

M.K. DANDEKER & CO.,
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PATEL-KNR INFRASTRUCTURES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Patel-KNR Infrastructures Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, 2016, 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, 2016 ("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, 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

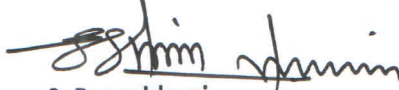


(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

Place : Hyderabad
Date : May 30, 2016

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


S. Poosaidurai

Partner

Membership No. 223754



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

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.
- c. The title deeds of immovable properties are held in the name of the Company.
2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Order to inventory is not applicable.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. According to the information and explanations given to us, the Company has not entered into any transactions in respect of loans, Investments, Guarantees and securities, which attracts compliance with the provisions of section 185 and 186 of the Companies Act, 2013. Therefore the clause 3(iv) of order is not applicable to the Company.
5. The Company has not accepted any deposits from Public and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder are not applicable to the Company.
6. According to the Information and explanation given to us the Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 in respect of services carried out by the Company.
7. a. According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.



- b. According to the information and explanation given to us, the following statutory dues have not been deposited on account of disputes.

Name of the statute	Nature of dues	Amount (in Rs)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Income Tax	538,120	Assessment Year 2011-12	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income Tax	17,563,800	Assessment Year 2012-13	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	160,767,210	Assessment Year 2013-14	Commissioner of Income Tax (Appeals)

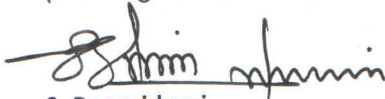
8. The Company has not defaulted in payment of Interest on Borrowings, repayment of borrowings due to a financial institution, bank, Government or debenture holders, if any.
9. The money raised by way of debt instruments were applied for the purpose for which those are raised.
10. Based on the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration.
12. The Company is not a Nidhi Company and hence clause 3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act 2013, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place : Hyderabad
Date : May 30, 2016

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



S. Poosaidurai

Partner

Membership No. 223754



Annexure - B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Patel-KNR Infrastructures Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

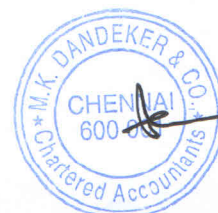
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

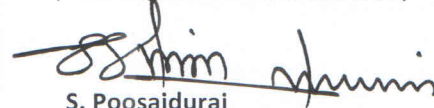
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

Opinion

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

Place : Hyderabad
Date : May 30, 2016

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



S. Poosaidurai

Partner

Membership No. 223754



PATEL-KNR INFRASTRUCTURES LTD

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

Balance Sheet as at March 31, 2016

Amt in Rs

Particulars	Note no	As at 31-3-2016		As at 31-3-2015	
EQUITY & LIABILITIES:					
Shareholders' funds					
Share capital	3	37,00,00,000		3,70,00,000	
Reserves and surplus	4	-14,71,45,921	22,28,54,079	-1,36,51,179	2,33,48,821
Non- Current Liabilities					
Long term borrowings	5	2,95,81,00,000		3,15,43,00,000	
Other long term liabilities	6	4,19,600		4,07,200	
Long-term provision	7	1,81,16,964	2,97,66,36,564	4,87,00,000	3,20,34,07,200
Current Liabilities					
Trade payable	8(a)				
Total outstanding dues of micro and small enterprises		-		-	
Total outstanding dues of creditors other than Micro and small enterprises	8(b)	4,47,14,768		1,91,47,500	
Other current liabilities	8(b)	33,89,19,217		33,78,38,401	
Short-term provisions	8(c)	-	38,36,33,985	15,80,00,000	51,49,85,901
TOTAL			3,58,31,24,628		3,74,17,41,922
ASSETS:					
Non-Current Assets					
Fixed Assets					
Tangible assets	9 (i)	25,98,044		33,54,535	
Intangible assets	9 (ii)	2,87,93,70,819		3,14,11,31,803	
Other long term loans and advances	10	6,66,51,443	2,94,86,20,305	5,00,74,039	3,19,45,60,377
Current Assets					
Trade receivables	11	2,65,75,147		2,72,38,155	
Cash and bank balances	11	60,16,43,166		84,68,86,096	
Short-term loans and advances	11	53,30,222		60,41,016	
Other current assets	12	9,55,788	63,45,04,323	16,278	88,01,81,545
TOTAL			3,58,31,24,628		4,07,47,41,922
Significant accounting policies	2				

The accompanying notes are an integral part of the financial statements

As per our report attached

For M. K. Dandekar & Co.

