

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

Report on the Financial Statements

We have audited the accompanying financial statements of **Patel KNR Heavy Infrastructures Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 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 Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are



appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 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 Companies Act, 2013, we enclosed in the annexure a statement on the matters specified in paragraph 3 and 4 of the said Order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. There are no observations or comments on the financial transactions or matters which have any adverse effect on the functioning of the company.
 - f. On the basis of the written representations received from the directors as on 31st March, 2016 taken on record, 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.
 - g. 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-A".
 - h. 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 has no pending litigation which would impact its financial position;
- ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;
- iii. There were no amount which were required by the company to be transferred to the Investor Education and Protection Fund.

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)





Ramesh Koul
(Partner)

(Membership No. 077804)

Place: New Delhi

Date: 25/05/2016



Annexures to the Independent Auditor's Report of Patel KNR Heavy Infrastructures Limited for the Year ended as on 31st March 2016

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

- i.
 - 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.
- ii. As the company is engaged in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.
- v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.
- vi. According to the information and explanations given to us, we are of the opinion that prima facie, cost records prescribed, pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, are made and maintained.
- vii.
 - a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. Undisputed labour welfare cess of Rs.207.22 lakhs was accrued but not due as on 31st March, 2016. As on 31st March 2016, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.
 - b) According to the information and explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess etc. on account of any dispute.
- viii. During the year the company has not defaulted in repayment of loans or borrowings to the banks. The company has not taken any loan or borrowings from any financial institution or Government during the year. The company has not defaulted in payment of dues to the debentureholders.



- ix. Money raised by way of term loan were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.
- x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.
- xi. The company has not paid any managerial remuneration. Therefore the provisions of section 197 read with Schedule V of the Companies Act 2013 are not applicable.
- xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information provided to use, the transaction entered with the related parties are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.
- xiv. In our opinion and according to the information provided to us, the company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. According to the information provided to us, the company is not required to be registered under section 451A of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

For Gianender & Associates
Chartered Accountants
(Firm's Registration No. 004661N)




Ramesh Koul
(Partner)
(Membership No. 077804)

Place: New Delhi
Date: 25/05/2016

Annexure-A

Annexure referred to in paragraph 2 under the heading “Report on Other Legal and Regulatory Requirements” of our report on even date:-

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 Heavy Infrastructures Limited** (“the Company”) as of March 31, 2016 in conjunction with our audit of the 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. 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 on Audit of Internal Financial Controls Over Financial Reporting (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 my /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.

For Gianender & Associates
Chartered Accountants

(Firm's Registration No. 004661N)



A handwritten signature in blue ink, appearing to read "R. Koul".

Ramesh Koul
(Partner)

(Membership No. 077804)

Place: New Delhi






Date: 25/05/2016



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2016

(Rupees in Lakhs)

PARTICULARS	NOTE No.	As At 31-03-2016	As At 31-03-2015
I EQUITY AND LIABILITIES			
1) SHAREHOLDERS' FUNDS			
a) Share Capital	1	2,382.38	2,382.38
b) Reserves and Surplus	2	<u>(450.59)</u>	<u>1,931.79</u> <u>(85.59)</u> 2,296.79
2) SHARE APPLICATION MONEY PENDING ALLOTMENT			
-			
3) NON - CURRENT LIABILITIES			
a) Long-term borrowings	3	46,753.86	48,453.72
b) Other Long term Liabilities	4	139.96	207.23
c) Long-term Provisions	5	<u>501.60</u>	<u>47,444.82</u> <u>-</u> 48,660.95
4) CURRENT LIABILITIES			
a) Trade Payables	6	41.61	39.67
b) Other Current Liabilities	7	2,486.55	2,714.55
c) Short-Term Provision	8	<u>1,166.42</u>	<u>3,994.61</u> <u>2,170.00</u> 4,924.22
TOTAL		<u><u>53,371.22</u></u>	<u><u>55,881.96</u></u>
II ASSETS			
1) NON-CURRENT ASSETS			
a) Fixed Assets			
-Tangible Assets	9	42,545.73	45,441.73
b) Long-term loans and advances	10	456.22	456.22
2) CURRENT ASSETS			
a) Current Investments	11	6,811.84	5,399.86
b) Cash and Bank Balances	12	222.65	1,503.87
c) Short-term loans and advances	13	1,189.43	851.40
d) Other Current Assets	14	<u>2,146.34</u>	<u>10,369.27</u> <u>2,228.88</u> 9,984.01
TOTAL		<u><u>53,371.22</u></u>	<u><u>55,881.96</u></u>
Significant Accounting Policies	22		
See accompanying Notes to financial statements As per our report of even date attached			
For Gianender & Associates Chartered Accountants (ICAI Registration No.004661N)		For and on behalf of the Board	
 Ramesh Koul Partner Membership No:077804 Place: New Delhi Date : 25/5/2016		 Mahesh Inani (Company Secretary)	 K.N Reddy (Director)
		 B.S.Reddy (Director)	

