

M.K. DANDEKER & CO.,
Chartered Accountants

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No. 244, (Old No.138),
Angappa Naicken Street,
2nd Floor,
CHENNAI - 600 001.

AUDITORS' REPORT

TO THE MEMBERS OF PATEL KNR INFRASTRUCTURES LTD

We have audited the attached Balance Sheet of M/s **PATEL KNR INFRASTRUCTURES LTD** as at 31st March 2012, the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

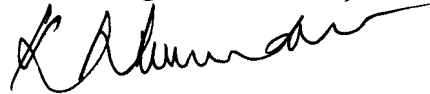
In accordance with the provisions of Section 227 of the Companies Act 1956, we report that

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, 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 accounts as required by law have been kept by the Company, so far as it appears from our examination of those books;
 - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - d) in our opinion, the Balance Sheet, statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



- e) On the basis of the written representations received from the Directors of the Company as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 and
- f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies in the Notes to Accounts in Note no 2 , 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:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012
 - ii) in the case of the Statement of Profit and Loss, Loss for the year ended on that date;
 - iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

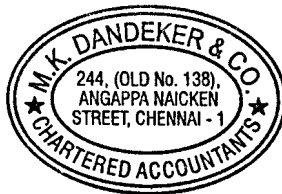
for **M.K.DANDEKER&CO.**
(ICAI Reg. No. 000679S)



K.J.DANDEKER
PARTNER
CHARTERED ACCOUNTANTS
MEMBERSHIP NO. 018533.

PLACE: HYDERABAD

DATED: 28.05.2012



M.K. DANDEKER & CO.,
Chartered Accountants

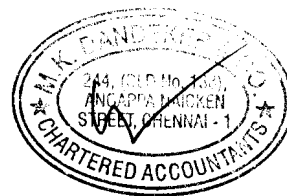
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ANNEXURE TO THE AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 of the report of the Auditor's to the Members of **PATEL KNR INFRASTRUCTURES LTD** on the accounts for the year ended March 31, 2012, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) We are informed that the management of the Company has physically verified during the year all its fixed assets and no material discrepancies were noticed on such verification.
- (c) The Company has not disposed of any of its fixed assets so as to affect the going concern status.
- (ii) The Company is engaged in the business of infrastructure development and its maintenance and hence the clauses 4 (ii) (a) (b) and (c) of the Companies (Auditor's Report) Order 2003 relating to inventory are not applicable.
- (iii) According to the information and the explanations given to us the Company has not granted/obtained any loans secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Act. Hence reporting under Clause 4 (iii) (a) to (g) does not arise
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchase of fixed assets. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- (v) In our opinion, and according to the information and explanations given to us, there are no transaction that need to be entered into the register in pursuance of Section 301 of the Companies Act, 1956 and hence reporting under clause 4 (v) (b) of the Companies (Auditor's Report) Order 2003 does not arise
- (vi) The Company has not accepted deposits from the public within the meaning of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.Hence clause 4(vi) of the Companies (Auditor's Report) order 2003 is not applicable to the company
- (vii) In our Opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Company is maintaining the Cost records as prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.




- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing undisputed statutory dues including Income tax and other statutory dues during the year with the appropriate authorities. As at 31st March 2012, there are no undisputed statutory dues payable for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no disputed statutory liabilities in respect of income tax, service tax and cess.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the Current and immediately preceding year.
- (xi) The Company has not defaulted in repayment of dues to any banks or financial institutions.
- (xii) According to the information and explanations given to us, the Company has not granted 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/nidhi/mutual benefit fund/society. Therefore the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us, the Company has not raised funds on short term basis. Accordingly, the provisions of clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Sec 301 of the Companies Act 1956 during the period
- (xix) The Company has issued 9.57% Non- Convertible Debentures and Security/First charge have been created on the Assets of the Company for the said Debentures.



- (xx) The Company has not raised any money by public issue during the year
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by management.