Chartered Accountants

(ICAI Registration No. 000679S)

For Patel-KNR Infrastructures Ltd

S POOSAIDURAI

Partner

Membership No. 223754

Place: Hyderabad

Date: 30 /05/2016



Director

Mangala M.
Company Secretary

Director

K.K. K. Reddy

PATEL-KNR INFRASTRUCTURES LTD

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

Statement of Profit and Loss for the year ended March 31, 2016

Amt in Rs.

Particulars	Note No	31-03-2016	31-03-2015
REVENUE			
Revenue from operations	13	65,88,00,000	65,88,00,000
Other income	14	3,27,74,358	5,86,11,045
Total revenue		69,15,74,358	71,74,11,045
EXPENSES			
Operating expenses	15	24,39,97,220	11,58,93,393
Employee benefit expenses	16	2,40,000	2,08,000
Finance cost	17	30,77,85,187	32,47,78,172
Administration expenses	18	3,69,547	4,70,208
Depreciation & amortization expenses	9	26,23,10,493	26,23,95,579
Other expenses	19	1,03,66,653	69,92,893
Total expenses		82,50,69,100	71,07,38,245
Profit/ (loss) Before exceptional and extraordinary items and Tax		(13,34,94,742)	66,72,800
Exceptional Items/Extraordinary Items		-	-
Profit Before Tax		(13,34,94,742)	66,72,800
Tax Expenses:			
1.Current Tax		-	12,71,502
2.Deferred Tax		-	-
Profit /(Loss) for the year		(13,34,94,742)	54,01,298
Balance carried to Balance Sheet		(13,34,94,742)	54,01,298
Basic and Diluted earnings per equity share		(3.61)	0.15
Face value per equity share		10.00	10.00
Significant accounting policies	2		

The accompanying notes are an intergral part of the financial statements

As per our report attached

For M. K. Dandeker & Co.

Chartered Accountants

(ICAI Registration No. 000679S)

For Patel-KNR Infrastructures Ltd

S. Poosaidurai
S.POOSAIDURAI

Partner

Membership No. 223754

Place: Hyderabad

Date: 30.05.2016



M

Ky S
Director

Margala M.
Company Secretary

KNR KVR Reddy
Director

PATEL-KNR INFRASTRUCTURES LTD

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

Cash flow statement for the year ended March 31, 2016

Amt in Rs

Particulars	31-3-2016	31-03-2015
A Cash flow from operating activities		
Net Profit before taxes	-13,34,94,742	66,72,800
Adjustments for:		
Depreciation/ amortisation	26,23,10,493	26,23,95,579
Interest paid (On Non Convertible Debentures)	30,74,62,151	32,47,22,554
Interest received (From Fixed deposits)	-3,21,98,391	-3,93,63,915
Provision for Periodic Maintenance reserve	-3,05,83,036	4,87,00,000
Profit on sale of Assets	-1,93,017	-
Operating profit before working capital changes	37,33,03,458	60,31,27,018
Adjustments for :		
Increase / (Decrease) in Current liabilities	-13,13,51,916	-3,65,76,889
(Increase) / Decrease in short term loans and advances	7,10,794	-14,73,574
(Increase) / Decrease in Trade Receivable	6,63,008	-1,45,62,553
(Increase) / Decrease in Long term loans and advances	-1,65,77,404	-1,56,48,461
(Increase) / Decrease in other Current assets	-9,39,510	3,251
Increase / (Decrease) in Long Term Liabilities	12,400	-11,67,252
Cash generated from/(used in) operating activities	22,58,20,830	53,37,01,540
Direct taxes paid	-	12,71,502
Net cash generated from /(used in) operating activities	22,58,20,830	53,24,30,038
B Cash flow from investing activities		
Purchase of fixed assets, including intangible assets	-	-6,03,944
Sale of fixed assets	4,00,000	-
Interest received	3,21,98,391	3,93,63,915
Net cash generated from / (used in) investing activities	3,25,98,391	3,87,59,971
C Cash flow from financing activities		
(Repayment)/Proceeds from other borrowings	-19,62,00,000	-18,71,00,000
Interest paid	-30,74,62,151	-32,47,22,554
Net cash generated from /(used in) financing activities	-50,36,62,151	-51,18,22,554
Net (decrease) / increase in cash and cash equivalents (A+B+C)	-24,52,42,930	5,93,67,455
Cash and cash equivalents as at the beginning	84,68,86,096	78,75,18,641
Cash and cash equivalents as at the end of the year 31 March 2016	60,16,43,166	84,68,86,096

Notes:

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as specified in Companies (Accounting Standards) Rules ,2006
- Cash and cash equivalents represent cash and bank balances .

