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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Pravin Patel, Chairman  
Mr. Rupen Patel, Managing Director  
Mr. Krishnamoorthy Kannan  
Mr. Khizer Ahmed  
Mr. Srinivasa Jambunathan  
Ms. Silloo Patel, Whole Time Director & CFO  
Mr. Nimish Patel, Whole Time Director  
Mr. Priyavadan C. Purohit  
Mr. Bhasker Mehta

## REGISTERED OFFICE

Patel Estate Road, Jogeshwari (West)  
Mumbai - 400 102  
Email Id: investors@pateleng.com  
Website: www.pateleng.com

## REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.  
C-13 Pannalal Silk Mills Compound  
LBS Road, Bhandup (West)  
Mumbai - 400 078  
Tel: +91 22 25946970  
Fax: +91 22 85946969  
Email Id: rent.helpdesk@linkintime.co.in  
Website: www.linkintime.com

## COMPANY SECRETARY

Ms. Shobha Shetty

## AUDITORS

M/s. Vatsaraj & Co.  
Chartered Accountants  
Bharat House  
104, Mumbai Samachar Marg  
Fort, Mumbai - 400 001

## AUDIT COMMITTEE

Mr. Krishnamoorthy Kannan (Chairman)  
Mr. Pravin Patel  
Mr. Khizer Ahmed

## SHAREHOLDERS & INVESTORS

### GRIEVANCE COMMITTEE

Mr. Krishnamoorthy Kannan (Chairman)  
Mr. Khizer Ahmed

## REMUNERATION COMMITTEE

Mr. Khizer Ahmed (Chairman)  
Mr. Pravin Patel  
Mr. Krishnamoorthy Kannan  
Mr. Srinivasa Jambunathan

## BANKERS

ICICI Bank Ltd.  
Bank of India  
Dena Bank  
Canara Bank  
Bank of Baroda  
Industrial Development Bank of India Ltd.  
Union Bank of India  
Corporation Bank  
State Bank of Patiala  
Axis Bank Ltd.  
Standard Chartered Bank

## MESSAGE FROM THE MANAGING DIRECTOR



**Rupen Patel**  
Managing Director

### **Dear Shareholder,**

The financial year 2011-12 was among the toughest years economically in the past decade. The impact of various financial and economic crisis continued to persist in the developed economies, leading to a drought in foreign investments in India. Further the indecisiveness on favourable laws and regulation attracting foreign investments have further affected the inflows from world wide. In India, the fear of an economic slowdown has turned to be a real one, contributing the slowdown to monetary and fiscal policy, rising interest rates leading to increase in the cost of borrowing, thus hindering fresh investment. The government is aiming at a GDP growth rate of about 7.3% this fiscal. India's economic growth rate slowed to 6.5% in 2011-12 from 8.4% in the previous two fiscals. The GDP growth rate in the last fiscal was a 9 year low.

Being an infrastructure and construction Company, the uncertain economic environment impacted us adversely. The uncertainty in regulatory environment, and at the same time, with the interest rates witnessing sustained northward trends, the projects have suffered a lot. FY 2012 was a year

of continued challenges with the Company working hard to maintain stability. The company's working capital cycle is elongated due to delays in collection of funds mainly due to lack of budgetary allocations of both central as well as local authorities and indecisiveness of various government authorities. Also, lack of clear and unambiguous government policies for coal based plants have led us to hold any further investments in the thermal power projects.

The Company is currently shifting to long term loans from shorter ones in order to bring more stability and overall reduction in interest costs, raising own funds by liquidating some of its non-core assets, exploring opportunity for hiving off certain businesses to reduce the high cost debt in the best interest of the Company.

### **FINANCIALS**

The tough conditions mentioned above are reflected in our financial results for the year, where revenues have only marginally increased by 3.3% and the net profit stood

at ₹ 665.88 million as against ₹ 1,226.05 million in the previous year. As a result the EPS has come down to ₹ 9.54 from ₹ 17.56 in the previous year.

## BUSINESS

The order backlog from engineering & construction business as on March 31, 2012 stood at around ₹ 120,000 million. Even during these unfavourable conditions, the company has been able to bag a few projects in the recent past. The following are some of the major projects bagged -

- ₹ 10400 million EPC contract work for the 450 MW Shongtong - Karcham Hydroelectric project located in Kinnaar district, Himachal Pradesh, India.
- ₹ 9895.9 million EPC Contract for turnkey execution of the 144MW Gongri Hydroelectric Project which was allotted by Dirang Energy Pvt. Ltd, a wholly owned subsidiary of the Company.
- ₹ 2339.8 million project for upgradation of the Sikkadi-Chandi-Sandesh-Sahar-Bihta-Danvara-Nasirgunj Road (SH-81) in the state from Bihar from the Bihar State Road Development Corporation Limited. The assignment is a part of Bihar State Highway Project – II, which sanctions the development work for 86.80 km.
- ₹ 1818.3 million Contract for Construction of Tunnels from Powai to Veravali and Powai to Ghatkopar High level Reservoir and from Ghatkopar High level Reservoir to Ghatkopar low level Reservoir, awarded by Municipal Corporation of Brihan Mumbai
- ₹ 869.5 million construction of single line BG Tunnel between Jiribam to Imphal in connection with Construction of New Railway Line Project Jiribam-Tupul( Imphal) awarded by Northeast Frontier Railway
- ₹ 866.6 million EPC contract for laying down 70 kms ,765kv transmission line starting from Raichur awarded by Raichur Sholapur Transmission Company Ltd.

The Company has started scaling up its asset-ownership business. Construction of the road projects viz KNT-1 & AP-7 in the State of Karnataka and Andhra Pradesh respectively has been completed and receipt of annuities from both these projects have started. The company along with JV partners have bagged a ₹ 17,500 million project, for construction of Four lane with paved shoulder of Varanasi-Shaktinagar Road of SH-SA from km 0.00 to km.117.65 in the State of Uttar Pradesh on Design, Build, Finance, Operate basis awarded by Uttar Pradesh State Highways. The company's share being 32% in the JV Company.

The 144 MW Gongri Hydro power project in Arunachal Pradesh has seen significant progress and the financial closure complete pending documentation, which is also expected to be completed in FY 13 and the construction of the project is also expected to commence in FY 13.

The financial closure of the transmission project under the JV Company "Raichur Sholapur Transmission Company Ltd." which it had acquired along with other partners in the previous year was achieved in July 2012 and construction of the project has commenced.

Patel is a Company with great history. As a MD, I am determined to lead the Company that can succeed in meeting the opportunities ahead.

I thank you for your support.

I take the opportunity to thank all our directors for their effort and advice and our employees for their commitment in making Patel a stronger organization.

**"Hope is important because it can make the present moment less difficult to bear. If we believe that tomorrow will be better, we can bear a hardship today" - Thich Nhat Hanh.**





# OUR GLOBAL PRESENCE



# COMPARATIVE CONSOLIDATED FINANCIALS

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
(₹ in million)										
<b>A. FINANCIAL POSITION</b>										
Share Capital	69.83	69.83	69.83	59.66	59.66	59.66	50.00	48.60	24.30	24.30
Reserves & Surplus	15,497.55	14,739.93	13,557.69	10,112.63	8,399.33	7,014.48	1,956.99	1,282.36	986.64	698.26
<b>Shareholders Funds</b>	15,567.38	14,809.76	13,627.52	10,172.29	8,458.99	7,074.14	2,006.99	1,330.96	1,010.94	722.56
Minority Interest	834.06	704.27	615.24	215.77	405.41	74.02	254.36	315.35	314.48	315.37
Deferred Tax Liability	216.03	131.95	114.88	148.36	150.94	118.40	167.53	174.53	145.46	93.89
Loan Funds	28,379.91	24,744.88	18,300.18	12,812.62	9,764.01	3,419.72	3,577.75	2,075.65	1,571.77	1,534.66
Contractee advances	-	-	-	4,654.30	2,178.00	1,491.85	1,975.71	1,887.49	1,152.97	1,244.29
<b>Total Funds Employed</b>	44,997.38	40,390.86	32,657.82	28,003.34	20,957.35	12,178.13	7,982.34	5,783.98	4,195.62	3,910.77
Fixed Assets (Net)	10,532.09	8,530.20	7,591.16	5,700.97	6,702.43	2,535.80	2,430.10	2,039.87	1,889.35	1,786.81
Investments	985.88	780.35	698.17	504.65	360.81	1,714.02	283.64	322.24	124.98	8.82
Deferred Income Tax	-	-	-	-	-	-	14.32	9.68	13.07	15.20
Net Current & Non Current Assets	33,679.41	30,997.87	24,301.52	21,738.32	13,871.26	7,901.26	5,222.04	3,411.17	2,165.58	2,089.31
Miscellaneous Expenditure	-	82.44	66.97	59.40	22.85	27.05	32.26	1.02	2.64	10.63
(To the extent not written off or adjusted)										
<b>Total Application of Funds</b>	44,997.38	40,390.86	32,657.82	28,003.34	20,957.35	12,178.13	7,982.36	5,783.98	4,195.62	3,910.77
<b>B. OPERATING RESULTS</b>										
Income from Operations	35,920.91	34,759.09	31,909.33	24,598.45	18,596.43	12,900.12	10,223.34	7,912.01	7,625.97	5,651.24
Other Income	910.92	889.15	630.12	144.59	36.87	97.51	59.68	77.13	211.29	113.43
<b>Total Income</b>	36,831.83	35,648.24	32,539.45	24,743.04	18,633.30	12,997.63	10,283.02	7,989.14	7,837.26	5,764.67
<b>Total Expenditure</b>	35,532.45	33,141.67	29,489.55	22,372.74	16,778.20	11,685.50	9,475.29	7,500.11	7,480.40	5,573.15
Profit before Tax	1,299.38	1,847.17	3,049.90	2,370.30	1,855.10	1,312.13	807.73	489.03	356.86	191.52
Profit after Tax	701.87	1,307.26	2,120.57	1,934.02	1,628.12	1,171.33	741.90	421.23	284.96	144.72
Minority Interest and other adjustments	35.99	81.21	138.96	129.24	109.07	26.62	8.80	5.70	6.32	0.12
<b>Net Profit</b>	665.88	1,226.05	1,981.61	1,804.78	1,519.05	1,130.11	733.10	415.53	278.63	144.60
<b>C. EQUITY SHARE DATA</b>										
Earning per share (₹)	9.54	17.56	30.96	30.25	24.74	18.90	14.80	8.55	57.33	29.75
Number of Shares	69,827,151	69,827,151	69,827,151	59,659,090	59,659,090	59,659,090	50,000,000	48,600,000	4,860,000	4,860,000
Dividend %	30%	100%	200%	175%	150%	130%	130%	100%	100%	100%

# DIRECTORS' REPORT

## To the Members of Patel Engineering Ltd.,

The Directors hereby present the 63<sup>rd</sup> Annual Report of the Company along with the audited financial statements for the year ended March 31, 2012.

## FINANCIAL HIGHLIGHTS

	Consolidated		Standalone	
	2011-12	2010-11	2011-12	2010-11
Total Income	36,831.83	35,648.24	26,434.75	26,177.26
Profit before depreciation	2,191.63	2,667.58	1,483.87	1,882.91
Less: Depreciation	892.25	820.41	528.21	527.76
Profit before tax	1,299.38	1,847.17	955.61	1,355.15
Tax & other adjustments	633.50	621.12	351.31	333.04
Net Profit	665.88	1,226.05	604.31	1,022.11
Add: Opening Balance in Profit & Loss A/c	4,201.68	3,442.29	3,381.09	2,800.14
Amount available for appropriation	4,867.56	4,668.34	3,985.39	3,822.25
<b>APPROPRIATIONS:</b>				
a. Proposed Dividend	20.95	69.83	20.95	69.83
b. Tax on Dividend	3.40	11.33	3.40	11.33
c. General Reserve	351.88	175.50	75.00	150.00
d. Debenture Redemption Reserve	285.00	210.00	285.00	210.00
Surplus carried to the Balance sheet	4,206.33	4,201.68	3,676.04	3,381.09
Earnings per equity share (face value ₹ 1)				
Basic (₹ )	9.54	17.56	8.65	14.64
Diluted (₹)	9.54	17.56	8.65	14.64

The Consolidated Total Income which stood at ₹ 36,831.83 million grew by 3.32 % as against ₹ 35,648.24 million for the previous year. The Profit before Depreciation was lower at ₹ 2,191.63 million as against ₹ 2,667.58 million for the previous year. The Net Profit is ₹ 665.88 million, as against ₹ 1,226.05 million for the previous year.

On Standalone Basis, the Company reported a Profit after Tax of ₹ 604.31 million, as against ₹ 1022.10 million for the previous year. The Profit before Depreciation was lower at ₹ 1,483.87 million as against ₹ 1,882.91 million for the previous year. The Total Income was higher at ₹ 26,434.75 million as against ₹ 26,177.26 million for the previous year, thereby recording a growth of 0.98%.

Members are requested to refer to "Management Discussion and Analysis" forming part of this Report for further details on operations of the Company.

## DIVIDEND

During the year under review, the Directors have recommended a final dividend of ₹ 0.30 per share (on face value of ₹ 1 each)

aggregating to ₹ 24.35 million (including dividend tax).

The payment of the final dividend is subject to approval of members to be obtained at the ensuing Annual General Meeting and shall be paid to those members whose name appear in the register of members as on the book closure date.

The Register of Members and share transfer book will remain closed from October 4, 2012 to October 12, 2012, both days inclusive.

## SHARE CAPITAL

Pursuant to the approval of the members obtained at the 62<sup>nd</sup> Annual General Meeting of the Company held on October 17, 2011, the authorized capital of the Company stands increased from ₹ 15 crores to ₹ 25 crores. There is no change in the paid up capital.

## PUBLIC DEPOSITS

The Company has not accepted any public deposits during the year under review.



## FINANCE

During the year under review, Company issued 11.40% Non Convertible Redeemable Secured Debentures (NCD) aggregating ₹ 1500 million on private placement basis.

9.5% NCD of ₹ 1050 million was redeemed on June 1, 2012 and payments were made to the beneficiary owners on due date.

The Company has ₹ 3950 million outstanding NCDs repayable over period of 3 to 5 years. The NCDs are listed on National Stock Exchange of India Limited.

The Company had raised money through bank borrowings (long and short terms) from time to time and the total amount outstanding as on March 31, 2012 is ₹ 20,797.99 million, within the limit of ₹ 50,000 million approved by the members of the Company vide resolution dated September 29, 2005.

The company has obtained credit rating of CARE A1+ and CARE A+ for short term and long term borrowings respectively.

## SUBSIDIARIES

As on March 31, 2012, the Company has 83 subsidiaries.

The following Companies became subsidiary during the year 2011- 2012.

No.	Name of subsidiary	Date of becoming subsidiary	% of holding	Description
<b>DIRECT</b>				
1	Patel Engineering Lanka Pvt. Ltd., Srilanka	16.01.2012	100	Incorporated as a Wholly owned Subsidiary of the Company in Srilanka.
<b>STEP DOWN</b>				
2	PT Surya Geo Minerals, Indonesia	23.05.2011	60	Acquired as a subsidiary of Patel Surya (Singapore) Pte Ltd. Patel Engineering Singapore Pte. Ltd. (PESPL) holds 60% in Patel Surya (Singapore) Pte Ltd.; the Company holds 100% in PESPL)
3	PT Patel Engineering Indonesia, Indonesia	23.05.2011	100	Acquired as a subsidiary of PT PEL Mineral Resources. Patel Engineering Singapore Pte. Ltd. (PESPL) holds 100% in PT PEL Mineral Resources; the Company holds 100% in PESPL.
4	PT Surpat Geo Minerals, Indonesia	07.04.2011	60	Acquired as a subsidiary of Patel Param Natural Resources Pte Ltd. Patel Engineering Singapore Pte. Ltd (PESPL) holds 60% in Patel Param Natural Resources Pte Ltd.; the Company holds 100% in PESPL)
5	Patel Energy Trading Pvt. Ltd., India	01.04.2011	100	Acquired as a subsidiary of Patel Hydro Power Pvt. Ltd. (PHPPL). Patel Energy Resources Ltd.(PERL) holds 100% stake in PHPPL; the Company holds 100% stake in PERL]

The following Companies ceased to be step-down subsidiaries of the Company during the year 2011-2012:

No.	Name of Subsidiary	Date of ceasing to be a subsidiary	% of holding	Description
1	Shree Balaji Power Services Pvt. Ltd.	09.11.2011	80	Ceased to be subsidiary of Patel Energy Resources Ltd.
2	Terminus Realcon Pvt. Ltd.	01.12.2011*	100	Ceased to be subsidiary of Patel Realty (India) Ltd.
3	Ares Infradevelopers Pvt. Ltd.	01.12.2011*	100	Ceased to be subsidiary of Patel Realty (India) Ltd.

