As At 31-03-2013
<b>Surplus/(deficit) in the Statement of Profit and Loss</b>		
Balance as per Last Financial Statements	1,584.68	1,939.96
Add: Profit/(Loss) for the year	(1,112.83)	(355.28)
<b>Total</b>	<b>471.85</b>	<b>1,584.68</b>

**NOTE 3**

**LONG- TERM BORROWINGS**

(Rupees in Lakhs)

Particulars	As At 31-03-2014	As At 31-03-2013
<b>SECURED LOANS</b>		
<b>Debentures</b>		
Rated, Listed, Redeemable Non Convertible debentures (Refer foot note i)	36,790.00	-
<b>Sub-Total</b>	<b>36,790.00</b>	<b>-</b>
<b>Term Loan</b>		
<b>From Banks</b> (Refer foot note ii)		
Rupee Loans	11,246.22	25,977.98
Foreign Currency Loan		11,004.53
<b>Sub-Total</b>	<b>11,246.22</b>	<b>36,982.51</b>
<b>UNSECURED LOANS</b>		
<b>Loans and advances from related parties</b> (Refer foot note iii)		
From KNR Constructions Ltd - Associate Company	1,033.69	5,120.30
From Patel Engineering Infrastructures Private Limited-Associate Company	1,550.53	7,608.61
<b>Other Loans and advance</b>		
From Patel Engineering Ltd	-	478.87
<b>Sub-Total</b>	<b>2,584.22</b>	<b>13,207.78</b>
<b>Total</b>	<b>50,620.44</b>	<b>50,190.29</b>



**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

**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**

	Series A	Series B	Series C	Series D	Series E	Series F	Total
<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-15</b>	475.00	415.00	-	-	-	-	890.00
<b>31-Mar-16</b>	475.00	415.00	-	-	-	-	890.00
<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>16,280.00</b>	<b>830.00</b>	<b>920.00</b>	<b>1,630.00</b>	<b>3,190.00</b>	<b>13,940.00</b>	<b>36,790.00</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 2014**

**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, 2014 is 19. 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 2014 because the balance loan is hedged at Rs.70/ Per USD, whereas the closing rate as on 31st March 2014 is Rs.60.0998 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 2014**

**NOTE 4**

**OTHER LONG TERM LIABILITIES**

Particulars	(Rupees in Lakhs)	
	As At 31-03-2014	As At 31-03-2013
Trade payables	-	-
Others		
-Labour Welfare Cess Payable	224.50	241.77
<b>Total</b>	<b>224.50</b>	<b>241.77</b>

**NOTE 5**

**LONG TERM PROVISIONS**

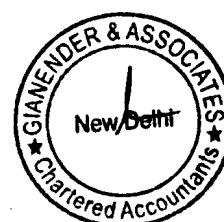
Particulars	(Rupees in Lakhs)	
	As At 31-03-2014	As At 31-03-2013
Provision for employee benefits	-	-
Others		
-Periodic Maintenance Provision	1,693.00	1,238.00
<b>Total</b>	<b>1,693.00</b>	<b>1,238.00</b>

**NOTE 6**

**TRADE PAYABLES**

Particulars	(Rupees in Lakhs)	
	As At 31-03-2014	As At 31-03-2013
Sundry Creditors (Suppliers/Service)*	42.29	57.27
Bills Payable (Sub-contractors)	0.01	18.96
<b>Total</b>	<b>42.30</b>	<b>76.23</b>

\* Includes Rs. 37.57 lakhs ( Previous Year Rs. 57.26lakhs) payable to KNR Constructions Limited- Associate Company



**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

**NOTE 7**

**OTHER CURRENT LIABILITIES**

**(Rupees in Lakhs)**

Particulars	As At 31-03-2014	As At 31-03-2013
Current maturity of long term borrowings	1,710.00	
<b>Debentures</b>		
<b>Term Loan</b>		
<b>From Banks</b>		
Ruppee Loans	-	1,901.04
Foreign Currency Loan	749.08	672.90
Interest accrued but not due on borrowings;	4.18	4.32
Labour Welfare Cess Payable	17.27	17.27
Patel Engineering Ltd (Withheld Amount)	11.28	11.28
<b>Outstanding Expenses</b>		
Audit Fee payable	3.72	3.54
Certification Fee Payable	0.16	0.20
AMR Constructions Limited	-	3.05
Independent Consultancy Fee	10.51	7.92
Consultancy Charges Payable	32.15	30.74
Misc. Expenses Payable*	1.32	5.59
Other Payables (For Punch List items)	150.20	150.20
<b>Statutory Dues</b>		
VAT Payable	0.82	0.83
TDS/TCS	240.77	35.11
<b>Total</b>	<b>2,931.46</b>	<b>2,843.99</b>