PATEL KNR HEAVY INFRASTRUCTURES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

		(Rupees In Lakhs)	
PARTICULARS	NOTE No.	For the Year ended 31.03.2016	For the Year ended 31.03.2015
I	Income		
	Revenue from operations	8,874.00	8,874.00
	Other income	573.79	533.43
	Total Revenue	9,447.79	9,407.43
II	Expenses:		
	Operating & Maintenance Expenses	993.04	945.04
	Employee Benefit Expenses	2.40	1.40
	Finance costs	5,185.39	5,416.35
	Depreciation Expense	3,545.26	3,489.51
	Other expenses	86.70	112.57
	Total expenses	9,812.79	9,964.87
	Profit before tax (I- II)	(365.00)	(557.44)
	Tax expense:		
	1) Current tax	-	-
	2) Deferred tax	-	-
	Profit (Loss) for the period	(365.00)	(557.44)
	Earnings per equity share:		
	1) Basic	(1.53)	(2.34)
	2) Diluted	(1.53)	(2.34)
	Significant Accounting Policies	22	

See accompanying Notes to financial statements

As per our report of even date attached

For Gianender & Associates

Chartered Accountants

(ICAI Registration No.004661N)




Ramesh Koul
 Partner

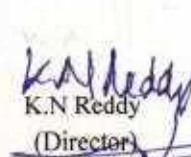
Membership No:077804


Place: New Delhi

Date : 25/5/2016

For and on behalf of the Board


Mahesh Inani
 (Company Secretary)


K.N Reddy
 (Director)


B.S.Reddy
 (Director)

PATEL KNR HEAVY INFRASTRUCTURES LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(Rupees in Lakhs)

PARTICULARS	For the Year ended 31-03-2016	For the Year ended 31-03-2015
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(365.00)	(557.44)
Adjustments for		
Depreciation & Amortisation Expenses	3,545.26	3,489.51
Provision for Periodic Maintenance	501.00	477.00
Interest and Financial Charges	5,185.39	5,416.35
Interest Received From FDR	(30.34)	(226.13)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	8,836.31	8,599.29
(Increase)/Decrease in Trade and Other Receivables	975.11	69.12
Increase/(Decrease) in Trade Payables and Other Liabilities	(946.88)	(232.63)
CASH GENERATED FROM OPERATIONS	8,864.54	8,435.78
Taxes paid	-	-
NET CASH USED IN OPERATING ACTIVITIES	8,864.54	8,435.78
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and Capital Work In Progress	-	(14.86)
(Purchase)/Proceed From Current Investment	(1,411.98)	(5,399.86)
Interest Received	112.88	392.50
Less : Interest Accrued	-	82.54
NET CASH USED IN INVESTING ACTIVITIES	(1,299.10)	(5,104.76)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Funds Borrowed / (Repaid)	(2,349.12)	(2,598.90)
Interest & Financial Charges	(5,185.39)	(5,420.53)
NET CASH FROM FINANCING ACTIVITIES	(7,534.51)	(8,019.43)
	30.93	(4,688.41)
Cash and Cash Equivalents as at April 1, 2015 (Opening Balance)	191.73	4,880.14
Cash and Cash Equivalents as at March 31, 2016 (Closing Balance)	222.66	191.73

Notes:

1 Components of Cash & Cash Equivalents

Cash in Hand	-	-
Bank Balance -Current Account	222.66	191.73
- Fixed Deposit	-	-
	222.66	191.73

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 Reconciliation with Cash and Bank Balances (Note no 12)