\*date of struck off from Registrar of Companies: 30.04.2012

In terms of the General Circular No. 2/2011 dated February 8, 2011 issued by the Central Government under Section 212 of the Companies Act, 1956, the Board of Directors of the Company has accorded their consent for not attaching the balance sheet of the subsidiaries with the accounts of the Company.

Pursuant to the said circular, a statement containing brief financial details of subsidiaries is included in this Annual Report.

The annual accounts of the subsidiary companies and the related detailed information will be made available to the members of the Company on request and also for inspection at the registered office of the Company.

The Consolidated Financial Statements of the Company have been prepared in accordance with the Accounting Standards AS-21, AS-23 and AS-27 of the Institute of Chartered Accountants of India.

## **DIRECTORS**

In accordance with the requirement of the Companies Act, 1956, Mr. K. Kannan and Mr. P.C. Purohit, Directors of the Company retire by rotation at the ensuing Annual General Meeting.

Mr. Kannan has offered himself for re-appointment.

Mr. P. C. Purohit has expressed his desire to retire at the ensuing Annual General Meeting. The Board places on record its sincere appreciation of the service rendered by Mr. Purohit during the tenure of directorship.

## **EMPLOYEES STOCK OPTION**

In terms of Patel Engineering ESOP Plan 2007 and SEBI ESOP Guidelines, the terms and conditions of the vesting can be altered by the Trustees of Patel Engineering Employees Welfare Trust, ("the Trust"). As such, the Trust approved pre-poning the vesting of shares under ESOP Plan 2007 from October 1, 2011 to April 1, 2011. During the year under review, 1,10,000 Stock Options were vested to the eligible employees / Directors of the Company on April 1, 2011 and the same was exercised by the said employees / Directors on April 4, 2011.

Details of the Stock Option under ESOP Plan 2007 are disclosed in compliance with Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 and set out in annexure A to this report.

The Patel Engineering Employees Welfare Trust, ("the Trust") holds and issues stock options to employees on behalf of the Company. In addition to this, the Trust conducted various programs for the welfare of the employees of the Company viz physical training, yoga, seminars on heart ailments, routine health check up for employees at head office benefitting

about 100 employees. The Trust installed Reverse Osmosis plants at three sites to provide clean drinking water for employees and their family members residing at sites, improved hygienic conditions of kitchen and mess area at sites, set up of educational facilities to wards of employees at a site. The Trust also provided loans / grants to employees for purposes such as house repairs, children's higher education, serious ailments. The total amount spent during the year for the welfare of the employees is ₹ 16,32,080.

The present Trustees are in the process of formulating further scheme under ESOP for the benefit of eligible employees of the Company and the subsidiaries as well.

## **AUDITORS**

M/s. Vatsaraj & Co. Chartered Accountants, who are the statutory auditors of the Company, hold office, in accordance with the provisions of the Act up to the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars as prescribed under Section 217(1) (e) of the Act, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in annexure B to this report.

## **PARTICULARS OF EMPLOYEES**

The information as per Section 217(2A) of the Companies Act, 1956 and the Rules made thereunder, is provided in annexure C forming part of this report.

## **SECRETARIAL AUDIT REPORT**

As a measure of good governance practice, the Company has appointed Dr. K. R. Chandratre, Practicing Company Secretary, to conduct Secretarial Audit of the Company. The Secretarial Audit Report for the financial year ended March 31, 2012 form part of this report.

## **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement, the report of Corporate Governance together with the Auditor's Certificate on compliance form part of this report.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

CSR is bolted into the Company. The Company's rigorous and deliberate engagement with humanitarian and charitable causes is almost a defining feature of the Company. The Company focuses on areas where difference can be made through broader influence in society. The idea is not only to

support the organizations but partner with them. The support efforts extended to St. Jude India Child Care Centers, Gurukul Trust, and other educational trusts. In the current year in addition to supporting the various organizations and causes in areas of need, we have designed a program titled "Hold More Hands". The focus of this program is Children and the Aged; to support and engage through active employee participation and Community Partnering Programs. The Company is very excited about this program.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with regard to Directors' Responsibility Statement, the Board of Directors confirms that:-

- a. In the preparation of annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- b. The selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit and loss account of the Company for the year ended on that date.
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The annual accounts have been prepared on a going concern basis.

#### **EQUITY SHARES IN THE SUSPENSE ACCOUNT**

As per clause 5A of the Listing Agreement, the Company reports the following details on claim / unclaimed shares during the year 11-12 relating to follow on Public Offer (FPO) of 2006:

<b>Particulars</b>		
1	Aggregate no. of shareholders at the beginning of the year	58
2	Outstanding shares in the suspense account lying at the beginning of the year	1305
3	No. of shareholders who approached the company for transfer of shares from suspense account during the year;	0
4	No. of shareholders to whom shares were transferred from the suspense account during the year	0
5	Aggregate no. of shareholders at the end of the year	58

6	Outstanding shares in the suspense account at the end of the year	1305
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The voting rights on the outstanding shares shall remain frozen till the rightful owner of such shares claims the shares.

#### **ACKNOWLEDGEMENTS**

The Directors wish to place on record their appreciation for their continued support and co-operation by Shareholders, Financial Institutions, Banks, Government authorities and other stakeholders.

The Directors also acknowledge and appreciate the support extended by all the employees for their dedicated service.

On behalf of the Board of Directors,

Mumbai  
September 4, 2012

**Pravin Patel**  
Chairman



**ANNEXURE A TO DIRECTORS' REPORT**

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999 for the year 2011-12:

Under Employee Stock Option Plan 2007:

a	Options granted	Nil
b	The pricing formula	NA
c	Options vested	1,10,000
d	Options exercised	1,10,000
e	The total number of shares arising as a result of exercise of option*	Nil
f	Option lapsed	Nil
g	Variation of terms of options	Nil
h	Money realized by exercise of option (₹)	1,10,000
i	Total number of options in force	Nil
j	Employee-wise details of options granted	NA
	Senior managerial personnel / director	NA
	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year.	NA
k	Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	NA
l	Diluted EPS pursuant to issue of shares on exercise of option calculated in accordance with AS-20 (₹)	-
m	Weighted average price per option granted	NA
n	The difference between employee compensation cost using intrinsic value method and the fair value of the options and impact of the difference on profits and on EPS	Maximum Impacts 1. Profit increases by ₹ 6.21 mn 2. EPS increases from ₹ 8.65 to ₹ 8.75

\*The stock options issued to eligible employees of the Company are out of the shares allotted by the company to Patel Engineering Employees Welfare Trust.

The following options granted / vested to the employees / directors as at March 31, 2012 under ESOP Plan 2007:

Sr. No	Name	Granted on 1/10/07	Vested on 1/10/08 (2008- 2009)	Vested on 1/10/09 (2009-10)	Vested on 31/8/2010 (2010-11)	Vested on 01/10/2011 (2011-12)**
1	Nimish Patel	1,25,000	12,500	25,000	37,500	50,000
2	Silloo Patel	1,00,000	10,000	20,000	30,000	40,000
3	K.Kannan	25,000	2,500	5,000	7,500	10,000
4	Khizer Ahmed	25,000	2,500	5,000	7,500	10000
5	S. K. Desai*	52,500	5,250	0	0	0
6	D. V. Patel*	52,500	5,250	0	0	0
7	Rajat Patel*	52,500	5,250	0	0	0
8	Ajay Tuli*	25,000	2,500	5,000	0	0
	No. of shares	4,25,000	42,500	60,000	82,500	1,70,000

\* resigned

\*\* in the interest of employees of the Company and in terms of power vested to the Trustees of ESOP Trust, the options due for vesting on 01/10/2011 were pre-poned to 01/04/2011.

## ANNEXURE B TO DIRECTORS' REPORT

Information as per section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 for the financial year ended March 31, 2012.

### ENERGY CONSERVATION MEASURES

- The Company is constantly taking energy saving measures.
- Apart from fitting of VFD for all ventilation fans recently Company had redesigned the ventilation system in Kameng H E Project and complete duct line of 3000 m was replaced by larger diameter duct resulting in substantial saving in energy.
- Load sharing system continued to be adopted for all DG Sets.
- Energy saving measures adopted earlier are continued and are found to be effective.

### NEW TECHNOLOGY & INNOVATIONS

- The company constantly look for new technology to be adopted for construction / execution of projects.
- In many engineering fields Company was first to adopt technology in India.
- The Company is first in Asia to execute Lake Tapping. This year 2012 in the month of April Lake Tapping was done for second time with improved and slightly changed method. For earlier lake tapping executed in year 1999 lake surface protection work was done prior to taking blast. So also drilling done earlier at 45° was changed to 89° for better result. No lake surface treatment done this time. Improved explosives were imported from Sweden.
- At Rampur H E Project largest diameter Shaft in Asia was excavated by improvised technique. Concrete lining of this shaft was done with bracket climbing system in three segments. Concrete was pumped up to first 120 m from bottom and balance from top by placing concrete pump directly below the Batching Plant.
- Kashang H E Project proves to be very difficult climatic condition where the working season is approximately 8 months because of heavy snow fall.
- **BMC Water Supply Tunnel**  
The Company had received orders for boring of tunnel Powai to Ghatkopar & Powai to Veravali totally 6500m. Bored diameter of these tunnels 2.8m. Earlier Company had executed water supply tunnel for BMC of which tunnel dia was 3.2m. The Company had modified the TBM by changing the Cutter head and ripper shield. With this renovation substantial saving was done, also all seven numbers of back up units are modified in house thus saving lot of foreign exchange.

- Replacement of natural sand with 100% crushed sand successfully done at BMC water tunnel in Mumbai.
- The Company is constantly absorbing innovative technology / method. Roller Compacting Concrete, Lake Tapping Technology, motor lining on steel pipes in Tunnel, Lattice girder with shotcrete, use of jet grouting, use of crushed sand stand fully absorbed.
- The company updated its IT infrastructure to now support remote connectivity and comprehensive infrastructure optimization. Standard technologies and practices have been deployed; and new solutions have been introduced for collaboration. The infrastructure is more available and reliable and the IT department saves time in maintenance, which it invests in designing and deploying solutions that fuel continued business growth. Now, technology is helping to make our vision to deliver comprehensive and effective solutions to clients through our profound experience and technological prowess, while continuously creating opportunities and possibilities for employees, stake-holders and society a reality. We are now working smarter.

**ANNEXURE C TO DIRECTORS' REPORT**

Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975

Sr. No	Name	Designation	Nature of employment	Remuneration received	Qualification	Exp In Yrs	Date of Commencement	Age (Yrs)	Last Employment
A) Employed throughout the financial year and in receipt of remuneration aggregating not less than ₹ 60,00,000/- for the year.									
1	Rupen P. Patel	Managing Director	contractual	1,18,20,850	B.Com, M.B.A (Fin, USA)	20	26-10-1995	45	Employment of the company since 1-09-1996
2	Nimish R. Patel*	Whole Time Director	contractual	1,68,12,400	B.S.(USA)	14	01-02-1999	41	M/s Kewit Construction Co.USA
3	Silloo Y. Patel*	Whole Time Director & CFO	contractual	1,34,03,100	B.A.	41	19-10-1992	64	Employment of the company since 19-10-1992

B) Employed for a part of the year and in receipt of remuneration aggregating not less than ₹ 500,000/- per month

Not applicable

\* the remuneration to Mr. Nimish Patel and Ms. Silloo Patel includes the value of ESOP exercised by them during the financial year 2011-12 amounting to ₹ 80,07,500 and ₹ 64,06,000 respectively.



# SECRETARIAL AUDIT REPORT

The Board of Directors  
Patel Engineering Ltd.  
Patel Estate Road  
Jogeshwari (West)  
Mumbai 400 012

I have examined the registers, records and documents of Patel Engineering Limited ("the Company") for the financial year ended on March 31, 2012 according to the provisions of-

- The Companies Act, 1956 and the Rules made under that Act;
  - The Depositories Act, 1996 and the Regulations and By-laws framed under that Act;
  - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
    - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
    - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
    - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
    - The Securities Contracts (Regulation) Act, 1956 ('SCRA'), the Rules made under that Act; and
    - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - The Equity Listing Agreements with Bombay Stock Exchange Limited, National Stock Exchange of India Limited, and Debt Listing Agreements with National Stock Exchange of India Limited.
1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to:
- (a) maintenance of various statutory registers and documents and making necessary entries therein;
  - (b) closure of the Register of Members / Debenture holders;
  - (c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
  - (d) service of documents by the Company on its Members, Debenture holders, Debenture Trustees, Auditors and the Registrar of Companies;
  - (e) notice of Board meetings and Committee meetings of Directors;
  - (f) the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
  - (g) the 62<sup>nd</sup> Annual General Meeting held on October 17, 2011;
  - (h) minutes of proceedings of General Meetings and of Board and its Committee meetings;
  - (i) approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
  - (j) constitution of the Board of Directors / Committee(s) of Directors and appointment, of Directors including the Managing Director and Whole-time Directors; the provisions of Section 256 is required to be followed in totality.
  - (k) payment of remuneration to the Directors including the Managing Director and Whole-time Directors;
  - (l) appointment and remuneration of Auditors;
  - (m) transfers and transmissions of the Company's shares and debentures, issue and allotment of shares and debentures and issue and delivery of original and duplicate certificates of shares and debentures;
  - (n) payment of interest on debentures and redemption of debentures;
  - (o) declaration and payment of dividends;
  - (p) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund;
  - (q) borrowings and registration, modification and satisfaction of charges;
  - (r) investment of the Company's funds including inter corporate loans and investments and loans to others;
  - (s) giving guarantees in connection with loans taken by subsidiaries and associate companies;
  - (t) form of Balance Sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Account as per Part II of the said Schedule;
  - (u) Board's Report;
  - (v) contracts, common seal, registered office and publication of name of the Company; and

- (w) generally, all other applicable provisions of the Act and the Rules made under that Act.
  - (x) the Company has not accepted any fixed deposits and hence provisions of Sections 58A and 58AA and Rules framed thereunder are not applicable to the Company.
2. I further report that:
- (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, share holdings / debenture holdings and directorships in other companies and interests in other entities;
  - (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel;
  - (c) the Company has obtained all necessary approvals under the various provisions of the Act; and
  - (d) there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the By-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
4. I further report that:
- (a) the Company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited, National Stock Exchange of India Ltd. and the Debt Listing Agreement with National Stock Exchange of India Limited
  - (b) the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions of the repeated SEBI Takeover Regulations 1997 as was required during the year 2011-12 and has also complied provisions with regard to disclosures and maintenance of records required under the Regulations;
  - (c) the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

- including the provisions with regard to disclosures and maintenance of records required under the Regulations;
- (d) the Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employee Stock Option Scheme, grant, vesting and exercise of Options to employees of the Company; and
- (e) the Company has complied with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

Dr. K. R. Chandratre  
Practising Company Secretary  
Certificate of Practice No. 5144  
September 4, 2012

# REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance in the Company assigns responsibility and authority to the Board of Directors, its Committees, Senior Management, Employees etc. A good governance provides appropriate frame work for the Board, its Committee and Management to carry out its objectives that are in the interest of the Company and its stakeholders.

The Company is in compliance with the requirement of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges.

The Board of Directors met 5 times on May 14, 2011, August 12, 2011, September 10, 2011, November 14, 2011 and January 21, 2012. The necessary quorum was present for all the meetings.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies are given herein below.

No Independent Directors of the Company have any material pecuniary relationship or transactions with the Company.

## 2. BOARD OF DIRECTORS

The Board comprises of 9 Directors as on March 31, 2012. of the 9 Directors, 6 are Non - Executive Directors of which 5 are Independent Directors. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement entered with the Stock Exchanges.

The important decision taken at the Board / Committee meetings are communicated to the concerned departments. Action taken report on the decision /minutes of the previous meeting is placed at the succeeding meeting of the Board / Committee for noting.

Name	Category	No. of Board Meetings attended during the year 2011-2012	Whether attended AGM dated October 17, 2011	No. of directorships in other public limited companies as on March 31, 2012*	No. of committee positions held in other public limited companies*	
					Chairman of the Committee	Member of the Committee
Mr. Pravin Patel, Chairman	Promoter, Non-Executive Director	5	Yes	10	-	-
Mr. Rupen Patel	Promoter, Managing Director	5	Yes	7	-	-
Mr. K. Kannan	Independent Non-Executive Director	5	Yes	5	1	5
Mr. Khizer Ahmed	Independent Non-Executive Director	5	Yes	-	-	-
Mr. S. Jambunathan	Independent Non - Executive Director	4	Yes	3	-	-
Mr. P.C. Purohit	Independent Non - Executive Director	-	Yes	-	-	-
Ms. Silloo Patel	Executive Director	4	Yes	2	-	-
Mr. Nimish Patel	Executive Director	4	Yes	12	-	-
Mr. Bhasker Mehta	Independent Non - Executive Director	5	Yes	2	-	-

\* Other Directorship does not include alternate directorship, private limited companies, Section 25 companies and companies incorporated outside India.