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

For Patel-KNR Infrastructures Ltd

S POOSAI DURAI

Partner

Membership No. 223754

Place: Hyderabad

Date:30/05/2015



S. L.
 Director

Mangala M.
 Company Secretary

KNR KNR leady
 Director

PATEL-KNR INFRASTRUCTURES LTD

Year Ended March 31, 2016

Note 3: Share capital

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

Foot Notes:

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Equity Shares		Equity Shares	
	No. of Shares	Amt in Rs.	No. of Shares	Amt in Rs.
Shares outstanding at the beginning of the year	3,70,00,000	37,00,00,000	3,70,00,000	37,00,00,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,70,00,000	37,00,00,000	3,70,00,000	37,00,00,000

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Amt in Rs.	No. of Shares	Amt in Rs.
Patel Engineering Ltd (Holding Company) Equity share of Rs 10 Each	15,54,000	1,55,40,000	15,54,000	1,55,40,000
		1,55,40,000		1,55,40,000

iii. Shareholding more than 5% shares

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
Patel Engineering Ltd	1,55,40,000	42%	1,55,40,000	42%
KNR Constructions Ltd	1,48,00,000	40%	1,48,00,000	40%
Enpro Ltd	66,60,000	18%	66,60,000	18%
Total	3,70,00,000	100%	3,70,00,000	100%

iv. Terms/Rights attached to Equity share holders :

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

Note 4: Reserves and surplus

Particulars	As at March 31, 2016		As at March 31, 2015	
(a) Profit / (Loss) Surplus				
Opening balance	(1,50,01,504)		(1,90,52,477)	
(+) Profit/(Loss) for the current year	(13,34,94,742)		54,01,298	
Less: Transfer to Debenture Redemption Reserve	-		13,50,325	
(25% out of the profits)		(14,84,96,246)		(1,50,01,504)
(b) Debenture Redemption Reserve*				
Opening balance	13,50,325		13,50,325	
(+) Transfer during the year	-	13,50,325	-	13,50,325
Total		(14,71,45,921)		(1,36,51,179)

* The company has not provided for Debenture redemption Reserve due to inadequate profits in the current financial year.



Note 5: Long-term borrowings

Amt in Rs

Particulars	As at March 31, 2016		As at March 31, 2015	
	Debtentures (refer foot note no. i & ii)			
Secured				
Non convertible debtentures at the beginning of the year	3,34,14,00,000		3,52,69,00,000	
Less : Redeemed during the year	18,71,00,000		18,55,00,000	
Less : Redeemable in Next year	19,62,00,000	2,95,81,00,000	18,71,00,000	3,15,43,00,000
Total		2,95,81,00,000		3,15,43,00,000

Foot Notes:

i. The company has issued 9.57% Rated Taxable Redeemable Non-Convertible Debtentures of face value Rs.10 lakhs each amounting to Rs 409 Crores on April 23, 2010. The same are redeemable partly every year with the redemption starting from Oct'2010 and would be completed by 2027. The said debtentures carry an interest rate of 9.57% payable half yearly. These debtentures were subsequently listed on 01/06/2010 in NSE. Interest due during the year have been paid fully without delay. The company has not provided for Debtenture Redemption Reserve as the company has incurred losses in current year

ii) All the above debtentures are secured by 1) First charge on the entire assets, movable and immovable, present and future of the company, 2) First charge on the revenues and receivables of the company including the annuity, 3) First charge on the Debt service reserve account, and other reserves, Trust and retention account and all other Bank accounts of the company, 4) Assignment of all the contracts, Project documents and insurance policies as regards the road project on NH -7 on annuity and 5) Assignment of a revolving letter of credit of Rs 32.94 Crores in favour of AXIS Bank. 6) Next repayment date 14/04/2016