	As on 31st March 2016	As on 31st March 2015
Cash and Cash Equivalents as per AS-3	222.66	191.73
Add:		
Other Bank Balances (maturities more than 3 months)	-	1,312.14
Total Cash and Bank Balances (Note no 12)	222.66	1,503.87

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



Ramesh Koul

Partner

Membership No:077804

Place: New Delhi

Date : 25/5/2016





Mahesh Inani
(Company Secretary)

For and on behalf of the Board


K.N Reddy
(Director)


B.S.Reddy
(Director)

PATEL KNR HEAVY INFRASTRUCTURES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 1

SHARE CAPITAL

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares in Lakhs	Rupees in Lakhs	No. of Shares in Lakhs	Rupees in Lakhs
EQUITY SHARE CAPITAL				
Authorised Share capital				
Equity Shares of Rs. 10/- each	300.00	3,000.00	300.00	3,000.00
Issued, subscribed & fully paid share capital				
Equity Shares of Rs. 10/- each Issued at Par	238.24	2,382.38	238.24	2,382.38
Total	238.24	2,382.38	238.24	2,382.38

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 2016, 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, 2016 and March 31, 2015 is set out below:

Particulars	As at March 31, 2016		As at March 31, 2015	
	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	238.24	2,382.38	238.24	2,382.38

The details of shareholder holding more than 5% shares as at March 31, 2016 and March 31, 2015 is set out below:

Name of the shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Shares in Lakhs	% held	No. of Shares in Lakhs	% held
1. Patel Engineering Infrastructures Ltd & its Nominees	100.06	42.00	100.06	42.00
2. KNR Constructions Ltd & its Nominees	95.30	40.00	95.30	40.00
3. ENPRO Ltd	42.88	18.00	42.88	18.00
	238.24	100.00	238.24	100.00



PATEL KNR HEAVY INFRASTRUCTURES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 2

RESERVES AND SURPLUS

Particulars	(Rupees in Lakhs)	
	As At March 31, 2016	As At March 31, 2015
Surplus/(deficit) in the Statement of Profit and Loss		
Balance as per Last Financial Statements		471.35
Add: Profit/(Loss) for the Year	(85.59)	
Total	(365.00)	(557.44)
	(450.59)	(85.59)

NOTE 3

LONG- TERM BORROWINGS

Particulars	(Rupees in Lakhs)	
	As At March 31, 2016	As At March 31, 2015
SECURED LOANS		
Debentures		
Rated, Listed, Redeemable Non Convertible debentures (Refer foot note i)	33,830.00	35,010.00
Sub-Total	33,830.00	35,010.00
Term Loan		
From Banks (Refer foot note ii)		
Foreign Currency Loan	10,339.64	10,859.50
Sub-Total	10,339.64	10,859.50
UNSECURED LOANS		
Loans and advances from related parties (Refer foot note iii)		
From KNR Constructions Ltd - Associate Company	1,033.69	1,033.69
From Patel Engineering Infrastructures Limited-Associate Company	1,550.53	1,550.53
Sub-Total	2,584.22	2,584.22
Total	46,753.86	48,453.72



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

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
Rupees in lakhs	18,000.00	2,320.00	920.00	1,630.00	3,190.00	13,940.00	40,000.00
Coupon Rate	10.04%	9.50%	9.75%	9.75%	10.00%	10.35%	
Redemption Schedule							
30-Sep-17	405.00	-	320.00	-	-	-	725.00
31-Mar-18	405.00	-	320.00	-	-	-	725.00
30-Sep-18	435.00	-	-	415.00	-	-	850.00
31-Mar-19	435.00	-	-	415.00	-	-	850.00
30-Sep-19	555.00	-	-	400.00	-	-	955.00
31-Mar-20	555.00	-	-	400.00	-	-	955.00
30-Sep-20	585.00	-	-	-	415.00	-	1,030.00
31-Mar-21	585.00	-	-	-	445.00	-	1,030.00
30-Sep-21	555.00	-	-	-	590.00	-	1,145.00
31-Mar-22	555.00	-	-	-	590.00	-	1,145.00
30-Sep-22	750.00	-	-	-	560.00	-	1,310.00
31-Mar-23	750.00	-	-	-	560.00	-	1,310.00
30-Sep-23	1,005.00	-	-	-	-	1,100.00	2,105.00
31-Mar-24	1,005.00	-	-	-	-	1,100.00	2,105.00
30-Sep-24	1,480.00	-	-	-	-	1,305.00	2,785.00
31-Mar-25	1,480.00	-	-	-	-	1,305.00	2,785.00
30-Sep-25	2,890.00	-	-	-	-	-	2,890.00
31-Mar-26	-	-	-	-	-	3,040.00	3,040.00
30-Sep-26	-	-	-	-	-	3,045.00	3,045.00
31-Mar-27	-	-	-	-	-	3,045.00	3,045.00
Total	14,430.00	-	640.00	1,630.00	3,190.00	13,940.00	33,830.00