### 3. AUDIT COMMITTEE

- (i) Terms of reference of Audit Committee are broadly given below:
- Ensure the preservation of good financial practices throughout the Company
  - Overview the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible
  - Recommend the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services
  - Review with the management, the quarterly, annual financial statements before submission to the board, focusing primarily on:
    - Any change in accounting policies and practices
    - Qualifications in draft audit report
    - Significant adjustments arising out of audit
    - The going concern assumption
    - Compliance with accounting standards
    - Compliance with stock exchange and legal requirements concerning financial Statement
    - Any related party transactions
  - Review with the management, external and internal auditor, the adequacy of internal control systems and ensure compliance therewith
  - Discuss with internal auditors any significant findings and follow up thereon
  - Review report on Management Discussion & Analysis and Results of operation, to be included in the Company's Annual Report to its shareholders
- (ii) The composition of the Audit Committee and the details of meeting attended by its members are given below:

Name	Category	Number of meetings during the year 2011-12	
		Held	Attended
Mr. K. Kannan, Chairman	Independent, Non-Executive Director	5	5
Mr. Khizer Ahmed	Independent, Non-Executive Director	5	5
Mr. Pravin Patel	Promoter, Non-Executive Director	5	5

- (iii) The Audit Committee met 5 times on May 14, 2011, August 12, 2011, September 10, 2011, November 14, 2011 and January 21, 2012.

### 4. REMUNERATION COMMITTEE

- (i) Terms of reference of Remuneration Committee are broadly given below:
- The Committee inter-alia appraises performance of the Managing / Executive Directors / Relative of Directors, determine and recommend to the Board the remuneration, commission, if any, payable to the Managing /Executive Directors / Relative of Directors.

- (ii) The composition of the Remuneration Committee and the details of the meeting attended by its members is mentioned below:

Name	Category	Number of meetings during the year 2011-12	
		Held	Attended
Mr. Khizer Ahmed, Chairman	Independent, Non-Executive Director	2	2
Mr. K. Kannan	Independent, Non-Executive Director	2	2
Mr. Pravin Patel	Promoter, Non-Executive Director	2	2
Mr. S. Jambunathan	Independent, Non-Executive Director	2	1

- (iii) The Remuneration Committee met on May 14, 2011 and August 12, 2011. The necessary quorum was present for the meeting.

- (iv) Remuneration to all the Directors:

Non-Executive Directors: The non-executive directors are paid sitting fees of ₹ 20,000 per meeting of Board / Committee attended.

Name	Total Sitting fees paid (₹)	ESOP vested and exercised during the year 2011-2012 (No. of shares)
Mr. Pravin Patel, Chairman	2,40,000	-
Mr. K. Kannan	3,20,000	10,000
Mr. Khizer Ahmed	3,20,000	10,000
Mr. S. Jambunathan	1,00,000	-
Mr. Bhasker Mehta	1,00,000	-

Number of shares held by Non-Executive directors as on March 31, 2012

Name	Number of shares held
Mr. Pravin Patel, Chairman	40,800
Mr. K. Kannan	25,000
Mr. Khizer Ahmed	26,500
Mr. S. Jambunathan	50

Executive Directors

Name	Salary (₹)	Value of ESOP benefits in the form of perks (₹)	Total remuneration(₹)	ESOP vested and exercised during the year 2011 - 2012 (No. of shares)	No. of shares held in the Company as on March 31, 2012
Mr. Rupen Patel	1,18,20,850	-	1,18,20,850	-	13,52,600
Ms. Silloo Patel	69,97,100	64,06,000	1,34,03,100	40,000	3,46,379
Mr. Nimish Patel	88,04,900	80,07,500	1,68,12,400	50,000	3,42,500

## 5. SHAREHOLDER AND INVESTOR'S GRIEVANCE COMMITTEE

- (i) Terms of reference of Shareholder and Investors' Grievance Committee are broadly given below:

The Shareholder and Investor Grievance Committee looks into redressal of the investor complaints such as transfer of credit of shares to their demat account, Non Receipt of Dividend / Notices / Annual Reports etc.

The two member subcommittee formed by the Board of Directors comprises of Ms. Silloo Patel, Whole time Director and Ms. Shobha Shetty, Company Secretary to expedite the processing system in respect of matters relating to shares / share transfer etc. The sub-committee places a quarterly report before the Shareholder and Investor's Grievance Committee for their approval / noting.

- (ii) The composition of the of Shareholder and Investor's Grievance Committee and the details of meeting attended by its members are given below:

Name	Category	Number of meetings during the year 2011-12	
		Held	Attended
Mr. K. Kannan, Chairman	Independent, Non-Executive Director	4	4
Mr. Khizer Ahmed	Independent, Non-Executive Director	4	4

Shareholder and Investor's Grievance Committee met 4 times on May 14, 2011, August 12, 2011, November 14, 2011 and January 21, 2012. The necessary quorum was present for all the meetings of the Committee.

- iii) Name, designation and address of Compliance Officer:

Ms. Shobha Shetty  
 Company Secretary  
 Patel Engineering Limited,  
 Patel Estate Road, Jogeshwari (W),  
 Mumbai - 400 102.  
 Telephone: + 91 22 26767500  
 Fax: +91 22 26782455  
 Email Id: investors@pateleng.com

- iv) Details of investors complaints received and resolved during the year 2011-12 are as follows:

Opening balance	Received during the year	Resolved during the year	Closing Balance
-	15	15	-

### Other Committee:

#### Finance Committee

The SPV committee comprising of Mr. Rupen Patel, Ms. Silloo Patel and Mr. Nimish Patel was constituted on October 30, 2006 by the Board of Directors. The said committee was renamed as Finance committee by the Board of Directors vide their meeting dated July 30, 2009 and was reconstituted comprising of Mr. Pravin Patel as Chairman, Mr. Rupen Patel, Ms. Silloo Patel and Mr. Nimish Patel as members. The Board of Directors enhanced the powers of the Finance Committee which includes taking decisions on borrowing from any banks or financial institutions, invest funds of the Company within certain limits, enter into any Joint Venture Agreements, Memorandum of Understandings etc. Meetings of the Finance Committee are held as per business requirement and minutes of the Committee are reviewed by the Board of Directors at each meeting. The finance Committee met 9 times during the financial year 2011-12.

#### Risk Management Committee

The Risk Management committee was constituted by the Board of Directors vide their meeting dated June 24, 2008. The Committee comprises of Mr. Rupen Patel, Ms. Silloo Patel and Mr. Nimish Patel. The Committee reviews the risk involved in

entering into various financial products like derivatives, interests, swaps, currency swap, and forward contract from time to time. The Committee formulates and reviews the risk management policy of the Company. The Committee met at regular intervals and the minutes were placed at the meeting of the Board of Directors.

## 6. GENERAL BODY MEETINGS

### i) General Meeting

#### a) Annual General Meeting:

	Details	Date	Time	Venue
1	60 <sup>th</sup> Annual General Meeting 2008-09	July 31, 2009	4.00 p.m	Shree Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari (W), Mumbai - 400102.
2	61 <sup>st</sup> Annual General Meeting 2009-10	August 20, 2010	4.00 p.m	
3	62 <sup>nd</sup> Annual General Meeting 2010-11	October 17, 2011	11.00 a.m.	

#### b) Extraordinary General Meeting:

No Extraordinary General Meeting of the Members was held during the year 2011-12.

### ii) Postal Ballot

Postal Ballot was not conducted during the financial year 2011-12.

### iii) Special Resolutions

At the 60<sup>th</sup> Annual General Meeting of the Company held on July 31, 2009, the following special resolutions were passed with requisite majority:

- Appointment and remuneration of Mr. Shiraz Patel, relative of Ms. Silloo Patel, Wholtime Director of the Company.
- Further allotment of shares to ESOP Trust.
- Amendment to the ESOP plan.
- To grant options under ESOP Plan to employees and / or directors of the all subsidiary companies of the Company and / or employees and / or directors of the holding company.

Approval to grant loans / give guarantees / provide securities invest in securities of other bodies corporate upto an amount of ₹ 1500 crores was passed by postal ballot and the Chairman declared the postal ballot result at the AGM dated July 31, 2009 stating that the resolution had been carried with requisite majority

At the 61<sup>st</sup> Annual General Meeting of the Company held on August 20, 2010, a special resolutions was passed for amendment to ESOP Plan 2007.

At the 62<sup>nd</sup> Annual General Meeting of the Company held on October 17, 2011 a special resolution was passed for increase in Authorised Capital of the Company from ₹ 15 crores to ₹ 25 crores and simultaneously Alteration of Articles of Association.

### Means of Communication

- The quarterly, half yearly and annual results of the Company are published in leading newspapers viz; Free Press Journal (English) and Navshakti (Marathi).
- Official Media Releases are sent to the Stock Exchanges.
- The Company's website [www.pateleng.com](http://www.pateleng.com) contains information for shareholders.
- The Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors Report and other important information is circulated to members.
- The Company has designated email id [investors@pateleng.com](mailto:investors@pateleng.com) exclusively for Investors servicing.

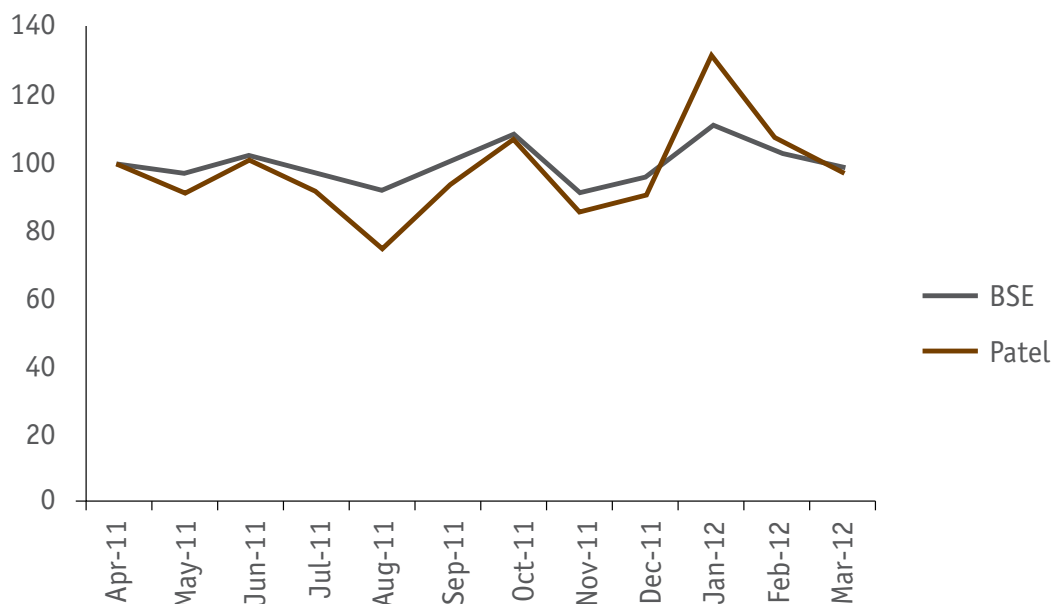
## 7. GENERAL SHAREHOLDER INFORMATION

- i) Annual General Meeting:  
 Date October 12, 2012  
 Time 3.30 p.m  
 Venue Shri Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari(West), Mumbai – 400 102.
- ii) Financial Calendar year ending March 31
- iii) Date of Book Closure October 4, 2012 to October 12, 2012
- iv) Listing on Stock Exchanges  
 Bombay Stock Exchange Limited, P. J Towers, Dalal Street, Mumbai - 400 001.  
 National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400051.
- v) Stock codes / Symbol  
 BSE 531120  
 NSE PATELENG
- vi) Market Price Data  
 High, Low (based on the closing Prices) and number of shares traded during each month in the financial year 2011-2012 on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited:

Bombay Stock Exchange Limited				National Stock Exchange of India Limited		
Month	High (₹)	Low (₹)	Total No. of Shares Traded	High (₹)	Low (₹)	Total No. of Shares Traded
APR - 2011	198.40	140.00	1,08,25,706	198.15	140.55	4,06,59,981
MAY - 2011	163.60	131.50	40,47,262	163.80	131.10	1,46,37,988
JUN - 2011	166.90	132.00	67,65,307	166.90	132.00	2,39,87,499
JUL - 2011	159.65	134.60	25,55,028	159.50	133.50	1,07,42,919
AUG - 2011	138.00	89.60	32,50,255	138.45	89.55	1,24,55,098
SEP - 2011	113.75	93.15	28,93,620	113.60	93.10	1,14,83,847
OCT - 2011	103.95	90.25	16,76,808	103.75	90.00	58,95,296
NOV - 2011	100.90	78.00	18,43,890	100.90	77.60	62,45,922
DEC - 2011	94.25	73.00	17,67,254	94.30	73.00	55,33,965
JAN - 2012	107.30	77.70	31,56,158	107.35	77.40	97,11,132
FEB - 2012	127.15	100.05	41,64,734	127.25	100.60	1,43,53,200
MAR - 2012	120.40	97.10	25,32,746	120.50	100.10	9,76,23,56



Performance of the share price of the Company in comparison to the Bombay Stock Exchange Limited Sensex:



- |       |   |   |
|-------|---|---|
| vii)  | <p>Registrar and Transfer Agents<br/>Name and Address</p> <p>Phone Number</p> <p>Fax Number</p> <p>Email</p> <p>Website</p> | <p>Link Intime India Pvt. Ltd.<br/>C- 13 Pannalal Silk Mills Compound,<br/>LBS Road, Bhandup (West).<br/>Mumbai – 400 078.</p> <p>+91 22 25946970</p> <p>+91 22 85946969</p> <p>rnt.helpdesk@linkintime.co.in</p> <p>www.linkintime.com</p> |
| viii) | <p>Places for Acceptance of documents</p>   | <p>Link Intime India Pvt. Ltd.<br/>C- 13 Pannalal Silk Mills Compound,<br/>LBS Road, Bhandup (West),<br/>Mumbai – 400 078.</p> <p>Patel Engineering Limited,<br/>Patel Estate Road, Jogeshwari (West),<br/>Mumbai – 400 102.</p>            |

ix) Share Transfer System:

98.43% of the shares of the company are in the electronic form. Transfer of these shares is done through the depositories with no involvement of the company. As regards transfer of shares in physical form, the same is normally processed within 15 days by the Registrar from the date of receipt if the documents are complete in all respects. The two member sub-committee constituted by the Board approves the transfers and report to the Board each quarter.