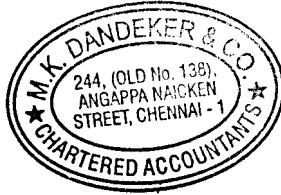
for M.K.DANDEKER&CO.
(ICAI Reg. No. 000679S)



PLACE: HYDERABAD

DATED: 28.05.2012

K.J.DANDEKER
PARTNER
CHARTERED ACCOUNTANTS
MEMBERSHIP NO. 018533



PATEL-KNR INFRASTRUCTURES LTD

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

Balance Sheet as at March 31,2012

Particulars	Note no	As at 31-3-2012		As at 31-3-2011	
EQUITY & LIABILITIES:					
Shareholders' funds					
Share capital	3	37,00,00,000		37,00,00,000	
Reserves and surplus	4	1,83,75,053	38,83,75,053	8,82,00,367	45,82,00,367
Non- Current Liabilities					
Long term Borrowings	5	3,70,34,00,000		3,86,38,00,000	
Other Long term liabilities	6	15,10,332		25,88,400	
Long-term Provision	7	9,88,16,605	3,80,37,26,937	6,07,94,800	3,92,71,83,200
Current Liabilities					
Other current Liabilities	8	33,76,01,297	33,76,01,297	34,21,93,230	34,21,93,230
TOTAL			4,52,97,03,287		4,72,75,76,797
ASSETS:					
Non-Current Assets					
Fixed Assets					
Tangible assets	9 (i)	25,71,498		28,75,738	
Intangible assets	9 (ii)	3,92,64,14,756	3,92,89,86,254	4,18,81,75,739	4,19,10,51,477
Current Assets					
Trade Receivables	10	1,87,07,938		34,04,52,728	
Cash and Bank Balances	10	54,66,01,150		16,91,69,021	
Short-terms loans and advances	10	3,54,07,945	60,07,17,033	2,69,03,570	53,65,25,320
TOTAL			4,52,97,03,287		4,72,75,76,797
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)

K.J. Dandekar

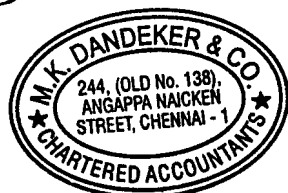
K.J. Dandekar

Partner

Membership No. 018533

Place: *Hyderabad*

Date: *28/3/2012*



For Patel-KNR Infrastructures Ltd

BSR *Abell*
Director
Mangala.M.
Company Secretary

KNR K.N. Reddy
Director

PATEL-KNR INFRASTRUCTURES LTD

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

Statement of Profit and Loss for the year ended March 31, 2012

Particulars	Note No	31.03.2012	31.03.2011
REVENUE			
Revenue from oprations	11	68,31,56,821	76,40,98,709
Other Income	12	1,47,42,712	93,98,503
Total Revenue		69,78,99,533	77,34,97,212
EXPENSES			
Operating Expenses	13	10,36,32,334	20,91,79,362
Employee benefit Expenses	14	1,44,000	1,02,120
Finance Cost	15	37,39,80,585	38,45,45,451
Administration Expenses	16	2,02,033	5,77,173
Depreciation & Amortization Expenses	9	26,20,65,224	26,20,65,224
Other Expenses	18	2,77,00,671	6,89,32,215
Total Expenses		76,77,24,847	92,54,01,545
Profit/ (loss) Before exceptional and Extraordinary items and Tax		(6,98,25,314)	(15,19,04,333)
Exceptional Items		-	-
Profit before Extraordinary Items & Tax		-	-
Extraordinary items		-	-
Profit before Tax		-	-
Tax Expenses:			
1.Current Tax		-	-
2.Deferred Tax		-	-
Profit /(Loss) for the period		(6,98,25,314)	(15,19,04,333)
Balance carried to Balance Sheet		(6,98,25,314)	(15,19,04,333)
Basic and Diluted earnings per equity share		(1.89)	(4.11)
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.

For Patel-KNR Infrastructures Ltd

Chartered Accountants

(ICAI Registration No. 000679S)