\* Includes Rs. 1.23 lakhs ( Previous Year Rs. 5.49 lakhs) payable to KNR Constructions Limited- Associate Company



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

### NOTE 8

#### FIXED ASSETS

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	As at April 1, 2013	As at March 31, 2014	As at April 1, 2013	For the Period	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013	
<b>I Tangible Assets</b>								
Carriage way	60,324.27	61,312.00	9,450.45	3,407.15	12,857.60	48,454.40	50,873.82	
Flat (Refer foot note)	-	31.33	-	1.53	1.53	29.80	-	
<b>Sub-total</b>	<b>60,324.27</b>	<b>61,343.33</b>	<b>9,450.45</b>	<b>3,408.68</b>	<b>12,859.13</b>	<b>48,484.20</b>	<b>50,873.82</b>	
<b>TOTAL</b>	<b>60,324.27</b>	<b>61,343.33</b>	<b>9,450.45</b>	<b>3,408.68</b>	<b>12,859.13</b>	<b>48,484.20</b>	<b>50,873.82</b>	
<b>Previous Year</b>	<b>59,748.26</b>	<b>60,324.27</b>	<b>6,081.88</b>	<b>3,368.57</b>	<b>9,450.45</b>	<b>50,873.82</b>	<b>53,666.38</b>	

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 2014**

**NOTE 9**

**LONG TERM LOANS AND ADVANCES**

Particulars	(Rupees in Lakhs)	
	As At 31-03-2014	As At 31-03-2013
(Unsecured, considered good)		
Others Loans & Advances		
MAT Credit	456.22	456.22
<b>Total</b>	<b>456.22</b>	<b>456.22</b>

**NOTE 10**

**CASH AND BANK BALANCES**

Particulars	(Rupees in Lakhs)	
	As At 31-03-2014	As At 31-03-2013
<b>Cash &amp; Cash Equivalents</b>		
<b>Balance with Banks</b>		
Current accounts	518.90	208.04
Term Deposit with less than 3 months original maturity	5,540.68	1,401.49
<b>Cash on hand</b>	0.16	0.59
<b>Sub-Total</b>	<b>6,059.74</b>	<b>1,610.12</b>
<b>Other Bank Balance</b>		
Bank Deposits with more than 3 months original maturity	-	1,880.69
<b>Total</b>	<b>6,059.74</b>	<b>3,490.81</b>



**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

**NOTE 11**

**SHORT TERM LOANS AND ADVANCES**

**(Rupees in Lakhs)**

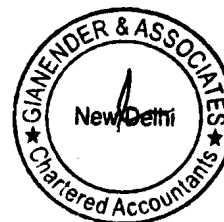
Particulars	As At 31-03-2014	As At 31-03-2013
(Unsecured, considered good)		
<b>Loans and advance</b>		
-Patel Engineering Limited	-	325.00
Sub- total	-	325.00
<b>Others</b>		
Prepaid Insurances	10.31	11.50
VAT Recoverable	257.33	260.33
TDS Receivable	210.28	242.06
Income Tax (Refund)	430.57	188.51
Sub- total	908.49	702.40
<b>Total</b>	<b>908.49</b>	<b>1,027.40</b>

**NOTE 12**

**OTHER CURRENT ASSETS**

**(Rupees in Lakhs)**

Particulars	As At 31-03-2014	As At 31-03-2013
Amounts Recoverable from KNR Constructions Limited - Associate	-	33.65
Amounts Recoverable from Patel Engineering Ltd	1,057.50	1,443.19
Annuity Accrued but not Due	755.75	755.75
Amount withheld - NHAI	435.04	432.31
Amount Recoverable from NHAI	42.62	42.62
Interest Accrued but not due	166.37	1.57
<b>Total</b>	<b>2,457.28</b>	<b>2,709.09</b>