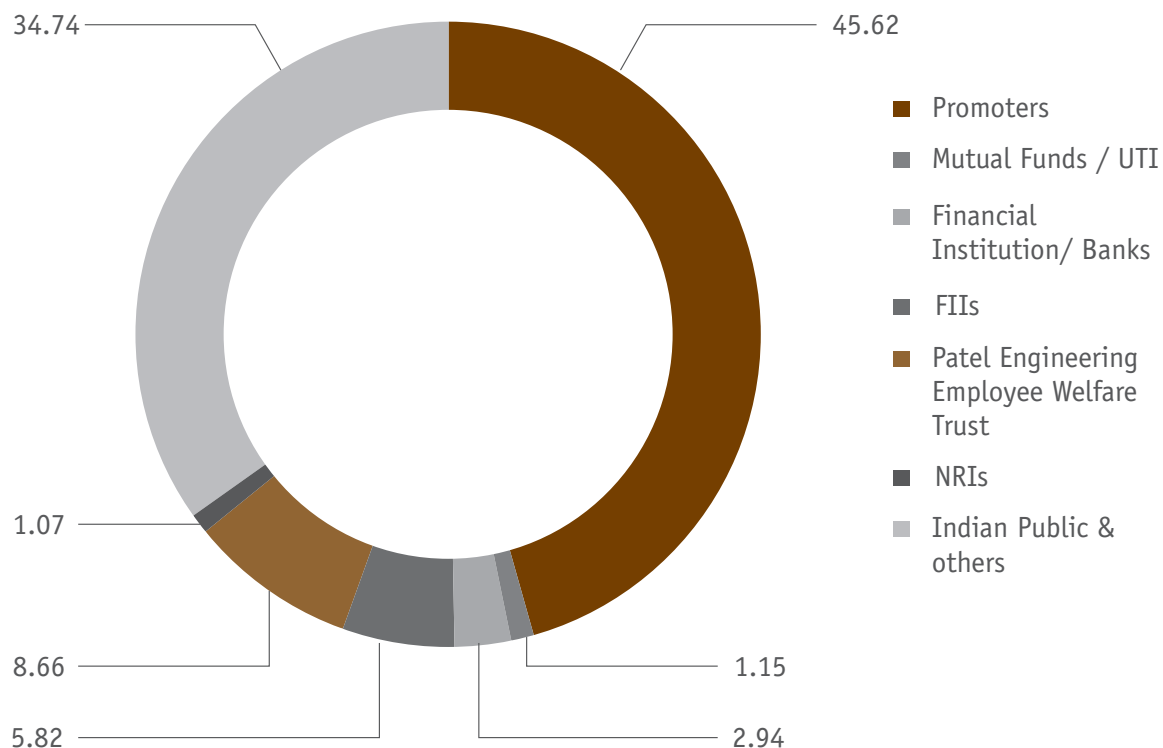
## x) Distribution of shareholding as on March 31, 2012:

No. of shares	Holdings	% to Capital	No. of Accounts	% to Total Accounts
1-500	50,21,365	7.19	65,762	94.12
501-1000	15,88,979	2.28	2,009	2.88
1001-2000	15,89,458	2.28	1,040	1.49
2001-3000	10,28,374	1.47	387	0.55
3001-4000	5,51,622	0.79	156	0.22
4001-5000	5,96,283	0.85	128	0.18
5001-10000	11,84,229	1.70	164	0.24
Above 10000	5,82,66,481	83.44	221	0.32
<b>GRAND TOTAL</b>	<b>6,98,27,151</b>	<b>100.00</b>	<b>69,867</b>	<b>100.00</b>

## Categories of Equity shareholders as on March 31, 2012:

Category	No. of Shares	%
Promoters	3,18,56,550	45.62
Mutual Funds / UTI	8,04,536	1.15
Financial Institution/ Banks	20,53,222	2.94
FIIIs	40,69,666	5.82
Patel Engineering Employee Welfare Trust	60,45,000	8.66
NRIIs	7,56,625	1.07
Indian Public & Others	2,42,41,552	34.74
<b>GRAND TOTAL</b>	<b>6,98,27,151</b>	<b>100.00</b>

Categories of shareholding (%)



xi) Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories in India viz; National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the company representing 98.43% of the Company's share capital are dematerialized as on March 31, 2012.

The Company's shares are regularly traded on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, in electronic form.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to Company's shares is INE244B01030.

xii) Address for correspondence

Patel Engineering Limited  
 Patel Estate Road,  
 Jogeshwari (West),  
 Mumbai – 400 102.  
 Tel: +91 22 26767500 / 501  
 Fax: +91 22 26782455/ 26781505  
 Email: [investors@pateleng.com](mailto:investors@pateleng.com)  
 Website: [www.pateleng.com](http://www.pateleng.com)

## AUDITOR'S CERTIFICATE

To the Shareholders of Patel Engineering Ltd.

We have examined the compliance of conditions of Corporate Governance by Patel Engineering Ltd. for the financial year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India. We have to state that, as per the records maintained by the Company, there were no investor grievances remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Yours truly,  
For Vatsaraj & Co.  
Chartered Accountants  
FRN: 111327W

(CA Nitesh K Dedhia)  
Partner  
M No. 114893

Mumbai  
September 4, 2012

# CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATE

To the Board of Directors of Patel Engineering Limited

Dear Sirs,

Sub: CEO/CFO Certificate (Issued in accordance with provisions of Clause 49 of the Listing Agreement)

We have reviewed the financial statements, read with the cash flow statement of Patel Engineering Limited for the year ended March 31, 2012 and that to the best of our knowledge and belief, we state that:

- a.
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading.
  - ii. These statements present a true and fair view of the Company's affairs and are in Compliance with current accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for the financial reporting. We have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and the steps taken for rectifying these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
  - i. Significant changes in the internal control over financial reporting during the year.
  - ii. Significant changes in accounting policies made during the year and the same have been disclosed suitably in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee, having a significant role in the company's internal control system over financial reporting.

**Silloo Patel**  
Whole time Director & CFO

**Rupen Patel**  
Managing Director  
Mumbai, September 4, 2012



# INFORMATION ON SUBSIDIARIES

(for the Financial Year ended March 31, 2012)

S. NO.	Name of the Subsidiary Company	Issued and subscribed share capital	Reserves	Total Assets	Total Liabilities	Investments	Total Revenue	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed dividend	Country
(₹ in million)												
<b>DIRECT SUBSIDIARIES</b>												
1	Shree-anant Construction Pvt. Ltd.	0.10	17.20	739.21	739.21	-	1,157.06	10.16	3.41	6.72	-	India
2	Zeus Minerals Trading Pvt. Ltd.	0.60	0.60	0.60	0.60	-	-	-	-	-	-	India
3	Patel Concrete & Quarries Pvt. Ltd.	1.00	1.00	1.00	1.00	-	-	-	-	-	-	India
4	Friends Nirman Pvt. Ltd.	0.33	1.05	1.42	1.42	-	-	(0.08)	0.03	(0.05)	-	India
5	Energy Design Pvt. Ltd.	0.50	(20.92)	39.15	39.15	-	0.55	(6.69)	-	(6.69)	-	India
6	PAN Realtors Pvt. Ltd.	1.00	145.57	1,894.30	1,894.30	-	1,460.37	80.40	0.67	33.22	-	India
7	Patel Lands Ltd.	0.50	-	0.51	0.51	-	-	-	-	-	-	India
8	Michigan Engineers Pvt. Ltd.	17.36	575.10	2,208.17	2,208.17	0.05	2,149.59	168.77	10.46	107.68	-	India
9	Patel Engineering Infrastructure Ltd.	100.00	8.69	1,112.51	1,112.51	100.06	-	-	-	-	-	India
10	Patel Realty (India) Ltd.	1,000.00	209.14	5,625.97	5,625.97	69.92	1,538.22	197.03	15.98	119.55	-	India
11	Patel Energy Resources Ltd.	2,090.00	(73.50)	4,838.22	4,838.22	-	0.77	(29.79)	3.84	(29.79)	-	India
12	Pandora Infra Pvt. Ltd.*	70.00	(0.76)	240.83	240.83	-	-	(0.03)	-	-	-	India
13	Patel Engineers Pvt. Ltd. *	91.00	(0.96)	90.10	90.10	-	-	(0.15)	-	-	-	India
14	Patel Patron Pvt. Ltd. *	140.70	(1.31)	144.71	144.71	-	-	(0.04)	-	-	-	India
15	Vismaya Constructions Pvt. Ltd.*	55.10	(0.73)	126.86	126.86	-	-	(0.04)	-	-	-	India
16	Bhooma Realities Pvt. Ltd. *	72.10	(0.84)	363.20	363.20	-	-	(0.04)	-	-	-	India
17	Shashvat Land Projects Pvt. Ltd.*	78.80	(0.85)	243.97	243.97	-	-	(0.03)	-	-	-	India
18	Patel Engineering (Singapore) Pte Ltd.	121.87	316.63	1,314.80	1,314.80	-	11.68	(170.63)	5.81	(164.82)	-	Singapore
19	Patel Engineering (Mauritius) Ltd.	25.77	0.01	136.86	136.86	-	-	-	-	-	-	Mauritius
20	Patel Engineering Inc.	529.56	61.08	593.67	593.67	0.62	-	(5.39)	1.40	(6.79)	-	USA
21	ASI Inc.	562.93	897.49	3,290.02	3,290.02	0.00	6,005.87	174.45	70.33	104.13	-	USA
22	Patel Engineering Lanka (Pvt.) Ltd.	-	-	-	-	-	-	-	-	-	-	Srilanka
<b>SUBSIDIARY OF PATEL ENGINEERS PVT. LTD</b>												
23	Phedra Projects Pvt. Ltd.	27.71	(0.67)	33.70	33.70	-	-	(0.13)	-	-	-	India
<b>SUBSIDIARY OF PATEL REALTY (INDIA) LTD</b>												
24	Bellona Estate Developers Ltd.	0.10	(0.08)	2,226.36	2,226.36	-	-	(0.02)	-	(0.02)	-	India
25	Hebe Infracon Pvt. Ltd.	0.10	(0.09)	0.34	0.34	-	-	(0.03)	-	(0.03)	-	India
26	Hera Realcon Pvt. Ltd.	0.10	(0.09)	0.52	0.52	-	-	(0.03)	-	(0.03)	-	India
27	Lucina Realtors Pvt. Ltd.	0.10	(0.10)	0.08	0.08	-	-	(0.04)	-	(0.04)	-	India
28	Apollo Buildwell Pvt. Ltd.	0.10	(0.13)	0.24	0.24	-	-	(0.08)	-	(0.08)	-	India
29	Arsen Infra Pvt. Ltd.	0.10	(0.52)	20.38	20.38	-	-	(0.46)	-	(0.46)	-	India

\* pending transfer of shares

# INFORMATION ON SUBSIDIARIES

(for the Financial Year ended March 31, 2012)

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											Proposed dividend	Country
30	Praval Developers Pvt. Ltd.	0.10	(0.09)	0.03	0.03	-	-	(0.03)	-	(0.03)	-	India
31	Nirman Constructions Pvt. Ltd.	172.00	(1.99)	176.61	176.61	23.12	-	(0.04)	-	(0.04)	-	India
32	Azra Land Projects Pvt. Ltd.	23.12	(0.48)	26.11	26.11	-	-	(0.04)	-	(0.04)	-	India
33	Waterfront Developers Ltd.	0.16	2.31	321.47	321.47	0.19	-	(1.23)	-	(1.23)	-	Mauritius
34	Les Salines Development Ltd.	0.16	(2.33)	281.38	281.38	-	-	(2.35)	-	(2.35)	-	Mauritius
35	La Bourgade Development Ltd.	0.00	(0.25)	0.26	0.26	-	-	(0.08)	-	(0.08)	-	Mauritius
36	Ville Magnifique Development Ltd.	0.00	(0.19)	0.17	0.17	-	-	(0.04)	-	(0.04)	-	Mauritius
37	Sur La Plage Development Ltd.	0.00	(0.28)	0.17	0.17	-	-	(0.06)	-	(0.06)	-	Mauritius
<b>SUBSIDIARY OF PATEL ENERGY RESOURCES LTD.</b>												
38	Patel Hydro Power Pvt. Ltd.	0.50	(0.14)	72.76	72.76	0.01	-	(0.14)	-	-	-	India
39	Patel Thermal Energy Pvt. Ltd.	0.50	-	3.81	3.81	-	-	-	-	-	-	India
40	Dirang Energy Pvt. Ltd.	361.45	-	1,201.23	1,201.23	-	-	-	-	-	-	India
41	West Kameng Energy Pvt. Ltd.	0.10	-	48.46	48.46	-	-	-	-	-	-	India
42	Patel Energy Assignment Pvt. Ltd.	0.10	-	21.28	21.28	-	-	-	-	-	-	India
43	Patel Energy Projects Pvt. Ltd.	0.10	-	28.20	28.20	-	-	-	-	-	-	India
44	Patel Energy Operations Pvt. Ltd.	0.73	-	32.88	32.88	-	-	-	-	-	-	India
45	Meyong Hydro Power Pvt. Ltd.	0.73	-	30.47	30.47	-	-	-	-	-	-	India
46	Dign Hydro Power Pvt. Ltd.	0.10	-	35.48	35.48	-	-	-	-	-	-	India
47	Naulo Nepal Hydro Electric Pvt. Ltd.	49.13	-	71.01	71.01	-	-	-	-	-	-	Nepal
48	PEL Power Ltd.	1,380.81	-	2,880.62	2,880.62	-	-	-	-	-	-	India
49	PEL Port Pvt. Ltd.	89.46	-	91.06	91.06	-	-	-	-	-	-	India
50	Patel Energy Ltd.	186.45	(20.96)	270.59	270.59	-	-	-	-	-	-	India
51	Laksha Infra Projects Pvt. Ltd.	0.10	-	0.77	0.77	-	-	-	-	-	-	India
52	Jayshe Gas Power Pvt. Ltd.	0.10	-	0.13	0.13	-	-	-	-	-	-	India
53	Patel Energy Trading Pvt. Ltd.	0.10	(0.04)	0.07	0.07	-	-	-	-	-	-	India
<b>SUBSIDIARY OF PATEL ENGINEERING (SINGAPORE) PTE LTD.</b>												
54	Patel Surya (Singapore) Pte Ltd.	51.53	11.28	209.27	10,783.63	-	10.68	3.41	0.35	3.06	-	Singapore
55	Surya Geo Minerals	30.89	(94.38)	173.16	173.16	-	-	(40.71)	-	(40.71)	-	Indonesia
56	PT PEL Minerals Resources	15.44	(5.43)	10.36	10.36	-	-	(5.02)	-	(5.02)	-	Indonesia
57	PT Patel Engineering Indonesia	12.87	(0.13)	29.35	29.35	-	-	(0.04)	-	(0.04)	-	Indonesia
58	Patel Param Minerals Pte Ltd.	0.52	(1.45)	186.10	186.10	15.46	-	(0.45)	-	(0.45)	-	Singapore

# INFORMATION ON SUBSIDIARIES

(for the Financial Year ended March 31, 2012)

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(₹ in million)												
59	PT Patel Surya Minerals	15.34	(59.87)	222.81	222.81	-	18.16	(26.99)	6.43	(20.56)	-	Indonesia
60	Mineral Resources Holding Ltd.	2.23	-	2.23	2.23	-	-	-	-	-	-	UAE
61	Patel Param Energy Pte Ltd.	26.28	(1.14)	84.89	84.89	15.46	-	(0.32)	-	(0.32)	-	Singapore
62	PT Patel Surya Jaya	15.37	(6.32)	718.90	718.90	-	-	(23.47)	-	(23.47)	-	Indonesia
63	Patel Param Natural Resources Pte Ltd.	0.52	(0.55)	0.33	0.33	-	-	(0.32)	-	(0.32)	-	Singapore
64	PT Surpat Geo Minerals	30.89	(0.17)	30.97	30.97	-	-	(0.06)	-	(0.06)	-	Indonesia
<b>SUBSIDIARY OF PATEL ENGINEERING (MAURITIUS) LTD</b>												
65	Patel Mining (Mauritius) Ltd.	23.96	-	125.25	125.25	96.36	-	-	-	-	-	Mauritius
66	Enrich Mining Vision Lda	0.05	1.33	19.01	19.01	-	-	-	-	-	-	Mozambique
67	Placer Mining Division, Lda	0.05	(16.21)	0.97	0.97	-	-	-	-	-	-	Mozambique
68	Patel Infrastructure, Lda	0.05	(16.21)	0.97	0.97	-	-	-	-	-	-	Mozambique
69	Trend Mining Projects Lda	0.05	-	12.70	12.70	-	-	-	-	-	-	Mozambique
70	Accord Mines Venture Lda	0.05	-	10.09	10.09	-	-	-	-	-	-	Mozambique
71	Netcore Mining Operations Lda	0.05	-	158.04	158.04	-	-	-	-	-	-	Mozambique
72	Metaline mine works Lda	0.05	-	8.49	8.49	-	-	-	-	-	-	Mozambique
73	Patel Mining Assignments Lda	0.05	-	11.19	11.19	-	-	-	-	-	-	Mozambique
74	Chivarro Mines Mozambique Lda	0.05	-	4.99	4.99	-	-	-	-	-	-	Mozambique
75	Fortune Mines Concession Lda	0.05	-	26.22	26.22	-	-	-	-	-	-	Mozambique
76	Omini Mines Enterprises Lda	0.05	0.05	1.58	1.58	-	-	-	-	-	-	Mozambique
77	Quest Mining Activities, Lda	0.05	-	2.07	2.07	-	-	-	-	-	-	Mozambique
<b>SUBSIDIARY OF PATEL ENGINEERING INC.</b>												
78	ASI RCC Inc.	521.32	43.44	572.99	572.99	323.80	-	6.22	-	6.22	-	USA
79	ASI RCC India Ltd.	0.56	(0.15)	0.43	0.43	-	-	(0.02)	-	(0.02)	-	India
80	Westcon Microtunneling Inc.	117.56	34.94	152.62	152.62	-	-	(39.75)	1.24	(40.98)	-	USA
<b>SUBSIDIARY OF ASI INC.</b>												
81	ASI Australia Pty Ltd.		4.67	190.37	190.37	-	331.18	4.74	2.01	2.73	-	Australia
82	HCP Inc.	130.89	(20.64)	634.04	634.04	-	2,704.78	13.39	7.73	5.66	-	USA
83	Engg. & Const Inc.	10.31	16.72	215.67	215.67	0.00	625.58	35.26	12.30	22.96	-	USA

1 USD= 51.53 INR

1 MUR = 1.8627 INR

1 NPR = 0.6202 INR

1 MZN = 1.8138 INR

1 IDR = 0.0056 INR

# MANAGEMENT DISCUSSION AND ANALYSIS

The Company has excelled and tasted success with every project. Right from construction of dams, tunnels, micro-tunnels, hydroelectric projects, thermal power projects, irrigation projects, highways, roads, bridges, railways, and refineries to real estates and townships – every structure is nothing less than a landmark. The company has established itself as one of the biggest players not only at the national level but also in the global arena.