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 2016

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 30th Sep' 2010 and ending on 30th Sep' 2023. The number of balance installments as on 31st March 2016 is 15. 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 repaid upto 31st March 2016 was hedged at Rs.50.7850/Per USD and balances loan amount repayable from 1st April 2016 to 30th Sep 2023 is hedged at Rs.70/Per USD. The Loan repayable after 31st March 2016 has been translated at closing rate as on 31st March 2016 because the loan repayable is hedged at Rs.70/ Per USD, Whereas the exchange rate as on 31.03.2016 is Rs.66.3329/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 2016

NOTE 4

OTHER LONG TERM LIABILITIES

Particulars	(Rupees in Lakhs)	
	As At March 31, 2016	As At March 31, 2015
Trade payables		
Others		
-Labour Welfare Cess Payable	189.96	207.23
Total	189.96	207.23

NOTE 5

LONG TERM PROVISIONS

Particulars	(Rupees in Lakhs)	
	As At March 31, 2016	As At March 31, 2015
Provision for employee benefits		
Others		
-Periodic Maintenance Provision	501.00	-
Total	501.00	-

NOTE 6

TRADE PAYABLES

Particulars	(Rupees in Lakhs)	
	As At March 31, 2016	As At March 31, 2015
Others		
Sundry Creditors (Suppliers/Service)*	41.64	39.67
Total	41.64	39.67

* Rs. 41.64 lakhs (Previous Year Rs. 39.67 lakhs) payable to KNR Constructions Limited- Associate Company



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 7

OTHER CURRENT LIABILITIES

Particulars	(Rupees in Lakhs)	
	As At March 31, 2016	As At March 31, 2015
Current maturity of long term borrowings		
Debentures		
Term Loan	1,180.00	1,780.00
From Banks		
Foreign Currency Loan	1,169.12	818.91
Labour Welfare Cess Payable		
Patel Engineering Ltd (Withheld Amount)	17.27	17.27
Outstanding Expenses	11.28	11.28
Audit Fee payable		
Certification Fee Payable	4.13	3.78
Independent Consultancy Fee	0.15	0.80
Salaries Payable	9.48	4.25
Consultancy Charges Payable	0.20	0.20
Misc. Expenses Payable*	35.48	33.48
Statutory Dues	5.07	3.19
VAT Payable		
TDS/TCS	17.41	2.63
	36.96	38.76
Total	2,486.55	2,714.55

* Includes Rs. 4.02 lakhs (Previous Year Rs.3.10 lakhs) payable to KNR Constructions Limited- Associate Company

NOTE 8

SHORT TERM PROVISIONS

Particulars	(Rupees in Lakhs)	
	As At March 31, 2016	As At March 31, 2015
Provision for employee benefits		
Others		
-Periodic Maintenance Provision	1,466.42	2,170.00
Total	1,466.42	2,170.00



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 9

FIXED ASSETS

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	As at April 1, 2015	Additions/ Adjustments	As at March 31, 2016	As at April 1, 2015	For the Period	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
I Tangible Assets								
Carriage way	61,744.18	649.25	62,393.44	16,345.39	3,542.38	19,887.77	42,505.67	45,398.79
Flat (Refer foot note)	31.33	-	31.33	2.55	1.02	3.57	27.76	28.78
Vehicle	14.86	-	14.86	0.70	1.86	2.56	12.30	14.16
Sub-total	61,790.37	649.25	62,439.63	16,348.64	3,545.26	19,893.90	42,545.73	45,441.73
TOTAL	61,790.37	649.25	62,439.63	16,348.64	3,545.26	19,893.90	42,545.73	45,441.73
Previous Year	61,343.33	447.04	61,790.37	12,859.13	3,489.51	16,348.64	45,441.73	48,484.20