K.J. Dandeker

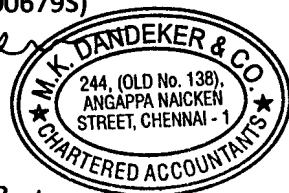
K.J.Dandeker

Partner

Membership No. 018533

Place: *Hyderabad*

Date: *28/5/2012*



B.R.
Director

Director

Mangala M.
Company Secretary

K.R. Reddy
Director

PATEL-KNR INFRASTRUCTURES LTD

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

Cash flow statement for the year ended March 31, 2012

	As at 31-3-2012	As at 31-3-2011
A Cash flow from operating activities		
Net Profit before taxes	(6,98,25,314)	(15,19,04,333)
Adjustments for:		
Depreciation	26,20,65,224	26,20,65,224
Intrest paid	37,39,80,585	38,45,15,725
Interest received	(1,47,42,712)	(92,77,503)
Operating profit before working capital changes	55,14,77,783	48,53,99,113
Adjustments for :		
(Increase) / Decrease in Non- current liabilities		
(Increase) / Decrease in Current liabilities	2,03,51,804	1,89,25,249
(Increase) / Decrease in short term loans and advances	(85,04,375)	(1,03,01,506)
(Increase) / Decrease in Trade Receivable	32,17,44,790	(22,18,86,834)
(Increase) / Decrease in short term provisions		-
Cash generated from/(used in) operating activities	88,50,70,002	27,21,36,023
Direct taxes paid	-	-
Net cash generated from /(used in) operating activities	88,50,70,002	27,21,36,023
B Cash flow from investing activities		
Purchase of fixed assets, including intangible assets	-	(15,57,000)
Dividend on MF received	-	-
Interest received	1,47,42,712	92,77,503
Cash generated from / (used in) investing activities	-	-
Extraordinary items	-	-
Net cash generated from / (used in) investing activities	1,47,42,712	77,20,503
C Cash flow from financing activities		
(Repayment)/Proceeds from other borrowings	-14,84,00,000	(38,47,16,116)
Interest paid	(37,39,80,585)	(38,45,15,725)
Net cash generated from /(used in) financing activities	(52,23,80,585)	(76,92,31,841)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	37,74,32,129	(48,93,75,316)
Cash and cash equivalents as at the beginning	16,91,69,021	65,85,44,337
Cash and cash equivalents as at the end	54,66,01,150	16,91,69,021

Notes:

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

As per our report attached

For M. K. Dandeker & Co.

Chartered Accountants

(ICAI Registration No. 000679S)

K.J. Dandeker

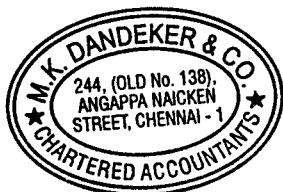
K.J.Dandeker

Partner

Membership No. 018533

Place: *Hyderabad*

Date: *28/5/2012*



For Patel-KNR Infrastructures Ltd

BSR
BSR
Director

Mangala M.
Company Secretary

K.K. Reddy
Director

Note No:1-Corporate Information

The Company as formed as SPV namely Patel-KNR Infrastructures Ltd and has been awarded on Build Operate and Transfer (BOT) Annuity basis, the widening of existing two-lane portion from Km 463.6.00 (A.P-karnataka border) to Km 524.00 (Avathi village), covering 60.4 Kilometers, on National Highway No.7 (NH-7) in the state of KARNATAKA, to 4 lanes under the Concession Agreement dated 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:02- SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with 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. However, certain escalation and other claims, which are not ascertainable, are not taken into account.

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 fixed assets and intangible assets, provision for doubtful debts / advances and future obligations. Actual results could differ from these estimates and would be recognized in the period in which the results are known.

2. Revenue

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

3. Fixed Assets:

Tangible

Tangible Fixed Assets are stated at original cost less accumulated depreciation

Intangible Assets and Amortization

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

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

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

4. Depreciation:

Tangible Fixed Assets are depreciated based on useful life of the assets. The management has estimated the useful life for the following assets. a) Buildings -18years, b) Motor vehicle-10 years

5. Taxes

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

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

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

6. Borrowing Costs:

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

7. Provisions, Contingent Liabilities and Contingent Assets:

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

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

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

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

Contingent Liability is disclosed in the case of

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

Contingent Assets are neither recognized, nor disclosed.