## ECONOMIC SLOWDOWN AFFECTS PERFORMANCE

The Company's operations are very closely linked to the overall economic growth rate and infrastructure sector. The infrastructure sector in India continues to be affected uncertain regulatory environment, high interest rates and delays in clearances of projects. Execution slowdown has led to revenue slowdown, while on the other hand high debt, rising cost of funds and lower profitability have hit investments in capital expenditure.

In addition the global economic slowdown has created high levels of uncertainty, which has been a dampener for capital flows, especially for long term projects like the ones in the infrastructure sector. Further, several projects that have had financial closure are facing implementation problems, stemming from issues related to land acquisition, social tensions, environmental problems and administrative delays. Clearly, the pace of infrastructure development in India is not in sync with the requirements of a growing economy of its size. Moreover, the industry continues to suffer on account of policy paralysis and lack of action on part of the government.

In reflection to overall low sentiments, last fiscal year India recorded an economic growth rate of 6.50 per cent which is the lowest in last 9 years. In its latest estimates for the current fiscal year ending March 31, 2013, the Reserve Bank of India (RBI) has lowered its growth projection at 6.50 per cent from 7.30 per cent estimated earlier. However, estimates from private research firms are much lower. Multinational firms and global rating agencies have lowered the growth forecast of India to 5.5 percent in FY 2013, the lowest growth in the decade. Standard & Poor's and Fitch Ratings have cut their sovereign outlooks on India to "negative", threatening the country's investment-grade rating, citing policy inaction as the biggest obstacle and the key factor behind the decision. Moody's maintained the stable outlook on India's sovereign rating despite credit challenges. This change in the current external rating of the country is likely to have 'cliff effects', impacting both, the availability and the cost of foreign currency borrowing for Indian banks and companies. In fact, S&P even warned that India could be the first nation among the BRIC to lose its investment grade rating.

As growth slowed, the central government budget deficit increased to 5.9 per cent of GDP last fiscal year and the current account deficit widened to 3.7 per cent of GDP. Inflationary pressures continued. This saw foreign exchange and equity markets correcting and continue to experience heightened volatility.

Rapid depreciation of the rupee on the euro area crisis, the country's widening current account deficit and perceptions of slowdown in policymaking have been cited as the main reasons. The Indian rupee has been steadily weakening against the U.S. dollar. During the year, Indian rupee breached the 57 mark to hit a record low of 57.33 against the U.S. dollar. However, the government announced a slew of measures to stem the slide of the rupee including raising the limit of the external commercial borrowings of companies and the maximum limit for foreign institutional investment in government securities.

Mr. P. Chidambaram, who took charge of the Finance Ministry from the Prime Minister Mr. Manmohan Singh, plans to take a number of measures to restart the engine of manufacturing and revive the investment cycle.

## PERFORMANCE OVERVIEW

In these tough economic conditions, Company's performance too was affected in the financial year ended March 31, 2012.

### ON CONSOLIDATED BASIS:

- Revenue from Operations is marginally increased by 3.3%
- Profit before tax stood at ₹ 1299.38 million
- Net Profit at ₹ 665.88 million
- The EPS (fully diluted) stood at ₹ 9.54 per share

The order backlog from engineering & construction business as on March 31, 2012 stood at around ₹120,000 million. The share in the order book stands at, power sector 46%, irrigation and water 38% and transportation and urban infrastructure accounting 16%.

The economic slowdown, increase in interest cost, political indecisiveness has led to lowering of operating margins. Further, delays due to indecisiveness of various government authorities has affected the company's revenues and resulted in high working capital cycle.

The company will continue to focus on high margin business in hydropower and irrigation. Further, tender bidding for projects too remained selective in bidding for high margin projects backed by Central and State go. The focus will continue to remain on utilising the company's niche technology to help to reduce the impact on its operating margin. Thus, the company stayed away from projects, which were unattractive and very competitive in nature.

## ENGINEERING & CONSTRUCTION POWER

The Eleventh Five year plan (2007-2012) had planned a creation of 78,700 MWs of new power generation capacity of which 59,693 MW (75.8%) through thermal power, 15,627 (19.9%) through hydro power and 3,380 MW (4.3%) from nuclear

power. However, by the end of the planning period i.e. March 31, 2012, around 55,000 MWs of total new generation capacity has been achieved, which is around 70% of what was planned.

- Major projects under execution include Tapovan Vishnugad Hydro Electric Project – 4 X 130 MW, Kameng Hydro Electric Project – 4 X 150 MW, Rampur Hydro Electric Project – 434 MW and Teesta Low Dam H.E. Project - 132 MW (4 x 33MW).
- Recently, the Company has bagged EPC contract work for the 450 MW Shongtong - Karcham Hydroelectric project with a project cost of ₹ 10400 million.
- The Company is the first Asian company to work in Under Water Lake Tap works. This technology helps quicken the implementation of Hydro Power projects. The company recently completed another round of Lake tapping for Koyna Project, Maharashtra.

## IRRIGATION

The Eleventh Five Year Plan targets to develop 16 million hectares through major, medium and minor irrigation works. Change in political environment in certain states like Andhra Pradesh has affected irrigation projects.

- Major irrigation projects under execution include Kalwakurthy Lift Irrigation, Jawahar Lift Irrigation Project, Jigaon Lift Irrigation Scheme, Bargi Diversion Project, Krishna Delta System and Kalma barrage.

## ROADS

The National Highway Authority of India (NHAI) continues to be well behind schedule. Of the 12,109 kms of four-lane as part of NHDP Phase-3, around 19.5% is yet to be contracted out, while 52% is under implementation. For the 14,799 kms NHDP Phase-4, contracts are yet to be awarded for 83% of the stretch, while 17% is under implementation. Likewise, 45% of the 6,500 kms NHDP Phase-5, 100% of the 1,000 kms NHDP Phase-6 and 94% of the 700 kms NHDP Phase-7 are yet to be awarded. In addition, to the fact that large parts of these planned developments have not yet been contracted out, there are several implementation issues with many of the projects that have been contracted out on BOT basis. The primary problem stems from issues related with land acquisition.

The company bagged ₹ 2339.8 million project for upgradation of the Sikkadi-Chandi-Sandesh-Sahar-Bihta-Danvara-Nasirgunj Road (SH-81) in the state from Bihar from the Bihar State Road Development Corporation Limited. The assignment is a part of Bihar State Highway Project – II, which sanctioned the development work for 86.80 km.

## URBAN INFRASTRUCTURE

- The company has successfully completed over 33 micro tunneling projects in India and the USA. Further, the company controls more than 90 per cent of market share

for micro tunneling in India.

- The company is currently working on various new urban infrastructure projects in Mumbai and Pune.

## ASSET OWNERSHIP

Like most global construction companies, the Company has started scaling up its asset-ownership business. Going forward, it is very important for a construction company to own assets and moving in this direction, the company had entered into power generation and road assets projects.

## ROADS ASSETS

The Company along with a JV partner had undertaken two road projects on annuity basis, namely KNT – 1 & AP – 7 in the state of Karnataka and Andhra Pradesh, respectively. Construction of these road projects has been completed and receipt of annuities from both these projects have started.

During FY 2012, the company along with other JV partners has bagged a BOT project from Uttar Pradesh State Highways Authority (UPSHA) for construction of four-lane highway project in Varanasi - Shaktinagar Road, an entire length of 117.65 km with a project cost of ₹ 17500 million. The concession period of the project is 20 years.

## POWER GENERATION ASSETS THERMAL

The proposed thermal power project of 1050 MW (Phase I) at Nagapattinam District, Tamil Nadu has been kept on hold until the government policies for coal based plants are clear of ambiguities.

## HYDRO

In the hydro power segment, the 144 MW Gongri project in Arunachal Pradesh has seen significant progress and the financial closure is completed pending documentation, which is also expected to be completed in FY 13 and the construction of the project is also expected to commence in FY 13.

Apart from the above, the company has implemented the following projects in Arunachal Pradesh and Nepal:-

- 45 MW Saskang Rong Hydro Power Project.
- 24 MW Phudung Hydro Power Project.
- 38 MW Meyong Hydro Power Project.
- 46 MW Digin Hydro Power Project.
- 260 MW Budhi Gandaki Kha Hydro Power Project (Nepal).
- 130 MW Budhi Gandaki Ka Hydro Power Project (Nepal).

## REAL ESTATE

The company had started developing its historical land bank through its real estate arm. The existing projects of the



Company which were launched in Mumbai, Bangalore and Noida are running on schedule. However, the Company is currently not considering any expansion plans for real estate and is not considering any launch of further projects.

Delay in procedural approvals, the slow pace of infrastructural growth, inflation and rising cost of funds, unclear policies for FDI in retail and retrospective negative changes in tax laws has continued to remain major challenges for real estate sector in the country with demands from both domestic and foreign arena coming down. These challenges are affecting the overall rating of the Company with the rating agencies taking real estate exposure as a negative outlook considering the uncertainties involved in the sector.

Further, any expansion plans may require additional funding by the real estate division and the company is concentrating more on the core business of engineering and construction.

## TRANSMISSION

The financial closure of its project under the JV company "Raichur Sholapur Transmission Company Ltd." which it had acquired along with other partners in the previous year from REC Transmission Project Company Ltd was achieved in July 2012 and construction of the project has commenced. This project is for establishment of Transmission system associated with Krishnapattanam UMPP for transmitting power to long term transmission customers, over 210 km from Raichur (Karnataka) to Sholapur (Maharashtra) with a voltage level of 765 kV SC Quad.

## INTERNAL CONTROL SYSTEM

The Company has an adequate system of internal controls to safeguard and protect from loss, unauthorized use or disposition of its assets. All transactions are properly authorized, recorded and reported to the management. The Company is following all the Accounting Standards for properly maintaining the books of accounts and reporting of financial statements. The Company has appointed external Internal Auditors to review various areas of the operations of the Company. The audit reports are reviewed by the management and the Audit Committee of the Board periodically.

## INFORMATION TECHNOLOGY

The company updated its IT infrastructure to support remote connectivity and comprehensive infrastructure optimization. Standard technologies and practices have been deployed; and new solutions have been introduced for collaboration. The infrastructure is more available and reliable and the IT department saves time in maintenance, which it invests in designing and deploying solutions that fuel continued business growth. The technology is helping to make our vision to deliver comprehensive and effective solutions to clients through our profound experience and technological prowess, while continuously creating opportunities and possibilities

for employees, stake-holders and society a reality. We are now working smarter.

## HUMAN RESOURCES

The company presently employs more than 1,310 employees across various locations. The growth and sustained leadership of the company is largely a function of the competence and quality of its human resource. The company has always aimed to create a workplace where every person can achieve his optimum potential. The company has a performance-rewarding culture throughout, enabling it to create leaders out of its own employees. The company has also undertaken various training and development initiatives to hone the skills and expertise of its people.

## RISK MANAGEMENT

**Funding risk:** The company is into a highly capital intensive industry segment. Non-availability of funds or increased cost of funding will result in pressurised margins.

**Mitigation factors:** The company ensured investing into critical long term infrastructure assets. The company has ensured strong valuation parameters to assess, participate and invest in quality assets. As a result, the company has managed to attain financial closures even in the difficult times.

**Regulatory risk:** The company's business is highly dependent on government regulations and policies. Any adverse change or regulation can adversely impact the company's plans.

**Mitigation factors:** While this risk applies to all the industry players, the mitigation lies in the economic progress of India. Infrastructure development is the only catalyst that would drive the Indian growth story in the coming years. During the 11th plan, the Government plans to spend USD 500 bn into the various verticals of infrastructure sector. The ongoing investments in infrastructure would attract greater confidence from global players and as a result, the regulations are bound to be more liberal and in the interest of the Indian economy.

**Competition risk:** The Company operates in various industry segments having substantial competition, both from the organised and the unorganised players.

**Mitigation factors:** The Company has demonstrated track record of not only developing large projects but also operating them. The competition from unorganized players or smaller players is mitigated by the company by superior services, project quality and strong client relationships, among others.

**Human resource risk:** Quality of manpower decides the quality of the services. Higher attrition would affect the company's prospects.

**Mitigation factors:** The company's HR department ensures identification, development and retention of talented professionals in the company. The company's presence across various businesses enables it to ensure holistic development of

its employees by adding new skill sets. The company also has ESOP scheme for the employees.

### **FORWARD LOOKING STATEMENT**

In this Annual Report, the management has disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. The management has tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of

similar substance in connection with any discussion of future performance.

The management cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# AUDITORS' REPORT on consolidated financial statements

**To the Board of Directors of Patel Engineering Ltd.**

## **PATEL ENGINEERING LTD.**

1. We have examined the attached Consolidated Balance Sheet of PATEL ENGINEERING LTD. ("the Company") and its Subsidiaries, Associates and Joint Ventures as at March 31, 2012 collectively referred to as "The Patel Group" and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended annexed thereto.

These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

- 3.1 We have audited the financial statements of Patel KNR JV, KNR Patel JV and the Consolidated Financial Statement (CFS) of Patel Energy Resources Ltd.

- 3.2 The financial statements of 16 Subsidiaries, 5 Associates and a Joint Venture have been audited by other auditors. Our opinion is solely based on the reports and other financial information of the audited financial statements as furnished to us by the other Auditor. The financial statements of such Subsidiaries and Joint Venture, not audited by us, reflects total assets (net) of ₹ 3240.50 million as at March 31, 2012, total revenue of ₹ 14998.83 million for the year ended as at that date and net decrease in Cash Flow of ₹ 80.67 million. Share of Loss of the Associates is ₹ 43.39 million

- 3.3 With respect to the CFS of Patel Engineering Inc. and CFS of Patel Engineering (Mauritius) Ltd, we have placed reliance on the unaudited Accounts as certified by the management. The financial statements of the such Subsidiaries and Joint Venture, not audited by us, reflects total assets (net) of ₹ 149.51 million as at March 31, 2012 and total revenue of ₹ nil for the year ended as at that date.

- 3.4 With respect to the CFS of Patel Reality (India) Ltd, audited by the other Auditor, they have placed reliance on unaudited financial statements of a foreign subsidiary

whose assets are ₹ 262.21 million as at March 31, 2012, total revenue of ₹ 6.81 million for the year ended as at that date and net decrease in Cash Flow of ₹ 3.04 million.

- 4 We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards AS 21 - Consolidated Financial Statements, AS 23 - Accounting for Investments in Associates in Consolidated Financial Statement and AS 27 - Financial Reporting of Interest in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and consolidated financial statements of its Subsidiaries, Associates and Integrated Joint Ventures included in the consolidated financial statements of the company.
- 5 On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the companies, associates, integrated joint ventures and consolidated audited financial statement of the company's subsidiaries and their subsidiaries included in the consolidated financial statements, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;
  - a in the case of the Consolidated Balance Sheet, of the state of affairs of The Patel Group as at March 31, 2012; and
  - b in the case of the Statement of Consolidated Profit and Loss Account, of the Consolidated results of operations of The Patel Group for the year ended on that date; and
  - c in the case of the Consolidated Cash Flow Statement of the consolidated cash flows for the year ended on that date.