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 2016

NOTE 10

LONG TERM LOANS AND ADVANCES

Particulars	(Rupees in Lakhs)	
	As At March 31, 2016	As At March 31, 2015
(Unsecured, considered good)		
Others Loans & Advances		
MAT Credit	456.22	456.22
Total	456.22	456.22

NOTE 11

CURRENT INVESTMENTS

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Units	Rupees in Lakhs	No. of Units	Rupees in Lakhs
Investment in Mutual Funds at Cost (Quoted) (Refer foot note)				
-L&T Short Term Opp Fund	31,474,701	4,535.88	62,060,419	4,450.28
-L&T Liquid Fund	-	-	811	15.53
-L&T Resurgent India Corporate Bond Fund	2,695,529	271.26	2,695,529	271.26
-L&T Ultra Short Term Fund	1,280,106	313.65	2,931,124	662.79
-L&T Floating Rate Fund	11,554,830	1,691.05	-	-
Total	47,005,167	6,811.84	67,687,884	5,399.86

Foot Note:

Particulars	(Rupees in Lakhs)	
	As At March 31, 2016	As At March 31, 2015
Aggregated Amount of Quoted Investment	6,811.84	5,399.86
Aggregated Market Value of Quoted Investment	6,858.12	5,428.23
Aggregated Amount of Un-Quoted Investment	-	-

NOTE 12

CASH AND BANK BALANCES

Particulars	(Rupees in Lakhs)	
	As At March 31, 2016	As At March 31, 2015
Cash & Cash Equivalents		
Balance with Banks		
Current accounts		
Cash on hand	222.66	191.73
	-	-
Sub-Total	222.66	191.73
Other Bank Balance		
Bank Deposits with more than 3 months original maturity	-	1,312.14
Sub-Total	-	1,312.14
Total	222.66	1,503.87



PATEL KNR HEAVY INFRASTRUCTURES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 13

SHORT TERM LOANS AND ADVANCES

Particulars	(Rupees in Lakhs)	
	As At March 31, 2016	As At March 31, 2015
(Unsecured, considered good)		
Others Loans & Advance		
Advance to KNR Constructions Limited - Associate Company	158.73	-
Prepaid Insurances	8.21	10.42
TDS Receivable	180.51	840.98
Income Tax (Refund)	840.98	-
Total	1,188.43	851.40

NOTE 14

OTHER CURRENT ASSETS

Particulars	(Rupees in Lakhs)	
	As At March 31, 2016	As At March 31, 2015
Amounts Recoverable from Patel Engineering Ltd	912.93	912.93
Annuity Accrued but not Due	755.75	755.75
Amount withheld - NHAI	435.04	435.04
Amount Recoverable from NHAI	42.62	42.62
Interest Accrued but not due	-	82.54
Total	2,146.34	2,228.88



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 15

REVENUE FROM OPERATIONS

PARTICULARS	(Rupees in Lakhs)	
	As At	As At
	March 31, 2016	March 31, 2015
Sale of Services		
Annuity Income	8,874.00	8,874.00
TOTAL	8,874.00	8,874.00

NOTE 16

OTHER INCOME

PARTICULARS	(Rupees in Lakhs)	
	As At	As At
	March 31, 2016	March 31, 2015
Interest Income	30.34	226.13
Dividend Income	-	2.49
Net Gain/(Loss) on sale of Debt Mutual Fund Units	545.46	306.13
Liability no longer required written back	-	0.01
Net Gain/Loss on foreign currency transaction & translation (Other than considered for finance cost)	(2.01)	(1.33)
TOTAL	573.79	533.43

NOTE 17

OPERATING & MAINTENANCE EXPENSES

PARTICULARS	(Rupees in Lakhs)	
	As At	As At
	March 31, 2016	March 31, 2015
Carriageway repairs & maintenances		
- Routine Maintenance	492.04	468.04
- Periodic Maintenance	501.00	477.00
TOTAL	993.04	945.04