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

8. Impairment of Assets

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

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

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

Recoverable amount is determined:

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

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

PATEL-KNR INFRASTRUCTURES LTD
Year Ended March 31, 2012
Note 3: Share capital

Particulars	As at March 31, 2012		As at March 31, 2011	
	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, and iii)	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

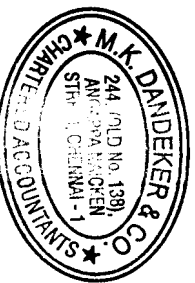
Foot Notes:

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

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Amt in Rs.	No. of Shares	Amt in Rs.
Shares outstanding at the beginning of the period / year	3,70,00,000	37,00,00,000	3,70,00,000	37,00,00,000
Shares issued during the period / year	-	-	-	-
Shares bought back during the period / year	-	-	-	-
Shares outstanding at the end of the period / 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, 2012		As at March 31, 2011	
	No. of Shares	Amt in Rs.	No. of Shares	Amt in Rs.
Patel Engineering Ltd (Holding Company and Ultimate Holding Co)	Equity Shares Rs 10 each		Equity Shares 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

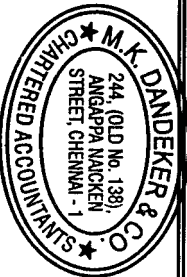
Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
Patel Engineering Ltd	15,540,000	42%	15,540,000	42%
KNR Constructions Ltd	14,800,000	40%	14,800,000	40%
Enpro Ltd	6,660,000	18%	6,660,000	18%
Total	37,000,000	100%	37,000,000	100%

Note 4: Reserves and surplus

Particulars	As at March 31, 2012		As at March 31, 2011	
(a) Profit / (Loss) Surplus				
Opening balance	88,200,367		240,104,699	
(+) Profit/(Loss) for the current period / year	(69,825,314)	18,375,053	(151,904,333)	88,200,366
Total		18,375,053		88,200,366

Note 5: Long-term borrowings

Particulars	As at March 31, 2012		As at March 31, 2011	
Debtentures (refer foot note no. i)				
(i) Secured				
Non convertible debtentures as on 01/04/2011	4,012,200,000		4,090,000,000	
Less : Redeemed during the year	148,400,000		77,800,000	
Less : Redeemable in Next year	160,400,000	3,703,400,000	148,400,000	3,863,800,000
Total		3,703,400,000		3,863,800,000



Foot Notes:

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

ii) All the above debentures are secured by 1) First charge on the entire assets, movable and immovable, present and future of the company, 2) First charge on the revenues and receivables of the company including the annuity, 3) First charge on the Debt service reserve account, and other reserves, Trust and retention account and all other Bank accounts of the company, 4) Assignment of all the contracts, Project documents and insurance policies as regards the road project on NH - 7 on annuity and 5) Assignment of a revolving letter of credit of Rs 32.94 Crores in favour of AXIS Bank).6) Next repayment date 14/04/2012

Note 6: Other long term liabilities

Amt in Rs

Particulars	As at March 31, 2012	As at March 31, 2011
a)Trade Payables		
Due to Related parties	15,10,332	18,60,045
Due to others	-	7,28,355
Total	15,10,332	25,88,400

Note 7: Long-term provisions

Particulars	As at March 31, 2012	As at March 31, 2011
Periodic Maintenance Reserve	9,88,16,605	6,07,94,800
Total	9,88,16,605	6,07,94,800



Details of movement of Provisions are as follows

Particulars	Periodic Major Maintenance Amt in RS	Periodic Major Maintenance Amt in RS
Opening Balance	6,07,94,800	3,40,00,000
Add: Accretion during the year	3,80,21,805	2,67,94,800
Less: Utilised during the year -	Nil	Nil
Closing Balance	9,88,16,605	6,07,94,800

Note 8: Other current liabilities

Amt in Rs

Particulars	As at March 31, 2012	As at March 31, 2011
Trade Payables (Due to KNR Construction Ltd)	66,07,788	1,70,62,965
Interest accrued but not due on borrowings	17,05,93,509	17,67,30,265
Debentures Redeemable within 12 months	16,04,00,000	14,84,00,000
	33,76,01,297	34,21,93,230
Total	33,76,01,297	34,21,93,230