Note 6: Other long term liabilities

Amt in Rs

Particulars	As at March 31, 2016		As at March 31, 2015	
	a) Trade Payables			
Due to Related parties	4,19,600		4,07,200	4,07,200
Due to Micro and small enterprises (Note No:21)	-	4,19,600	-	-
Due to others	-			
Total		4,19,600		4,07,200

Note 7: Long-term provisions

Particulars	As at March 31, 2016		As at March 31, 2015	
	Periodic Maintenance Reserve (Refer Note Below)	1,81,16,964	1,81,16,964	4,87,00,000
Total		1,81,16,964		4,87,00,000

Current Liabilities

Amt in Rs

Note 8 (a) Trade payables

Particulars	As at March 31, 2016		As at March 31, 2016	
	Trade Payables			
Due to Related parties (Due to KNR Construction Ltd)	4,47,14,768		1,91,47,500	
Due to Micro and small enterprises (Note No:21)	-	4,47,14,768	-	1,91,47,500
Total		4,47,14,768		1,91,47,500

Note 8(b) Other current liabilities

Amt in Rs

Particulars	As at March 31, 2016		As at March 31, 2015	
	Interest accrued but not due on borrowings	14,02,11,224		14,80,58,807
Debtentures Redeemable within 12 months	19,62,00,000		18,71,00,000	
Other Current Liabilities	25,07,993		26,79,594	
		33,89,19,217		33,78,38,401
Total		33,89,19,217		33,78,38,401

Note 8 (c): Short term provisions

Amt in Rs

Particulars	As at March 31, 2016		As at March 31, 2015	
	Periodic Maintenance Reserve (Refer Note Below)	-	-	15,80,00,000
Total				15,80,00,000

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

Particulars	As at March 31, 2016	As at March 31, 2015
Opening Balance	20,67,00,000	19,00,00,000
Add: Accretion during the year	19,35,19,004	4,87,00,000
Less: Utilised during the year -	38,21,02,040	3,20,00,000
Closing Balance	1,81,16,964	20,67,00,000



PATEL-KNR INFRASTRUCTURES LTD

NOTE NO:9 Fixed Assets

Particulars	Gross Block				Depreciation/Amortization				Net Block	
	As at 01.04.2015	Additions during the Year	Deductions during the Year	As at 31.03.2016	As at 01.04.2015	For the Year	Deductions during the Year	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Note 9 (i) - Tangible Assets										
Buildings	15,57,000	-	-	15,57,000	4,32,500	86,500	-	5,19,000	10,38,000	11,24,500
Motor vehicles	44,86,072	-	9,88,002	34,98,070	22,56,037	4,63,009	7,81,019	19,38,027	15,60,043	22,30,035
TOTAL	60,43,072	-	9,88,002	50,55,070	26,88,537	5,49,509	7,81,019	24,57,027	25,98,044	33,54,535
Previous Year	54,39,128	6,03,944	-	60,43,072	20,53,942	6,34,595	-	26,88,537	33,54,535	-
Note 9(ii) - Intangible Assets										
Carriageway	4,71,16,97,707	-	-	4,71,16,97,707	1,57,05,65,904	26,17,60,984	-	1,83,23,26,888	2,87,93,70,819	3,14,11,31,803
TOTAL	4,71,16,97,707	-	-	4,71,16,97,707	1,57,05,65,904	26,17,60,984		1,83,23,26,888	2,87,93,70,819	3,14,11,31,803
Previous Year	4,71,16,97,707	-	-	4,71,16,97,707	1,30,88,04,920	26,17,60,984		1,57,05,65,904	3,14,11,31,803	



PATEL-KNR INFRASTRUCTURES LTD

Note 10: Other long term Loans and advances

Amt in Rs.

Particulars	As at March 31, 2016		As at March 31, 2015	
	Sales Tax deposits	25,000		25,000
Income Tax Advance	6,78,97,945		5,13,20,541	
Less: Provision for Taxation	12,71,502		12,71,502	
		6,66,51,443		5,26,17,043

Note 11: Current assets

Amt in Rs.