**For VATSARAJ & CO.**  
Chartered Accountants  
FRN: 111327W

**CA Nitesh K Dedhia**  
Partner  
M. No. 114893

Mumbai  
September 7, 2012

# CONSOLIDATED BALANCE SHEET

as at March 31, 2012

(₹ in million)

	Notes	As at March 31, 2012	As at March 31, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	69.83	69.83
(b) Reserves and surplus	4	15,497.55	14,208.78
<b>2 Minority Interest</b>		834.06	704.27
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	5	9,505.47	9,651.33
(b) Deferred Tax Liability (Net)	25	216.03	131.95
(c) Other Long term liabilities	6	5,028.92	4,721.61
(d) Long-term provisions	7	14.56	34.70
<b>4 Current liabilities</b>			
(a) Short-term borrowings	8	15,685.52	14,191.44
(b) Trade payables	9	9,348.56	7,704.10
(c) Other current liabilities	9	5,668.04	3,023.17
(d) Short-term provisions	7	48.00	430.48
<b>TOTAL</b>		<b>61,916.54</b>	<b>54,871.66</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	16		
i. Tangible assets		6,193.65	6,339.64
ii. Intangible assets		157.61	99.18
iii. Capital work in progress		4,180.83	2,091.38
		10,532.09	8,530.20
(b) Non-current investments	10	985.88	780.35
(c) Long-term loans and advances	11	7,998.59	4,807.08
(d) Non Current Bank Deposits	15	14.06	14.53
(e) Non Current Trade Receivables	13	327.24	578.20
(f) Other Non current asset	14	122.23	73.30
<b>2 Current assets</b>			
(a) Inventories	12	18,715.76	20,385.10
(b) Trade receivables	13	10,272.34	8,143.48
(c) Cash and cash equivalents	15	3,334.71	2,420.55
(d) Short-term loans and advances	11	9,613.64	8,956.58
(e) Other current assets	14	-	182.29
<b>TOTAL</b>		<b>61,916.54</b>	<b>54,871.66</b>
Summary of Significant Accounting Policies	2		

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

**For and on behalf of Board**

**For Vatsaraj & Co**  
Chartered Accountants  
Firm Regn No:111327W

**Rupen Patel**  
Managing Director

**Silloo Patel**  
Director

**K. Kannan**  
Director

**CA NITESH K. DEDHIA**  
Partner  
Membership No. 114893  
Mumbai, September 7, 2012

**Shobha Shetty**  
Company Secretary

Mumbai, September 7, 2012

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended

(₹ in million)

	Notes	As on March 31, 2012	As on March 31, 2011
<b>I. Revenue from operations</b>	17	35,920.91	34,759.09
<b>II. Other income</b>	18	910.92	889.15
<b>III. Total Revenue (I + II)</b>		36,831.83	35,648.24
<b>IV. Expenses:</b>			
Cost of Construction	19	28,778.55	27,087.26
Employee benefits expense	20	1,174.13	1,143.89
Finance costs	21	3,332.92	2,969.54
Depreciation and amortization expense		892.25	820.41
Other expenses	22	1,354.60	1,779.97
<b>Total Expenses</b>		35,532.45	33,801.07
<b>V. Profit before exceptional &amp; extraordinary items &amp; tax (III-IV)</b>		1,299.38	1,847.17
<b>VI. Exceptional &amp; Extraordinary items</b>		-	-
<b>VII. Profit before tax (V-VI)</b>		1,299.38	1,847.17
<b>VIII. Tax expense:</b>			
(1) Current tax		625.11	522.84
(2) Deferred tax		(27.60)	17.07
<b>IX. Profit/(Loss) for the period (VII-VIII)</b>		701.87	1,307.26
<b>X. Minority Interest</b>		35.99	81.21
<b>XI. Net Profit (IX-X)</b>		665.88	1,226.05
<b>XII. Earnings per equity share:</b>	27		
(1) Basic		9.54	17.56
(2) Diluted		9.54	17.56
Summary of Significant Accounting Policies	2		

The Notes referred to above form an integral part of the Financial Statements.

As per our report of even date

**For and on behalf of Board**

For **Vatsaraj & Co**  
Chartered Accountants  
Firm Regn No:111327W

**Rupen Patel**  
Managing Director

**Silloo Patel**  
Director

**K. Kannan**  
Director

**CA NITESH K. DEDHIA**  
**Partner**  
Membership No. 114893  
Mumbai, September 7, 2012

**Shobha Shetty**  
Company Secretary  
Mumbai, September 7, 2012



# CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2012

(₹ in Million)

	2011 - 2012	2010 - 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS	1,299.38	1,847.17
Adjustment for:		
Depreciation	892.25	820.41
Interest charged	3,332.92	2,841.32
Interest received	(783.16)	(659.40)
Dividend received	(3.89)	(3.89)
Foreign Exchange Loss/ (Gain)	4.07	20.70
Consolidation Adjustment	-	(0.27)
Provision for Leave Salary	13.42	6.48
Provision for Bonus	-	7.92
Loss of Assets exhausted / sold	-	13.97
Profit on sale of assets	(26.10)	(26.33)
Excess Credit written back	(14.38)	(13.20)
Irrecoverable debts & advances written off	35.17	160.72
ESOP compensation expenses	6.21	16.37
Preliminary Expenses written off	4.78	10.63
Preparatory Work Expenses written off	2.20	5.59
Profit on sale of Investment	-	(53.65)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>4,762.87</b>	<b>4,994.54</b>
Adjustment for changes in:		
Trade & other receivables	(4,916.28)	(5,655.91)
Inventories	1,669.34	(3,137.88)
Trade payable, Liabilities and Provisions (excluding Proposed Dividend & Income tax)	4,785.26	2,657.56
Cash generated from operations	6,301.19	(1,141.69)
Direct tax paid	(1,067.61)	(1,028.05)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>5,233.58</b>	<b>(2,169.74)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,466.86)	(2,189.58)
Loans (given) / returned	-	129.21
Sale of Fixed Assets	692.74	442.48
Investments made in Subsidiaries	(205.53)	(84.96)
Disinvestment in Subsidiaries	-	56.43
Change in Minority Interest	93.80	7.82
Dividend Received	3.89	3.89
Interest received	862.05	513.49
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,019.91)</b>	<b>(1,121.22)</b>

# CONSOLIDATED CASH FLOW STATEMENT (CONTD.) for the year ended March 31, 2012

	(₹ in Million)	
	2011 - 2012	2010 - 2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Debt issue expenses	(26.87)	(4.79)
Increase in Borrowings	1,348.23	6,436.20
Dividend Paid	(81.16)	(0.58)
Interest Paid	(3,536.11)	(2,983.77)
NET CASH USED IN FINANCING ACTIVITIES	(2,295.91)	3,447.06
Net Increase/Decrease in Cash & Cash Equivalent (A+B+C)	917.76	156.10
Opening Balance of Cash & Cash Equivalents	2,435.08	2,324.24
Balance of Cash & Cash Equivalents	3,352.84	2,480.34
Notes to Cash flow Statement		
1. Cash and Cash Equivalents		
Cash on hand & Balance with banks	3,348.77	2,435.08
Effect of exchange rate changes	4.07	45.26
Closing Cash and Cash Equivalents as restated	3,352.84	2,480.34

As per our report of even date

For and on behalf of Board

For **Vatsaraj & Co**  
Chartered Accountants  
Firm Regn No:111327W

**Rupen Patel**  
Managing Director

**Silloo Patel**  
Director

**K. Kannan**  
Director

**CA NITESH K. DEDHIA**  
**Partner**  
Membership No. 114893  
Mumbai, September 7, 2012

**Shobha Shetty**  
Company Secretary  
  
Mumbai, September 7, 2012

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2012

## 1 BASIS OF PREPARATION

Patel Engineering Ltd. ('the Company') has prepared consolidated financial statements to provide the financial information of its activities along with its Subsidiaries, Associates & Joint Ventures as a single entity. They are collectively referred as "Group" herein.

The Revised Schedule VI notified under the Companies Act, 1956, for preparation and presentation of financial statements has become applicable to the Company effective from April 1, 2011. The adoption of revised Schedule VI does not impact recognition and measurement principles, however, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable for the current year.

## 2 SIGNIFICANT ACCOUNTING POLICY

### a) Principles of Consolidation

- (i) The consolidated financial statements include the accounts of Patel Engineering Ltd. and its subsidiaries, associates and financially controlled Integrated Joint Ventures.
- (ii) The financial statements of financially controlled Integrated Joint Ventures (i.e. sharing profit) are consolidated to the extent of the Company's or its subsidiaries share in Joint Venture.
- (iii) The financial statements of the Company and its subsidiaries and Integrated Joint Ventures have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses fully eliminating material intra group balances and intra group transactions. Associate entities are consolidated as per the equity method.

The consolidated financial statement have been prepared by the Company in accordance with the requirements of Accounting Standard -21 "Consolidated Financial Statements", Accounting Standard -23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard-27 "Financial Reporting of Interest in Joint Ventures", issued by Institute of Chartered Accountants of India. However, the overseas subsidiaries are consolidated as per Generally Accepted Accounting Practices applicable in their respective countries.

Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding. Recognizing this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosure.

### b) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Differences between actual results and estimates are recognized in the periods in which the results are known/materialize.

### c) Method of Accounting

The Group maintains its accounts on accrual basis. Subsidiaries outside India maintain its accounts based on Generally Accepted Accounting Standards of their respective countries.

### d) Fixed Asset

Fixed Assets are stated at cost of acquisition or construction (including installation cost upto the date put to use, net of specific credits) less accumulated depreciation.

### e) Depreciation

Depreciation is provided using straight-line method based on useful lives as estimated by the management. Michigan Engineers Pvt. Ltd. and Shreeanant Constructions Pvt. Ltd provide depreciation on 'Written Down Value' basis, at the rates and manner specified in Schedule XIV of the Companies Act, 1956 and / or estimated useful life, except that in Shreeanant Constructions Pvt Ltd expenses incurred on Computer Software are amortized @ 40.00% on WDV Basis considering its useful life.

### f) Investments

Investments are stated at cost. Permanent diminution, if any, is provided for.

### g) Inventories

Stores, embedded goods & spare parts and Work-in-Progress for long-term construction contracts are valued at cost (FIFO basis) and contract rates respectively. Work-in-progress in respect of Project Development, Building under construction and Building held as Stock-in-trade are valued at cost or net realizable value whichever is lower.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

for the year ended March 31, 2012

## h) Recognition of Income and Expenditure

Revenue from contracts is recognized on the percentage completion method based on billing schedules agreed with the client on a progressive completion basis. In case the estimated total cost of a contract based on technical and other estimate is expected to exceed the corresponding contract value, such excess is accounted for. Claims & variations are recognized as revenue on client's acceptance or on receipt of Arbitrator's Award or on evidence of its final acceptability. Revenue on Project Development is recognized on execution of sale agreement. Other Revenues and expenses are accounted on accrual basis.

The Company's subsidiaries viz. Patel Realty India Ltd. and PAN Realtors Pvt. Ltd. the revenue from the projects is recognized on the "Percentage of Completion Method" of accounting. Revenue is recognized, in relation to the sold area only, on the basis of percentage of actual cost incurred thereon including land as against the total estimated cost of project under execution subject to such actual cost being 30% or more of the total estimate cost. The estimates of saleable area and cost are revised periodically by the management. The effect of such changes to estimate is recognized in the period such changes are determined.

## i) Foreign Currency Transaction / Translations

Transactions in foreign currency including acquisition of fixed assets are recorded at the prevailing exchange rates on the date of the transaction. All monetary assets and monetary liabilities in foreign currencies are translated at the relevant rates of exchange prevailing at the year-end. Exchange differences arising out of payment/restatement of long term liabilities relating to Fixed Assets are capitalized in accordance with "The Companies (Accounting Standards) Amendment Rules 2009, relating to AS-11 "The Effects of the changes in Foreign Exchange Rates", vide notification dated March 31, 2009 and further amended on May 13, 2011.

Revenue transactions at the Foreign Branch/Projects are translated at average rate. Fixed Assets are translated at rate prevailing on the date of purchase. Net exchange rate difference is recognized in the Profit and Loss Account. Depreciation is translated at rates used for respective assets

However, Michigan Engineers Pvt. Ltd opted to recognize the exchange differences in the profit and loss account.

Revenue items of overseas Subsidiaries are translated into Indian Rupees at average rate and all other monetary/non monetary items are translated at closing rate. Net exchange rate difference is recognized as Foreign Exchange Translation Reserve.

## j) Retirement and other Employee benefits

Contribution to Provident/Family Pension/Gratuity Funds are made to recognized funds and charged to the Profit and Loss account. Provision for incremental liability in respect of Gratuity and Leave encashment is made as per independent Actuarial valuation at the year-end.

## k) Taxation

The tax expense comprises of current tax and deferred tax. Current tax is calculated in accordance with the tax laws applicable to the current financial year. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and tax laws that have been enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is virtual certainty of realization in future.

## l) Provisions and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

## m) Employees Stock Option Plan

Compensation expenses under "Employee Stock Option Plan" representing excess of market price of the shares on the date of grant of option over the exercise price of option is amortized on a straight-line basis over the vesting period.

## n) Preparatory Works Expenses

In respect of Joint Ventures in India, preparatory work expenses are written off in profit & loss A/c. on deferred basis in proportion of construction. In Shreeanant Construction Pvt. Ltd, a subsidiary, site establishment expenditure is amortized in 5 years.

## o) Borrowing Cost

Borrowing costs directly attributable and identifiable to the acquisition or construction of qualifying assets are capitalized till the date such qualifying assets are ready to be put to use.

## p) Derivative Contracts

In respect of Derivative Contracts, gain / loss on settlement are recognized and charged to Profit and Loss Accounts.

**3 SHARE CAPITAL**

	2012		2011	
	No. of Shares	₹ in million	No. of Shares	₹ in million
<b>a) Authorized</b>				
Equity shares of ₹1 each	250,000,000	250.00	150,000,000	150.00
<b>b) Issued, subscribed and fully paid up</b>				
Equity shares of ₹1 each	69,827,151	69.83	69,827,151	69.83
	69,827,151	69.83	69,827,151	69.83
<b>c) Reconciliation of Equity Shares outstanding at the beginning and at end of the year</b>	<b>No. of Shares</b>	<b>₹ in million</b>	<b>No. of Shares</b>	<b>₹ in Million</b>
Outstanding at the beginning of the year	69,827,151	69.83	69,827,151	69.83
Add :- Issued during the year	-	-	-	-
Outstanding at the end of the year	69,827,151	69.83	69,827,151	69.83
<b>d) Share held by each shareholder more than 5%</b>				
<b>Name of the shareholder</b>	<b>No. of Shares</b>	<b>% holding</b>	<b>No. of Shares</b>	<b>% holding</b>
i) Patel Engineering Employees Welfare Trust	6,045,000	8.66	6,155,000	8.81
ii) Praham India LLP	14,037,000	20.10	14,035,000	20.09
iii) Patel Corporation LLP	14,303,300	20.48	14,301,300	20.48

**4 RESERVES & SURPLUS**

	(₹ in million)	
<b>Reserves</b>	<b>2012</b>	<b>2011</b>
<b>Capital Reserve</b>		
As per the last Balance Sheet	29.05	29.10
Less: Adjustment on Consolidation	-	0.05
Add: Share in valuation of Partnership firm (55%)	291.50	-
<b>Closing Balance</b>	320.55	29.05
<b>Foreign Currency Translation Reserve</b>	334.38	(89.40)
<b>General Reserve</b>		
As per the last Balance Sheet	2,182.21	2006.71
Transfer from Profit and Loss Account during the period	351.88	175.50
<b>Closing Balance</b>	2,534.09	2,182.21
<b>Securities Premium Reserve</b>		
As per the last Balance Sheet	7,488.26	7,452.41
Add: Transferred from Employee Stock Option Outstanding	49.68	40.64
Less: Share/Debenture Issue Expenses	26.87	4.79
<b>Closing Balance</b>	7,511.06	7,488.26
<b>Debenture Redemption Reserve</b>		
As per the last Balance Sheet	345.00	135.00
Transfer from Profit and Loss Account during the period	285.00	210.00
<b>Closing Balance</b>	630.00	345.00
<b>Share Options outstanding Account</b>		
As per the last Balance Sheet	49.68	94.84
Less: Transferred to Securities Premium Reserve	49.68	40.64

**4 RESERVES & SURPLUS (contd.)**

(₹ in million)

	2012	2011
Less: Options Lapsed during the year	-	4.52
		49.68
Less: Employee Stock Option Compensation to be written off	-	6.21
<b>Closing Balance</b>	-	43.47
<b>Foreign Currency Monetary Item Translation Difference</b>	(38.66)	8.50
<b>Surplus in the statement of profit and loss</b>		
As per last Balance Sheet	4,201.68	3,892.56
Less: Consolidation Adjustment for earlier years	-	0.27
Less : Prudent Provision for Tax (Refer Note 24)	-	450.00
Add : Net Profit for the year	665.88	1,226.05
	4,867.56	4,668.34
<b>Appropriations for :</b>		
i) Final Dividend	20.95	69.83
ii) Corporate Dividend Tax	3.40	11.33
iii) Transfer to Debenture Redemption Reserve	285.00	210.00
vi) Transfer to General Reserve	351.88	175.50
<b>Closing Balance</b>	<b>4,206.33</b>	<b>4,201.68</b>
	<b>15,497.55</b>	<b>14,208.78</b>

**5 LONG TERM BORROWINGS**

(₹ in million)

	Non-Current Portion		Current Maturities	
	2012	2011	2012	2011
<b>I Secured Loans</b>				
a) Debentures <sup>1</sup>	3,950.00	3,500.00	1,050.00	-
b) Term Loans				
- From Bank <sup>2</sup>	2,152.02	4,375.27	514.65	419.53
- From Others <sup>3</sup>	498.84	597.45	296.71	85.47
c) Working capital loan <sup>5</sup>	656.97	-	606.04	-
<b>II Unsecured Loans</b>				
c) From Banks <sup>4</sup>	1,009.01	1,123.45	-	189.08
d) From Others <sup>3</sup>	1,238.63	55.16	721.52	
Amount disclosed under "Other Current Liabilities" in Note No 9	-	-	(3,188.92)	(694.08)
	<b>9,505.47</b>	9,651.33	-	-

**<sup>1</sup> Debentures**

- a) 9.8% Secured Redeemable Non Convertible Debentures was allotted on July 20, 2009 for a period of 7 year. These debentures have a face value of ₹ 1 mn each aggregating to ₹ 950 mn and are to be redeemed on July 20, 2016 in a single installment, with a put / call option available and exercisable at par at the end of 5th year from the date of allotment i.e. July 20, 2014. The same is secured against immovable property and third party security.
- b) 10.75% Secured Redeemable Non Convertible Debentures was allotted on March 3, 2011 for a period of 3 year. These debentures have a face value of ₹ 1 mn each aggregating to ₹ 500 mn. These Debentures will be redeemed as follows- March 3, 2016 - ₹ 200 mn, March 3, 2015-₹ 150 mn and March 3, 2014-₹ 150 mn. The same is secured against immovable property and subservient charge on asset.