NOTE NO.9: Fixed Assets

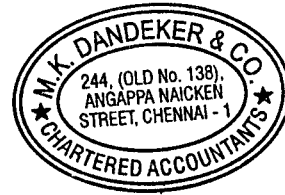
Particulars	As at 01.04.2011	Gross Block		As at 31.03.2012	As at 01.04.2011	Depreciation			As at 31.03.2012	Net Block	
		Additions during the Year	Deductions during the Year			For the year	Deduction s during the Year	As at 31.03.2012		As at 31.03.2011	
Note 9 (i) - Tangible Assets											
Buildings	15,57,000	-	-	15,57,000	86,500	86,500	-	1,73,000	13,84,000	14,70,500	
Motor vehicles	21,77,395	-	-	21,77,395	7,72,157	2,17,740	-	9,89,897	11,87,498	14,05,238	
TOTAL	37,34,395	-	-	37,34,395	8,58,657	3,04,240	-	11,62,897	25,71,498	28,75,738	
Previous Year	37,34,395			37,34,395	5,54,417	3,04,240	-	8,58,657	28,75,738	16,22,978	
Note 9(ii) - Intangible Assets											
Carriageway	4,71,16,97,708	-	-	4,71,16,97,708	52,35,21,968	26,17,60,984	-	78,52,82,952	3,92,64,14,756	4,18,81,75,739	
TOTAL	4,71,16,97,708	-	-	4,71,16,97,708	52,35,21,968	26,17,60,984	-	78,52,82,952	3,92,64,14,756	4,18,81,75,739	
Previous Year	4,33,94,68,090			4,33,94,68,090	26,17,60,984	26,17,60,984	-	52,35,21,969	4,18,81,75,739	4,44,99,36,723	



Note 10: Current assets

Amt in Rs

Particulars	As at March 31, 2012		As at March 31, 2011	
a) Trade Receivables				
1) Client Bills receivable	37,17,589		37,17,589	
2) ROB Receivables	57,41,549		-	
b) Annuity Receivables	91,50,000		33,59,49,341	
c) Client Retention Deposit	6,926		6,926	
d) Other Receivables	91,874	1,87,07,938	7,78,872	34,04,52,728
b) Cash and Bank Balances				
1) Cash and Cash equivalents				
Balances with Bank				
- On Currents Accounts	38,55,43,901		1,16,76,630	
2) Fixed Deposit including interest there on (Deposited with bank in connection with issue of debentures)	16,10,57,249	54,66,01,150	15,74,92,391	16,91,69,021
c) Short term Loans and advances				
Income Tax Advance		3,54,07,945		2,69,03,570
Total		60,07,17,033		50,96,21,749



PATEL-KNR INFRASTRUCTURES LTD**Notes to financial statements for the year ended 31 March 2012**

11. Revenue from Operations	As at 31-3-2012	As at 31-3-2011
a) Annuity Income	65,88,90,659	65,88,09,890
b) ROB Income	2,42,66,162	9,89,66,708
c) Utility Shifting Income	-	63,22,111
	68,31,56,821	76,40,98,709

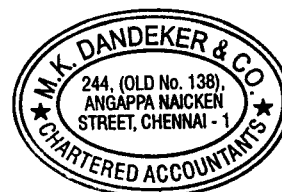
12. Other Income	As at 31-3-12	As at 31-3-11
a) Interest Income	1,47,42,712	92,77,503
b) Excess Provision written off	-	1,21,000
	1,47,42,712	93,98,503

(Interest Income Includes TDS Receivable on Interest for the FY 2011-12:Rs 17,13,907 and 2010-11 Rs Rs 9,27,750)

13. Operating Expenses	As at 31-3-12	As at 31-3-11
P.W.Wages ROB Cost	2,37,80,838	9,69,87,373
P.W wages Utility shifting cost	-	63,22,111
Repairs and Maintenance:-		
Regular Maintenance Cost	4,18,29,691	7,90,75,078
Periodic Maintenance Cost	3,80,21,805	2,67,94,800
	10,36,32,334	20,91,79,362

14. Employee benefit Expenses	As at 31-3-12	As at 31-3-11
Salaries & Wages	1,44,000	1,02,120
Contribution to PF and other funds	-	-
	1,44,000	1,02,120

15. Finance Cost	As at 31-3-12	As at 31-3-11
Bank Charges	66,815	29,726
Interest on Debentures	37,39,13,770	36,33,21,668
Interest Paid on Bank Loans	-	1,62,30,557
Term Loan Prepayment Charges	-	49,63,500
	37,39,80,585	38,45,45,451