Particulars	As at March 31, 2016		As at March 31, 2015	
	a) Trade Receivables and other deposits (Unsecured considered good)			
-Outstanding for more than 6 months :-				
-Client bills receivables	1,76,17,134		37,17,589	
-Client retention deposit	6,926		6,926	
-Other receivables - KNR Constructions	-		38,57,551	
-Outstanding for less than 6 months :-				
- Annuity receivables	89,51,087		89,51,087	
- Other receivables -misc. works	-		1,07,05,002	
		2,65,75,147		2,72,38,155
b) Cash and Bank Balances				
1) Cash and Cash equivalents				
Balances with Bank	32,57,90,266	32,57,90,266	53,87,37,183	53,87,37,183
- On Currents Accounts				
2) Fixed Deposit Including Interest there on				
Tamilnadu Mercantile Bank Ltd *	22,58,52,900		20,81,48,913	
The Ratnakar Bank Ltd	5,00,00,000	27,58,52,900	10,00,00,000	30,81,48,913
(* Deposited with bank in connection with issue of debentures)				
c) Short term Loans and advances:-				
Interest accrued and due	53,30,222	53,30,222	60,41,016	60,41,016
Total		63,35,48,535		80,47,61,685

Note 12: Other Current assets

Amt in Rs.

Particulars	As at March 31, 2016		As at March 31, 2015	
	Prepaid Expenses	9,55,788	9,55,788	16,278
		9,55,788		16,278



PATEL-KNR INFRASTRUCTURES LTD

Notes to financial statements for the year ended 31 March 2016

	Amt in Rs	
13. Revenue from Operations	31-3-2016	31-3-2015
Annuity Income	65,88,00,000	65,88,00,000
	65,88,00,000	65,88,00,000

	Amt in Rs	
14. Other Income	31-3-2016	31-3-2015
a) Interest Income	3,21,98,391	3,93,63,915
b) Other income	5,75,967	1,91,47,500
c) Credits written back	-	99,630
	3,27,74,358	5,86,11,045

	Amt in Rs	
15. Operating Expenses	31-3-2016	31-3-2015
Other Sub Contract Cost	-	1,91,47,500
Repairs and Maintenance:-		
Regular Maintenance Cost	5,04,78,216	4,80,45,893
Periodic Maintenance Cost	19,35,19,004	4,87,00,000
	24,39,97,220	11,58,93,393

	Amt in Rs	
16. Employee benefit Expenses	31-3-2016	31-3-2015
Salaries & Wages	2,40,000	2,08,000
	2,40,000	2,08,000

	Amt in Rs	
17. Finance Cost	31-3-2016	31-3-2015
Bank Charges	3,23,036	55,618
Interest on Debentures	30,74,62,151	32,47,22,554
	30,77,85,187	32,47,78,172

	Amt in Rs	
18. Administration and General Exp	31-3-2016	31-3-2015
Insurance	1,31,179	32,959
Stationery and Printing	59,754	1,950
Travel Rail/Road	30,438	37,768
Travell Loading/Boarding	4,000	4,712
Travel-meals/Food Expenses*	4,371	6,027
Listing fee	33,708	56,180
General Expenses	1,06,096	-
Irrecoverable debts w/o	-	3,00,000
Other Expenses	-	30,612
Concessionaire Fee	1	-
	3,69,547	4,70,208

	Amt in Rs	
19. Other Expenses	31-3-2016	31-3-2015
Audit fee	3,71,220	3,59,552
Certification fee	45,600	28,090
Rates and Taxes	14,170	7,200
Advertisement	28,032	28,601
Consultation Charges	63,67,743	55,37,573
Professional	34,66,814	6,98,724
Tax audit fees	45,800	44,944
Interest on TDS Delay	27,274	1,552
Seminar Fee	-	4,300
Repair and Maintenance	-	2,82,357
	1,03,66,653	69,92,893



PATEL-KNR INFRASTRUCTURES LTD

Notes to accounts

Note No: 1-Corporate Information

The Company was formed as SPV namely Patel-KNR Infrastructures Ltd and has been awarded on Build Operate and Transfer (BOT) Annuity basis, the widening of existing two-lane portion from Km 463.60 (A.P-karnataka border) to Km 524.00 (Avathi village), covering 60.4 Kilometers, on National Highway No.7 (NH-7) in the state of KARNATAKA, to 4 lanes under the Concession Agreement dated 28th September, 2006 with the National Highways Authority of India. The Concession Agreement is for a period of 18 years from the date of the Commencement stated in clause 1.1 of the said agreement. At the end of Concession period, the entire facility will be transferred to NHAI.