- c) 9.55% Secured Redeemable Non Convertible Debentures was allotted on April 26, 2010 for a period of 3 year. These debentures have a face value of ₹ 1.0 mn each aggregating to ₹ 1,000 mn. These Debentures will be redeemed as follows -April 26, 2015 - ₹ 400 mn, April 26, 2014- ₹ 300 mn, and April 26, 2013- ₹ 300 mn. The same is secured against immovable property and subservient charge on assets.
- d) 9.5% Secured Redeemable Non Convertible Debentures was allotted on June 1, 2009 for a period of 3 year. These debentures have a face value of ₹ 1 mn each aggregating to ₹ 1,050 mn and are to be redeemed on June 1, 2012. The same is secured against immovable property and third party security.
- e) 11.4% Secured Redeemable Non Convertible Debentures was allotted on July 7, 2011 for a period of 5 year. These debentures have a face value of ₹ 1 mn each aggregating to ₹ 1,500 mn and are to be redeemed in three installments of 30 : 30 : 40 every year starting from July 11, 2014. The same is secured against charge on movable and immovable asset of the company.

The above debentures are listed on The National Stock Exchange of India.

As per Section 117 C of the Companies Act, 1956 the Company has created adequate Debenture Redemption Reserve for both the above series of Secured Redeemable Non Convertible Debenture issued during the year.

#### <sup>2</sup>Term Loan Banks

- a) The Term loans are secured by first charge on the specific assets acquired out of the term loan alongwith unencumbered assets & guarantees. The rate of Interest for these loans vary between 10% - 14% on an average, with a repayment period of 3-5 years respectively.
- b) include term loans of ₹ 81.33 mn (P.Y. ₹ 45.24 mn) are secured by hypothecation of machinery & vehicles. Interest rate ranging between 11% to 15%, and repayable in 2013.

#### <sup>3</sup>From Others

- a) Includes funds from Financial Institutions on Equipments, secured against the said Equipments. These loans carry an interest rate of average between 10%- 12% on an average, with a repayment period of 3-5 years respectively.
- b) Includes ₹ 6.12 mn secured by hypothecation of vehicles acquired from these loans. Interest rate ranging between 11% to 15% and repayable between 2013 and 2014.

#### <sup>4</sup>Unsecured Loans - From Bank

Includes Loans repayable over a period of 2-3 years carrying an Interest rate of 10%

#### <sup>5</sup>Working Capital loans

- a) Working Capital demnad loan Includes ₹ 50 mn (P.Y. ₹ 150 mn) secured by equitable mortgage of office premises and hypothecation of movable assets, Interest rate is 14%, repayable in 2014.
- b) Includes loans of ₹ 606.97 mn (P.Y. ₹ 375.81 mn), the loan of USD 83,05,057 (P.Y. - Nil), secured by a account receivable and equipment, Interest is charged at LIBOR plus 3% and the loan of USD 34,73,840 (P.Y. - USD 42,97,558) i.e. ₹ 179.00 mn (PY - ₹ 192.83 mn), Secured by Account receivable and equipment, interest charged at LIBOR plus 4.75 % repayable period of 3-5 years.

<b>6 OTHER LONG TERM LIABILITY</b>		(₹ in million)	
		<b>2012</b>	<b>2011</b>
Trade Payables		826.23	1,282.65
Capital Creditors		92.16	62.29
Other			
Contractee Advances		3,113.79	2,621.85
Deposits		801.54	634.77
Other Liability		195.20	120.06
		<b>5,028.92</b>	<b>4,721.61</b>

**7 PROVISIONS**

(₹ in million)

	Long term		Short term	
	2012	2011	2012	2011
<b>Provision for Employee Benefits</b>				
Provision for Gratuity	-	13.17	-	1.40
Provision for Leave Salaries	14.56	21.54	23.65	3.25
Provision -Others *	-	-	24.35	425.83
	14.56	34.70	48.00	430.48

\* Includes Provision for Tax which is Net of Advance Tax and TDS - ₹ Nil (P.Y. ₹ 344.67 mn). Balance pertains to Proposed Dividend ₹ 20.95 mn (P.Y. ₹ 69.83 mn) and Corporate Dividend Tax - ₹ 3.40 mn (P.Y. ₹ 11.33 mn)

**8 SHORT TERM BORROWINGS**

(₹ in million)

	2012	2011
<b>I Secured Loans</b>		
<b>Short Term Loans</b>		
- From Bank <sup>1</sup>	2,905.65	2,293.55
<b>Commercial Paper</b>		
From Others <sup>2</sup>	-	495.48
<b>Working Capital loan</b>	674.62	2,053.47
<b>Loans Repayable on Demand</b>		
- From Bank <sup>3</sup>	6,006.63	3,101.41
<b>II Unsecured Loans</b>		
- From Bank <sup>4</sup>	3,363.48	4,457.73
- Commercial Papers <sup>5</sup>		
From Bank	1,950.50	492.65
From Others	784.64	1,297.14
	15,685.52	14,191.44

**Short Term Loan****<sup>1</sup>From Bank**

- Includes Loans against Equipments financed and by earmarking from Bank Guarantee limits, at an average Interest rate ranging between 9.50% - 10.50% payable within a year.
- Includes ₹ 524.62 mn (P.Y. ₹ 452.54 mn) secured by equitable mortgage of office premises and hypothecation of movable assets, interest rate is 14% to 16%.
- Includes ₹ 20 mn (P.Y. Nil) secured by UDC/PDC from the Company for repayment of the facility amount. Interest Rate 14.5%.
- Working Capital Demand loan includes ₹ 150 mn (P.Y. Nil) secured by first pari-passu charges on the movable & immovable assets of the company excepts the assets specially charged for project/lease based finance. Interest rate 14%.

**<sup>2</sup>Commercial Paper- From Others**

Includes Commercial Paper of ₹ Nil (P.Y. ₹ 495.48 mn from LIC Mutual Fund which carries interest @ 6.50%, with a 364 days maturity payable on May 25, 2011). The Loan was secured against Immovable Properties.

**<sup>3</sup>Loans Repayable on Demand**

- Includes Cash Credit and Working Capital Demand Loan from various Banks. These loans have been given against hypothecation of stocks, spare parts, book debts, work in progress & guarantees;

Terms of Repayment : Cash Credit- Yearly Renewal , except for an Cash Credit taken from IDBI Bank Short Term Loan - EARMARK CC which is payable within 90 days.

Rate of Interest- Ranges between 9.75% to 13.75%.

b) Includes loans of ₹ 515.3 mn (P.Y. ₹ 336.53 mn), the Loan of US Dollar 5,000,000 (P.Y. US dollar 5,000,000) i.e. ₹ 257.65 mn (P.Y. ₹ 224.35 mn) is taken from Development Bank of Singapore, secured by a standby letter of credit. Interest is charged at 4.41% to 5.58% per annum and the Loan of USD 2,500,000 (P.Y. USD 2,500,000) i.e. ₹ 128.83 mn (P.Y. ₹ 112.18 mn), secured by a stand by letter of credit. Interest is charged at LIBOR + 200 bps per annum.

<sup>4</sup> **Unsecured Loan - From Bank**

- a) Includes Loans which are payable at yearly rests with an average Interest cost ranging between 8.50%- 10.25%
- b) Includes ₹ 549.61 mn (P.Y. Nil) related to overdraft which is taken from Standard Chartered Bank.

<sup>5</sup> **Commercial Paper**

- a) Includes Commercial Papers from Banks with a maturity period of 364 days with an average interest rate ranging between 7.60% and 10.15% p.a.
- b) Includes Commercial Paper from various Financial Institutions with a maturity period of 364 days with an average interest rate between 7.60% and 10.15% p.a.
- c) Maximum amount outstanding for Commercial papers during the year was ₹ 2,957.20 mn.

## 9 OTHER CURRENT LIABILITIES

	(₹ in million)	
	2012	2011
<b>(a) Trade Payable</b>	9,348.56	7,704.10
<b>(b) Other Liabilities</b>		
Current maturities of long-term debt;	3,188.92	902.13
Contractee Advances	1,669.46	862.51
Unpaid Dividend	3.52	3.18
<b>Other Payables</b>		
Deposits	116.87	70.07
Payable to Employees	156.13	159.86
Other Liabilities <sup>2</sup>	443.62	1,025.08
<b>(c) Balance in Current Account</b>		
(i) With Subsidiaries	9.61	-
(ii) With Joint Ventures	79.91	0.34
	5,668.04	3,023.17
	15,016.60	10,727.27

## 10 NON CURRENT INVESTMENT

	(₹ in million)	
	2012	2011
<b>Investment in Equity Instruments</b>		
<b>Other Investments- Quoted<sup>I</sup></b>		
66,640 shares (P.Y. 66,640) of Kingfisher Airlines Ltd., Face Value ₹10/- per share	9.86	9.86
<b>Trade Investments - Quoted<sup>I</sup></b>		
19,42,574 shares (P.Y. 19,42,574) of KNR Construction Ltd., Face Value ₹ 10/- per share	330.24	330.24
<b>Other Investments- Unquoted<sup>II</sup></b>		
In Subsidiaries	0.62	0.54
In Others	70.24	70.24

**10 NON CURRENT INVESTMENT (contd.)**

(₹ in million)

<b>In Associates</b>		
Other Investments		
<i>(Accounted Under Equity method)</i>		
1,603,200 Shares (P.Y. Nil) of ACP Tollways Pvt. Ltd., Face Value ₹ 100/- per share	160.32	-
6,979,786 shares (P.Y. 16,670) of Raichur Sholapur Transmission Company Ltd., Face Value ₹ 10/- per share	69.80	-
24,665 Shares (P.Y. Nil) of Terra Land Developers Ltd., Face Value ₹ 10/- per share	0.25	-
Patel-KNR Heavy Infrastructure Ltd.	181.26	176.85
Patel-KNR Infrastructure Ltd.	163.12	192.44
<b>Investment in Government Securities<sup>III</sup></b>	0.14	0.15
<b>Investment in Partnership Firms<sup>IV</sup></b>	0.03	0.03
	<b>985.88</b>	<b>780.35</b>

- I. Aggregated amount of Quoted Investments as at 31st March 2012 ₹ 340.10 mn, Market value ₹ 238.87 mn (P.Y. ₹ 340.10 mn, Market Value - ₹ 227.41 mn)
- II. Aggregated amount of Unquoted Investments as at 31st March 2012 ₹ 645.78 mn (P.Y. ₹ 440.25 mn)
- III. Includes Investment in National Saving Certificates, in the name of Directors, lodged with Project Authorities
- IV. The Company had entered into a partnership with ACE Housing and Construction Ltd in name of M/s AHCL – PEL for development and construction of residential buildings. The Company's Share of Profit and loss is 55%. Both the partners has equally contributed ₹ 0.025 mn towards the Capital.

**11 LOANS & ADVANCES**

(₹ in million)

	Non-Current		Current	
	2012	2011	2012	2011
<b>Capital Advance</b>				
Unsecured, Considered Good	12.59	211.74	807.22	840.22
<b>Security Deposit</b>				
Unsecured, Considered Good	1,677.54	1,261.33	321.74	113.45
<b>Balance in Current Account with Subsidiaries/ Associates/Joint Ventures/Partnership</b>				
Unsecured, Considered Good	514.90	-	2,042.70	937.85
<b>Advance Recoverable in cash or in Kind</b>				
Unsecured, Considered Good	4,865.08	2,472.19	6,195.08	6,524.85
<b>Other Loans and advances</b>				
Prepaid Expenses	78.15	65.66	167.84	262.63
VAT Input Credit	-	-	4.77	3.95
Service Tax and Cenvat Credit	-	-	-	6.00
Advance Tax (Net)	97.83	-	-	-
Accrued Interest	740.83	678.21	58.00	199.51
Advances to Employees	11.67	13.24	16.28	27.55
Others	-	104.71	-	40.57
	<b>928.48</b>	<b>861.82</b>	<b>246.89</b>	<b>540.21</b>
	<b>7,998.59</b>	<b>4,807.08</b>	<b>9,613.63</b>	<b>8,956.58</b>

**12 INVENTORIES \***

(At lower of cost or net realisable value/contract rates)

(₹ in million)

	Current	
	2012	2011
Stores, Embedded Goods and Spare Parts etc. (Includes Stores in Transit ₹ 5.53 mn (₹ 67.87 mn))	2,305.65	2,273.32
Work in Progress	19,180.85	20,403.88
Less : Advance against Material & Works	2,770.74	2,292.10
	16,410.11	18,111.78
	18,715.76	20,385.10

\*(As technically valued &amp; certified by the Management)

**13 TRADE RECEIVABLES**

(₹ in million)

	Non-Current		Current	
	2012	2011	2012	2011
<b>Unsecured, Considered Good unless otherwise stated</b>				
Receivables outstanding for a period exceeding six months				
Considered good	272.42	394.54	3,066.06	769.41
(A)	272.42	394.54	3,066.06	769.41
Other Receivables				
Considered good	54.82	183.66	7,206.28	7,374.07
(A+B)	327.24	578.20	10,272.34	8,143.48

**14 OTHER CURRENT ASSETS**

(₹ in million)

	Non-Current		Current	
	2012	2011	2012	2011
Preoperative & Preliminary Expenses	122.23	62.56	-	-
Other Current Assets	-	10.74	-	182.28
	122.23	73.30	-	182.28

**15 CASH AND BANK BALANCES**

(₹ in million)

	Non-Current		Current	
	2012	2011	2012	2011
Cash & Cash Equivalents				
Balance with Banks				
- On current accounts with Scheduled Banks	-	-	1,372.91	1,035.35
- On Fixed Deposits accounts with Scheduled Banks	14.06	14.53	858.96	545.39
- Balances with Non Scheduled Banks	-	-	806.31	433.40
Cheques in hand	-	-	6.02	31.76
Cash on Hand	-	-	290.51	374.65
	14.06	14.53	3,334.71	2,420.55

**16. FIXED ASSETS**

(₹ in million)