16. Administration and General Exp	As at 31-3-12	As at 31-3-11
Postage Telegram	60	150
Stationery and Printing	683	1,798
Travel Rail/Road	22,060	2,00,799
Travell Loading/Boarding	8,523	-
Travel-meals/Food Expenses	5,599	-
Conveyance Expenses	-	3,605
Telephone Expenses	3,718	2,581
General Expenses	1,61,390	3,63,740
Rent	-	4,500
	2,02,033	5,77,173

17. Other Expense	As at 31-3-12	As at 31-3-11
Audit fee	2,24,720	2,20,600
Tax Audit fee	55,665	-
Certification fee	66,180	-
Rates and Taxes	6,680	2,530
Advertisement	13,307	-
Consultation Charges	14,92,836	49,52,195
Professional	12,23,511	2,33,77,397
Int.on TDS Delay	61,533	6,96,015
Loss on foregin Exchange Hedging	2,45,56,239	3,96,68,686
Finies and penalties	-	14,792
	2,77,00,671	6,89,32,215



Note No:18- Earnings and Diluted per share

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

Basic	2011-2012	2010-2011
Profit /(loss) after tax per Accounts (Rs.)	6,94,20,679	(15,19,04,333)
PAT available to equity shareholders(Rs.)	6,94,20,679	(15,19,04,333)
Weighted average number of shares	3,70,00,000	3,70,00,000
Basic/ Diluted EPS (Rupees)	1.8762	(4.11)

Note No:19 –Wealth Tax

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

Note No: 20-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:21-Deferred Tax Liability

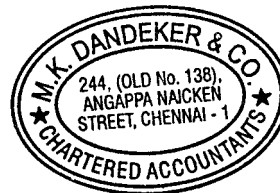
The Company has not provided for any Deferred Tax Liability in the books as the timing differences arising on account of difference as per Income Tax Act,1961 and books of accounts are expected to get reversed during the tax holiday period under Section 80 IA of the Income Tax Act,1961.

Note No:22- Auditor's Remuneration (excluding service tax)

Remuneration	Rupees	
	2011-12	2010-11
Audit Fees	2,00,000	2,00,000
Tax Audit fee	25,000	25,000
Certification Expenses	60,000	45,000
Reimbursement of Expenses	30,583	48,756

Note No: 23- Disclosure of Related Parties / Related Party Transactions.**A. List of related parties**

1. Patel Engineering Limited
2. KNR Constructions Limited



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

S No	Nature of transaction	Amount of Transaction	Amount Due to 31/03/2012	Amount Due From as on 31/03/12
1	Patel Engineering Limited (Share Holder)			
	- Unsecured Loan	Nil (Nil)	Nil (Nil)	Nil (Nil)
	-Reimbursement of Expenses	15,10,332 (14,82,789)	15,10,332 (14,82,789)	Nil (Nil)
2	KNR Constructions Limited(Share Holder)			
	-EPC cost	Nil (Nil)	Nil (Nil)	Nil (Nil)
	-EPC Payable	Nil (Nil)	Nil (Nil)	Nil (Nil)
	-Unsecured Loan	91,029 (39,875)	81,029 (81,145)	(Nil) (Nil)
	-Operation and Maintenance Exp	4,18,29,691 (7,74,93,577)	Nil (1,70,50,965)	10000 (10000)

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:24- Segment Reporting

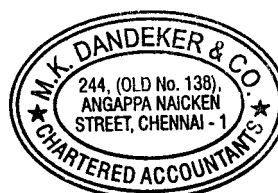
The Company is in the business of execution of BOT (annuity) road projects. Hence, operations are under single business and geographical segment.

Note No:25- Employee Benefits

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

Note No:26 -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.



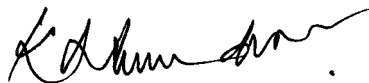
Note No:27 –Depreciation on carriageway under Schedule XIV of the Companies Act 1956

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

Note No:28 –Previous Year Figures

The company was using pre- revised schedule VI to the companies act 1956 for the preparation and presentation of its financial statements till the year ended 31/03/2011. During the year ended 31/03/2012, the revised schedule VI notified under the Companies Act 1956 as become applicable to the company .The company has reclassified the previous year figures to confirm to this year's classification .

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



K.J.Dandeker
Partner
Membership No. 018533

Place:
Date:

Hyderabad
28/5/2012

For and on Behalf of the board

BSK
SPB
Director

K. N. Naddy
Director

Mangala.M.
Company Secretary