NOTE 18

FINANCE COSTS

PARTICULARS	(Rupees in Lakhs)	
	As At	As At
	March 31, 2016	March 31, 2015
Interest Expense		
Interest on Debentures	3,680.22	3,849.10
Interest on ECB Loan	502.55	531.79
Interest on TDS/Service Tax/VAT	4.84	4.77
	4,187.61	4,385.66
Other Borrowing Costs		
Bank Charges	0.27	0.36
Hedging Expenses	997.51	1,030.33
TOTAL	5,185.39	5,416.35



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE 19

DEPRECIATION & AMORTIZATION EXPENSE

PARTICULARS	(Rupees in Lakhs)	
	As At	As At
	March 31, 2016	March 31, 2015
Depreciation & Amortization Expenses	3,545.26	3,489.51
TOTAL	3,545.26	3,489.51

NOTE 20

OTHER EXPENSES

PARTICULARS	(Rupees in Lakhs)	
	As At	As At
	March 31, 2016	March 31, 2015
Administration And Other Expenses		
Agency Fee	-	21.05
Consultancy Fee	23.67	5.82
Escrow Account Fee	-	10.11
Independent Engineer Fee	25.74	29.33
Listing Fee	8.19	-
Rates & Taxes	-	17.20
Insurance Premium	18.28	18.46
Travelling & Conveyance	-	0.91
Payments to the auditor	-	
for Audit	3.45	3.37
for Tax Audit	0.86	0.56
for other services	2.14	1.31
for reimbursement of expenses	0.19	0.12
Miscellaneous Expenses	4.18	5.33
TOTAL	86.70	112.57



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

21. CORPORATE OVERVIEW:-

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

22. SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF ACCOUNTING

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

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the year, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans etc. Actual results could differ from these estimates and would be recognized in the period in which the results are known.

B. FIXED ASSETS

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

C. DEPRECIATION

Depreciation on fixed assets other than carriageway has been provided on straight line method in the manner specified in Schedule II to the Companies Act, 2013. Depreciation on additions/deductions/adjustments is provided on prorata basis



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Depreciation on carriageway is accounted in the manner as in schedule II of Companies Act, 2013.

D. CAPITAL WORK IN PROGRESS

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

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

E. REVENUE RECOGNITION

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

Revenue from Operations

Annuity Income is accounted for on accrual basis.

Other Operating Income

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

Other income

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

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

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

F. INVESTMENTS

Current Investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for decline 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.



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

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

H. IMPAIRMENT OF ASSETS

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

- a) The provision for impairment loss, if any required; or
- b) The reversal, if any, required of impairment loss recognized in previous period.

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

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

I. BORROWING COSTS

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

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

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.



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

- b) Gratuity based on actuarial valuation.
- c) Leave encashment benefit on retirement on actuarial valuation basis

K. TAXES

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

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

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

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

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

L. FOREIGN CURRENCY TRANSACTIONS AND DERIVATIVES

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



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Any profit or loss arising on the cancellation of such forward contract is recognized as income or expense for the period.

M. CLAIMS

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

N. PROVISIONS AND CONTINGENT LIABILITIES

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

- a) the company has a present obligation as a result of a past event
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of the obligation can be reliably estimated

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

Contingent Liability is disclosed in the case of

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

Contingent Assets are neither recognized nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each balance sheet date.



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

23. Employee Benefits

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

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

24. Inventories

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

25. Segment Information

Business Segment:

The services rendered by the Company are in the nature of Design, Construction, Development, Operation, Finance and Maintenance of Islam Nagar (KM 230.00) to Kadthal (KM 278.00) of Nagpur -Hyderabad Section on NH-7 in the State of Telangana, Under North-South Corridor (NHDP Phase - II) on BOT (Annuity) basis and hence no business segment disclosure is considered necessary.

Geographical Segment:

During the year under report the Company has engaged in its business within the state of Telangana. The conditions prevailing in Telangana being uniform, no separate geographical disclosure is considered necessary.

26. The Effects of Changes in Foreign Exchange Rates

In terms of provisions of para 46 A (notified by MCA in AS-11) company has exercised the option of capitalisation of foreign exchange differences arising on outstanding long term foreign currency borrowing from Standard Chartered Bank to carriageway. The same is depreciated over the remaining concession period.

27. Taxes on Income

a) The Company is eligible for deduction under section 80IA of the Income Tax Act and the concession period of the Company's project falls within the tax holiday period as defined in Section 80IA. Since deferred tax on Timing Difference between Accounting Income and Taxable Income that arise during the year is reversing during such Tax Holiday period, no deferred tax asset/liability arises and accordingly no provision is made in the accounts.