Note No: 2- SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting:

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

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

2. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards. Amounts in the financial statements are presented in Indian Rupees rounded off to the nearest Rupee. Per share data is presented in Indian Rupees to two decimals places.



3. Revenue from operations

a) Annuity Income:

i) Annuity collections are accounted for as and when the amount is accrued and when the recovery of the same is certain.

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

b) Other Income:

i) Interest income is recognized on time basis determined by the amount outstanding and the rate applicable and where no significant uncertainty as to measurability or collectability exists.

4. Fixed Assets:

Tangible

Tangible Fixed Assets are stated at original cost less accumulated depreciation.

Intangible Assets and Amortization

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

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

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

5. Depreciation:

Depreciation on Tangible Fixed Assets are provided on the straight-line method over the useful lives of the assets estimated by the Management. Depreciation on the assets purchased/sold during a period is proportionately charged. The management has estimated the useful life for the following assets in line with the requirements of The Companies Act, 2013.

- | | |
|------------------|-----------|
| a) Buildings | -18years, |
| b) Motor vehicle | - 8 years |

6. Taxes

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



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

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

7. **Borrowing Costs:**

Borrowing costs that are attributable to the acquisition and construction of qualifying asset are capitalized as part of the cost of such asset, till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the year in which they are incurred.

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

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

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

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

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

Contingent Liability is disclosed in the case of

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

Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

9. **Impairment of Assets**

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



- A. the provision for impairment loss, if any, required; or
- B. the reversal, if any, required of impairment loss recognized in previous periods.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

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

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

Note No: 20- Earnings and Diluted per share

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

Basic	2015-2016	2014-2015
Profit /(loss) after tax as per Accounts (Rs.)	(13,34,94,742)	54,01,298
PAT available to equity shareholders(Rs.)	(13,34,94,742)	54,01,298
Weighted average number of shares	3,70,00,000	3,70,00,000
Basic/ Diluted EPS (Rupees)	(3.61)	0.15

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

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

Note No: 22-Deferred Tax Liability

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

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

Remuneration	Rupees	
	2015-16	2014-15
Audit Fees	3,20,000	3,20,000
Tax Audit fee	40,000	40,000



Certification fee	40,000	25,000
Reimbursement of Expenses	38,809	48,507

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

A. List of related parties

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

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

S No	Nature of transaction	Amount of Transaction	Amount Due to 31/03/2016	Amount Due From as on 31/03/16
1	Patel Engineering Limited			
	-Reimbursement of Expenses	Nil	4,19,600	Nil
		(NIL)	(4,07,200)	(Nil)
2	KNR Constructions Limited			
	- Reimbursement of Expenses	Nil	Nil	(Nil)
		(Nil)	(54,619)	(Nil)
	-Operation and Maintenance Exp	5,04,78,216	2,50,39,688	Nil
		(4,80,45,893)	(Nil)	(3857551)
	-Major maintenance	38,21,02,040	98,00,000	Nil
		(3,20,00,000)	(Nil)	(Nil)
	-ETC Work	1,97,47,500	98,68,154	Nil
		(Nil)	(Nil)	(Nil)
	-Other Payables	Nil	6,926	Nil
		(Nil)	(6,926)	Nil

Note: Figures in brackets relate to previous year

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

Note No: 25- Segment Reporting



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

Note No: 26- Employee Benefits

The company does not have eligible employees as specified under Accounting Standard -15 on 'Employee Benefits'. Hence, provision for post- employment benefits has not been provided.

Note No: 27 -Impairment

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

Note No: 28 –Depreciation on carriageway under Schedule II of the Companies Act, 2013

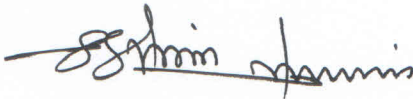
The company is annuity based project and hence the method of Depreciation calculations specified in Schedule II is not considered and the company is amortizing the cost of intangible asset over the period of concession agreement.

Note No: 29 –Previous Year Figures

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

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

For and on Behalf of the board



S POOSAIDURAI
Partner
Membership No. 223754

Place: Hyderabad
Date: 30 /05/2016


Director
Director
Company Secretary