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

## NOTE 13

### REVENUE FROM OPERATIONS

PARTICULARS	(Rupees in Lakhs)	
	As At 31-03-2014	As At 31-03-2013
Sale of Services	8,874.00	8,874.00
Annuity Income		
<b>TOTAL</b>	<b>8,874.00</b>	<b>8,874.00</b>

## NOTE 14

### OTHER INCOME

PARTICULARS	(Rupees in Lakhs)	
	As At 31-03-2014	As At 31-03-2013
Interest Income	326.79	154.38
Gain/(Loss) on foreign currency translation	(3.05)	(1.73)
<b>TOTAL</b>	<b>323.74</b>	<b>152.65</b>

## NOTE 15

### OPERATING & MAINTENANCE EXPENSES

PARTICULARS	(Rupees in Lakhs)	
	As At 31-03-2014	As At 31-03-2013
Carrigeway repairs & maintenances		
- Routine Maintenance	445.87	424.70
- Periodic Maintenance	455.00	451.60
<b>TOTAL</b>	<b>900.87</b>	<b>876.30</b>

## NOTE 16

### FINANCE COSTS

PARTICULARS	#REF!	
	As At 31-03-2014	As At 31-03-2013
Interest Expense		
Interest on Term Loans	4,360.76	4,328.14
Interest on TDS	0.01	15.46
Interest on Income Tax	-	53.27
	<b>4,360.77</b>	<b>4,396.87</b>
Other Borrowing Costs		
Loan Prepayment Charges	61.80	-
Bank Charges	0.32	0.57
Hedging Expenses	958.75	575.62
<b>TOTAL</b>	<b>5,381.64</b>	<b>4,973.06</b>



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

**NOTE 17**

**DEPRECIATION AND AMORTIZATION EXPENSE**

		#REF!
PARTICULARS	As At 31-03-2014	As At 31-03-2013
Amortization Expenses	3,407.15	3,368.57
Depreciation	1.53	-
<b>TOTAL</b>	<b>3,408.68</b>	<b>3,368.57</b>

**NOTE 18**

**OTHER EXPENSES**

	(Amount in Lakhs)	
PARTICULARS	As At 31-03-2014	As At 31-03-2013
<b>Administration And Other Expenses</b>		
Advisory Fee	337.08	-
Arranging Fee	112.36	-
Agency Fee	20.31	18.33
Consultancy Fee	48.45	7.98
Independent Engineer Fee	33.49	
Franking Charges	4.10	-
Insurance Premium	21.60	11.37
Travelling & Conveyance	2.78	-
Legal & Professional Charges	17.97	120.51
Payments to the auditor	-	
for Audit	3.37	3.37
for taxation matters	0.56	0.56
for other services	2.37	0.06
for reimbursement of expenses	0.12	0.11
Miscellaneous Expenses	14.82	1.71
<b>TOTAL</b>	<b>619.38</b>	<b>164.00</b>



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

## 19. CORPORATE OVERVIEW:-

The Company is a Special Purpose Vehicle floated by Patel Engineering Infrastructures Private Ltd and KNR Constructions Ltd. Hyderabad, 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 Andhra Pradesh, 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.

## 20. SIGNIFICANT ACCOUNTING POLICIES:

### A. BASIS OF ACCOUNTING

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with the generally accepted accounting principles ("GAAP"), in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government.

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/ amortization. Costs of acquisition are inclusive of freight, insurance, duties, levies and all incidentals attributable to bringing the assets to its working condition. Preoperative expenses incurred up to the date of commencement of commercial operations are capitalized.

### C. DEPRECIATION

Depreciation on Fixed Assets is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in the Revised Schedule XIV of the Companies Act, 1956. However where rate of the depreciation provided in Revised Schedule XIV of the Companies Act does not fully depreciate the assets over the period of the concession, such fixed assets are depreciated over the period of the rights given under the concession agreement. Depreciation on addition and deletion is calculated on pro-rata basis. The fixed assets, the cost of which are less than Rs.5,000 are fully depreciated in the year of acquisition.



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

## 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

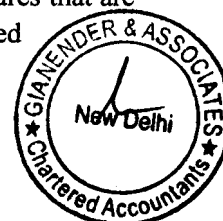
Current Investments are carried at lower of cost and market value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investment.