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

28. Related Party Transactions:

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

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

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

(Rupees in Lakhs)

Company Particulars	2015-16	2014-15
Patel Engineering Infrastructures Ltd		
-Share Capital	Nil	Nil
-Unsecured Loan Received	Nil	Nil
-Unsecured Loan Repaid	Nil	Nil
KNR Constructions Ltd		
-Share Capital	Nil	Nil
-Unsecured Loan Received	Nil	Nil
-Unsecured Loan Repaid	Nil	Nil
-Amount Recoverable	Nil	Nil
-O & M Expenses	492.04	468.04
- Expenses reimbursement	6.67	23.83
-Major Maintenance Work	703.58	Nil
Key Managerial Personnel		
-Remuneration –Company Secretary	2.40	1.40

Balance outstanding as on 31 March 2016

(Rupees in Lakhs)

Company Particulars	2015-16	2014-15
Patel Engineering Infrastructures Ltd		
-Share Capital	1,000.60	1,000.60
-Unsecured Loan	1,550.53	1,550.53
KNR Constructions Ltd		
-Share Capital	952.95	952.95
-Unsecured Loan	1,033.69	1,033.69
-Amount Recoverable	Nil	Nil
-O & M Payable	41.64	39.67



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

- Expenses re-imburement	4.05	3.10
- Major Maintenance Payable	(158.72)	Nil
Key Managerial Personnel		
-Remuneration Payable –Company Secretary	0.20	0.20

The entire shareholding held by respective shareholders is pledged to Lenders and Debenture Trustee.

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

29. Provisions, Contingent Liabilities and Contingent Assets and Commitments

a) Movement in provisions:

Particulars	(Rupees in Lakhs)	
	2015-16	2014-15
Opening Balance	2,170.00	1,693.00
Additional provision during the year	501.00	477.00
Provision used/reversed during the year	862.31	-
Provision transferred due to transfer of business	-	-
Balance	1,808.69	2,170.00
Represented as:		
- Long Term Provision	501.00	-
- Short Term Provision	1,307.69	2,170.00

b) Nature of provisions:

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

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

As per Concession agreement, the periodic maintenance is expected to occur once every 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 2016

c) Contingent Liabilities and Commitments

Particulars	Rupees in Lakhs	
	2015-16	2014-15
Contingent Liability	Nil	Nil
Capital Commitments (Net of advances)	Nil	Nil
Other Commitment		
Operation & Maintenance		
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	8175.73	8667.77
Periodic Maintenance		
Periodical Maintenance to be incurred in FY:2016-17	1,307.69	2,169.00

30. Earnings Per Share (EPS)

Particulars	2015-16	2014-15
Net Profit after tax (Rs. in Lakhs)	(365.00)	(557.44)
Weighted Average number of Equity Shares	23,823,804	23,823,804
Basic and Diluted Earnings per shares(Rs.)	(1.53)	(2.34)
Face Value per equity shares (Rs.)	10.00	10.00

31. Impairment

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

32. 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.



PATEL KNR HEAVY INFRASTRUCTURES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

33. Expenditure in Foreign Currency

Particulars	2015-16	2014-15
Foreign Exchange Outgo	1,271.20	1,243.36
Expenditure in foreign currency		
-Payment of interest	452.29	477.40
-Agency Fee	Nil	16.88

34. Remuneration paid to the Statutory Auditors for the year ended 31.03.2016 (Excluding service tax)

Audit and Other Fees	Rupees in Lakhs	
	2014-15	2014-15
Statutory Audit Fees	3.00	3.00
Tax Audit Fee	0.75	0.50
Internal Financial Control Fee	0.75	-
Certification Fees	1.22	1.17
Out of Pocket Expenses	0.18	0.12

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

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

For Gianender & Associates

Chartered Accountants

Firm Regn No.004661N

For and on behalf of the Board


Ramesh Koul


Partner

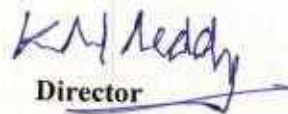
M.No.077804


Place:

Date: 25/3/2016




Company Secretary


Director


Director