## 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



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

## 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

## 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



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

## 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.

## 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 monetary items or on reporting at each Balance sheet date, of Monetary items at the closing rate are adjusted in capital work in progress during the construction phase of the project and recognized as income or expense in the operations phase in which they arise.
- 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.





# **PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

## **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 2014

## 21. Employee Benefits

The employees of the Company are on deputation from Promoter Companies and their present Compensation including salary as well as post-retirement benefits is taken care of by their respective Holding Company and therefore Company has no liability for employee benefits, in accordance with the provisions of Accounting Standard-15 "Employee Benefits". Hence, no provision has been made in the books of account.

22. 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).

## 23. Inventories

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

## 24. 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 Andhra Pradesh, 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 Andhra Pradesh. The conditions prevailing in Andhra Pradesh being uniform, no separate geographical disclosure is considered necessary.

## 25. 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 will be depreciated over the remaining concession period.

## 26. 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.



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

b) The Company does not have taxable wealth under the provisions of the Wealth Tax Act 1952.

## 27. 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

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

(Rupees in Lakhs)

Company Particulars	2013-14	2012-13
Patel Engineering Infrastructures Ltd		
-Share Capital	Nil	Nil
-Unsecured Loan Received	Nil	Nil
-Unsecured Loan Repaid	6,058.08	1,620.00
KNR Constructions Ltd		
-Share Capital	Nil	Nil
-Unsecured Loan Received	271.35	Nil
-Unsecured Loan Repaid	4,357.96	1,080.00
-Amount Recoverable	5.62	33.09
-O & M Expenses	445.87	424.70
- Expenses re-imburement	42.99	14.40

### Balance outstanding as on 31 March 2014

(Rupees in Lakhs)

Company Particulars	2013-14	2012-13
Patel Engineering Infrastructures Pvt Ltd		
-Share Capital	1,000.60	1,000.60
-Unsecured Loan	1,550.53	7,608.61
KNR Constructions Ltd		
-Share Capital	952.95	952.95
-Unsecured Loan	1,033.69	5,120.30
-Amount Recoverable	Nil	33.65
-O & M Payable	37.57	57.26
- Expenses re-imburement	1.23	5.49



# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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)

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

#### a) Movement in provisions:

(Rupees in Lakhs)

Particulars	2013-14	2012-13
Opening Balance	1,238.00	786.40
Additional provision during the year	455.00	451.60
Provision used/reversed during the year	-	-
Provision transferred due to transfer of business	-	-
<b>Balance</b>	<b>1,693.00</b>	<b>1,238.00</b>
Represented as:		
- Long Term Provision	1,693.00	1,238.00
- Short Term Provision	-	-

#### 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 2014

### c) Contingent Liabilities and Commitments

Rupees in Lakhs

Particulars	2013-14	2012-13
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	9135.82	9581.68
<b>Periodic Maintenance</b>		
Periodical Maintenance to be incurred in FY:2015-16	2,169	2,169
Expenditure already provided for up to FY:2013-14	1,693	1,238

### 29. Earnings Per Share (EPS)

Particulars	2013-14	2012-13
Net Profit after tax (Rs. in Lakhs)	(1,112.83)	(355.28)
Weighted Average number of Equity Shares	23,823,804	23,823,804
Basic and Diluted Earnings per shares(Rs.)	(4.67)	(1.49)
Face Value per equity shares (Rs.)	10.00	10.00

### 30. 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.

31. 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 31MARCH 2014

## 32. 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.

## 33. Expenditure in Foreign Currency

Particulars	2013-2014	2012-13
Foreign Exchange Outgo	1,203.30	1,191.08
Expenditure in foreign currency		
-Payment of interest	514.17	573.31
-Agency Fee	16.23	14.69


## 34. Remuneration paid to the Statutory Auditors for the year ended 31.03.2014 (including service tax)

Audit and Other Fees	Rupees in Lakhs	
	2013-14	2012-13
Statutory Audit Fees	3.37	3.37
Tax Audit Fee	0.56	0.56
Certification Fees	2.37	0.06
Out of Pocket Expenses	0.12	0.11

35. 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.

36. Previous year's figures have been regrouped/reclassified wherever necessary

For Gianender & Associates  
Chartered Accountants  
Firm Regn No. 004661N

  
Ravi Kumar Goyal  
Partner  
M.No.501246

Place:

Date: 28/5/2014



For and on behalf of the Board

  
Director

  
Director