Particulars	Gross Block			DEPRECIATION			Net Book Value	
	As at April 1, 2011	Addition	Deduction/ Retirement	Foreign Currency Fluctuation	As at March 31, 2012	For the year April 1, 2011	As at March 31, 2012	As at March 31, 2011
<b>TANGIBLE ASSETS</b>								
Land <sup>1</sup> *	1,851.01	216.56	57.63	7.80	2,017.74	0.85	0.85	1,850.16
Building <sup>2</sup> *	571.77	47.80	12.87	8.57	615.27	67.96	89.77	503.81
Plant & Equipment #	6,105.91	525.72	900.81	133.72	5,864.54	2,823.18	2,839.00	3,282.73
Furniture & Fixtures	92.95	10.74	2.83	0.27	101.13	34.11	47.08	58.84
Vehicles <sup>3</sup>	1,013.15	108.63	126.64	1.87	997.01	522.02	538.43	491.13
Office Equipments	53.08	5.47	0.11	0.12	58.56	28.50	35.26	24.58
Others <sup>4</sup>	29.98	0.06	-	-	30.05	13.62	17.49	16.36
Electric equipment	51.92	1.93	0.07	-	53.78	23.37	31.12	28.55
Computer Equipments	66.61	12.16	0.24	1.00	79.53	41.24	54.81	25.37
Container	11.25	0.25	-	-	11.50	4.23	5.53	7.02
Establishment Cost	126.45	-	-	-	126.45	78.67	102.56	47.78
<b>Total</b>	<b>9,974.08</b>	<b>929.32</b>	<b>1,101.20</b>	<b>153.35</b>	<b>9,955.56</b>	<b>3,637.75</b>	<b>3,761.90</b>	<b>6,336.33</b>
<b>INTANGIBLE ASSETS</b>								
Computer Software	6.80	49.33	-	-	56.13	4.63	5.93	2.17
Goodwill	97.02	66.15	10.25	4.79	157.71	-	50.30	97.02
<b>Total</b>	<b>103.82</b>	<b>115.48</b>	<b>10.25</b>	<b>4.79</b>	<b>213.84</b>	<b>4.63</b>	<b>56.23</b>	<b>99.19</b>
Less : Trfd to Capital WIP						23.19		
<b>GROSS TOTAL</b>	<b>10,077.90</b>	<b>1,044.80</b>	<b>1,111.45</b>	<b>158.14</b>	<b>10,169.40</b>	<b>3,642.38</b>	<b>3,818.13</b>	<b>6,435.52</b>
Previous Year	8,609.12	2,158.53	686.42	-	10,081.24	3,059.77	3,623.91	5,549.35
<b>Capital Work-In-Progress</b>	<b>2,091.38</b>	<b>2,422.05</b>	<b>336.43</b>	<b>3.83</b>	<b>4,180.83</b>	<b>-</b>	<b>-</b>	<b>2,091.38</b>
Previous Year	2,041.81	1,030.93	981.36	-	2,091.38	-	-	2,041.81

**Notes**

<sup>1</sup> Land includes ₹ 15.68 mn (P.Y. ₹ 19.45 mn) held in the name of Directors, relatives of Directors and employees for and on behalf of the Company

<sup>2</sup> a) Building includes Building [ Gross Block - ₹ 467.15 mn ( P.Y. ₹ 423.65 mn), Accumulated Depreciation ₹ 70.49 mn ( P.Y. ₹ 53.97 mn)] and Factory Building [ Gross Block - ₹ 148.12 mn (P.Y. ₹ 148.12 mn). Accumulated Depreciation ₹ 19.28 mn (P.Y. ₹ 13.99 mn)]

b) Includes ₹ 0.02 mn ( P.Y. ₹ 0.02 mn) being the value of 30 shares and share deposits in Co - operative Societies

	Gross Block		Acc Dep.	
	2011-12	2010-11	2011-12	2010-11
<sup>3</sup> Vehicles includes	267.34	264.01	107.54	95.08
Motor Car	727.79	747.39	429.87	425.85
Motor Truck	1.88	1.75	1.02	1.09
Motor Cycle				
<sup>4</sup> Others Include	Gross Block	Gross Block	Acc Dep.	Acc Dep.
	2011-12	2010-11	2011-12	2010-11
Ship	4.10	4.04	3.34	3.16
Rails and Trolley	25.94	25.94	14.15	10.46

# Includes Assets costing ₹ 83.09 mn ( P.Y. ₹ 29.89 mn) not commissioned/erected/put to use.

\* Deductions to Land and Building includes ₹ Nil ( P.Y. ₹ 51.64 mn) transferred to Project Development Expenses.



**17 REVENUE FROM OPERATIONS**

(₹ in million)

	2012	2011
(a) Revenue/Turnover (refer note 32 b)	38,871.08	29,633.57
Add: Increase/(Decrease) in Work in Progress	(3,303.36)	4,940.72
Total Turnover	35,567.72	34,574.29
(b) Other operating Income		
Lease and Service Charges [TDS. ₹ 0.38 mn (P.Y. ₹ 5.37 mn)]	2.11	89.69
Share of profit from JV /Partnership	100.31	65.28
Other Income	250.77	29.83
	35,920.91	34,759.09

**18 OTHER INCOME**

(₹ in million)

	2012	2011
Dividend Income	3.89	3.89
Net Gain on Sale of Assets	26.10	26.33
Net Gain on Sale of Investments	-	53.65
Share of profit from associates	-	12.82
Interest Income (Gross) [TDS. ₹ 35.42 mn (P.Y. ₹ 18.12 mn)]	783.16	659.40
Miscellaneous Income	83.39	119.86
Excess Credit written back	14.38	13.20
	910.92	889.15

**19 COST OF CONSTRUCTION**

(₹ in million)

	2012	2011
Stores, Embedded goods and Spare Parts *		
Inventories at the beginning of the year	2,273.32	2,021.61
Add: Purchase (Net)	5,940.37	4,862.33
	8,213.69	6,883.94
Inventories at the end of the year	2,305.65	2,273.32
<b>Consumption of Stores and Spares</b>	5,908.04	4,610.62
Piece Rate Expenses (Net)	18,839.13	18,152.68
Repairs to Machinery	51.13	100.47
Transportation, Hire etc.	1,467.16	467.83
Power, Electricity & Water Charges	379.19	352.86
Project Development Cost	1,853.61	2,629.66
Technical Consultancy Fees	37.17	27.55
Other Construction Costs	243.12	745.59
	28,778.55	27,087.26

\* Stores, embedded goods and Spares etc., consumed include materials issued to Sub Contractors.

**20 EMPLOYEE BENEFITS EXPENSE**

(₹ in million)

	2012	2011
Salaries, Wages, and Bonus	1,061.85	1,018.18
Contribution to Provident and Other Funds	49.44	41.84
Employee Stock Option (ESOP)	6.21	16.37
Staff Welfare Expenses	56.63	67.50
	1,174.13	1,143.89

**21 FINANCE COSTS**

(₹ in million)

	2012	2011
Interest Expense	3,304.64	2,841.32
Other Borrowing Costs	28.28	128.22
	3,332.92	2,969.54

**22 OTHER EXPENSES**

(₹ in million)

	2012	2011
<b>Other Administrative Costs</b>		
Rent	35.09	31.74
Repairs and Maintenance - Building	10.24	11.35
Insurance	170.94	213.85
Rates and taxes	165.82	129.95
Directors Fees	1.51	1.82
<b>Auditor's remuneration</b>		
Audit fees	3.93	3.27
Tax Audit fees	1.12	0.87
Taxation Matters	1.97	3.39
Other Capacity	1.12	1.10
Certification	1.40	1.10
Reimbursement of Expenses	0.16	0.12
	9.70	9.85
Travelling, Communications, Advertisement, Printing & Stationary expenses	145.84	169.46
Legal and consultancy charges	320.52	448.44
Loss on Sale/ Discard of fixed assets (net)	-	13.97
Irrecoverable Debts written off	35.17	160.72
Net loss on foreign currency translation	4.07	20.70
Preliminary Expenses written off	4.78	10.63
Preparatory Works Expenses	2.20	5.59
Share of loss from joint venture	43.99	0.01
Other Expenses <sup>1</sup>	404.73	551.89
	1,354.60	1,779.97

<sup>1</sup> Includes Donation to CPI (M) is ₹ 0.65 mn (P.Y. ₹ 0.20 mn).

**23 Details of Subsidiaries & Joint Ventures, which are consolidated:****A) Wholly owned (100%) Subsidiaries:**

1. Patel Realty (India) Ltd.	10. Patel Patron Pvt Ltd
2. Patel Energy Resources Ltd.	11. Patel Engineers Pvt Ltd
3. Patel Engineering Inc.	12. Pandora Infra Pvt Ltd
4. Patel Engineering (Mauritius) Ltd.	13. Patel Engineering Srilanka Ltd
5. Patel Engineering (Singapore) Pte. Ltd.	14. Shashvat Land Projects Pvt Ltd
6. Zeus Land Projects Private Ltd.	15. Vismaya Constructions Pvt Ltd
7. Patel Concrete and Quarries Private Ltd.	16. Bhooma Realities Pvt Ltd
8. Friends Nirman Private Ltd.	17. Patel Lands Ltd
9. Patel Engineering Infrastructure Private Ltd.	18. Energy Design Pvt Ltd

**B) Other Subsidiaries:**

Name of Subsidiaries	% holding
1. Shreeanant Construction Pvt. Ltd.	51.00%
2. Michigan Engineers Pvt. Ltd.	51.00%
3. ASI Inc.	65.14%
4. Pan Realtors Pvt. Ltd.	51.00%

**C) Joint Ventures:**

Name of Joint Ventures	% of share
1. Patel KNR J.V	50%
2. KNR Patel J.V	49%
3. Patel Michigan J.V	10%

Patel KNR Infrastructure Ltd., Patel KNR Heavy Infrastructure Ltd., Terra Land Developers Ltd., ACP Tollways Pvt. Ltd and Raichur Sholapur Transmission Co. Ltd. has been consolidated as per equity method in accordance with AS - 23 "Accounting for Investment in Associate in Consolidated Financial Statements".

- 24** (i) During the previous year ended March 31, 2011, out of prudence the company has made a provision for ₹ 450 mn, on account of the liability that may arise under the proceedings under section 132 of the Income Tax Act, 1961 out of the Surplus in Profit & Loss Account.
- (ii) In subsidiaries, Cash on Hand includes ₹ 0.27 mn (P.Y. ₹ 0.27mn) retained by Income Tax Authorities on above account.
- (iii) The Finance Act, 2009 has amended Section 80IA (4) of the Income Tax Act, 1961 by inserting an explanation to the said section retrospectively from April 1, 2000 purporting to withdraw the benefit hitherto available.

The impact of ₹ 1,485.11 mn upto March 31, 2009 due to the above amendment, though being subjudice, has been provided and adjusted out of the Surplus in Profit and Loss Account. The Company has legally contested the validity of the above amendment and intention of the said section. Further, the company has filed a writ petition with High Court of Mumbai for challenging constitutional validity for insertion of explanation with retrospective effect and writ has been admitted.

## 25 DEFERRED TAX

Deferred tax adjustments on account of timing differences as described in Accounting Standard – 22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, is made.

The deferred tax liability (net) comprise of the following:		(₹ in million)	
		2012	2011
<b>Deferred Tax Liability (DTL)</b>			
Related to depreciation on fixed assets and other timing difference		304.98	188.95
	(a)	304.98	188.95
<b>Deferred Tax Assets (DTA)</b>			
i. Relating to depreciation on fixed assets		-	28.04
ii. Disallowances under the Income Tax Act		88.95	28.96
	(b)	88.95	57.00
<b>Liability for Deferred Tax (net)</b>	(a-b)	216.03	131.95

## 26 LEASE

The Company has taken various construction equipments under non cancelable operating leases. The future minimum lease payment in respect of these as at March 31, 2012 are as follows:

	(₹ in million)	
Minimum lease obligation payable as at March 31,	2012	2011
a) within one year of the Balance Sheet date	9.17	-
b) due in a period between one year and five years	18.35	-
c) due after five years	-	-

The Operating lease arrangement, are renewable on a periodic basis and it provides for an option to the Company to renew the lease at the end of the non cancellable period. There is no exceptioinal / restrictive covenants under the lease arrangment.

## 27 EARNING PER SHARE

	(₹ in million)	
	2012	2011
Net profit as per profit and Loss Account available for shareholders for both Basic and diluted Earnings Per Shares of ₹ 1 Each	665.88	1,226.05
Weighted Average Number of Equity shares for earning per share	69,827,151	69,827,151
Earning Per Share (Basic and Diluted) ₹	9.54	17.56

For previous year ended 2011, shares for ESOP have been already allotted to the Trust and therefore there is no effect on EPS. However, as and when the options are granted by the trust to the employees, the necessary accounting for expense will be made.

## 28 RELATED PARTY DISCLOSURE

“Related party disclosures, as required by Accounting Standard 18, ‘Related Party Disclosures’, are given below:”

### A. Name of Related Parties and nature of relationship :-

#### Associates:

1	Enpro Ltd	4	Patel KNR Heavy Infrastructure Ltd
2	Patel KNR Infrastructure Ltd	5	Raichur Sholapur Transmission Company Ltd
3	ACP Tollways Pvt. Ltd.	6	Terra Land Developers Ltd.

#### Joint Ventures & Consortium:

1	LGE&C - PATEL J.V.	11	Patel Sotravic J.V.
2	PATEL - KNR J.V.	12	Patel ARSS J.V.
3	KNR - PATEL J.V.	13	Patel - Siddhivinayak J.V.
4	PATEL - SOMA J.V.	14	Patel - V Arks J.V.
5	PATEL - MICHIGAN JV	15	Navyuga - Patel - BHEL
6	PATEL - SA JV	16	Patel - Avantika - Deepika - BHEL
7	PATEL L & T JV	17	Patel - V Arks - Precision
8	Patel Sew JV	18	Patel - Leena J.V.
9	Era Patel Advance JV	19	Patel - Advance J.V.
10	Era Patel Advance Kiran JV		

#### Partnership

1	AHCL PEL
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#### Others

1	Saskang Rong Energy Pvt. Ltd	3	Patel corporation LLP
2	Praha India LLP		

### B. Key Management Personnel

Mr. Pravin Patel	Non-Executive Chairman & also a Director of Michigan Engineers Pvt. Ltd.
Mr. Rupen Patel	Managing Director & also a Director of Michigan Engineers Pvt. Ltd.
Ms. Silloo Patel	Whole Time Director
Ms. Sonal Patel	Relative of Key Management Personnel
Mr. Nimish Patel	Whole Time Director
Mr. Shiraz Patel	Relative of Key Management Personnel
Mr. Bhim Batra	Relative of Key Management Personnel
Mr. K.Jalandhar Reddy	Key Management Person of Patel KNR J.V.
Mr. J.V.Paninder Reddy	Key Management Person of Patel KNR J.V.
Dr. Manubhai Patel	Director of Michigan Engineers Pvt.Ltd.
Mr. Ashwin Parmar	Director of Michigan Engineers Pvt.Ltd.
Mr.Saurin Patel	Director of Michigan Engineers Pvt.Ltd.
Mr.Sanjay Ladge	Director of Shreeanant Construction Pvt.Ltd.
Mr.Sujay Ladge	Director of Shreeanant Construction Pvt.Ltd.
Mr.Suhas Ladge	Additional Director of Shreeanant Construction Pvt.Ltd.

- C. Transaction with Related Parties with Subsidiaries, Associate companies, Joint Ventures, Partnership and Others referred to in item (A) above.

(₹ in million)

Particular	Subsidiary Companies		Associates/ Joint Ventures / Partnership/ Others	
	2011-12	2010-11	2011-12	2010-11
- Revenue/Turnover	-	-	1,874.83	440.22
- Investment in Equity / Purchase of Shares	-	-	230.20	-
- Share Application Money	-	-	51.33	-
- Advances received	-	-	1,350.15	317.93
- Advances recovered/repaid	-	-	695.19	27.38
- Share of Profit	-	-	84.27	65.28
- Miscellaneous Receipts	-	-	0.54	1.33
- Loans/Advances given	-	-	1,552.20	394.14
- Loan/ Advances returned	-	-	852.93	881.05
- Bank Guarantee outstanding as at the end of the year	103.70	-	4,242.78	9,210.47
- Outstanding Balance included in Current Assets	2,403.03	0.01	1,812.21	1,168.80
- Outstanding Balance included in Current Liabilities	-	-	2,398.54	1,069.42
- Reimbursement of Expenses	-	-	1.79	-
- Rent Income	-	-	0.05	0.04
- Interest Income	-	-	11.67	11.42
- Investment in Shares	-	-	-	0.17

- D. Details of Transactions relating to persons referred in item (B) above.

(₹ In Million)

Particular	2011-12	2010-11
Managerial Remuneration	51.41	78.46
Consultancy Income	7.94	11.90
Salary and contribution to provident fund	1.46	1.18
Rent Income	0.97	0.92
Deposit	0.40	0.40
Rent Paid	1.75	1.63
Director's Seating fees	0.24	0.24
Loan Taken (since re-paid)	4.40	-
Sale of Assets	5.03	-

## 29 Segment Reporting

### Primary Segment

Particulars	As at March 31, 2012			(₹ in million)
	Business Segments			Total
	Construction	Real Estate	Others	
Segment Revenue	31,893.28	4,938.55	-	36,831.83
Segment Results	3,333.55	511.70	-	3,845.25
Carrying Amount of Segment Assets	33,522.35	5,131.17	4,542.67	43,196.19
Segment Liabilities	23,187.22	6,099.33	1,463.57	30,750.12
Addition to Fixed Assets	458.86	30.27	-	489.13
Segment Depreciation	829.06	13.95	20.17	863.18



**29 Segment Reporting (contd.)****Geographical Segment**

Particulars	As at March 31, 2012		(₹ in million)
	Domestic Operation	International Operation	Total
Segment Revenue	30,436.77	5,608.01	36,044.78
Carrying Amount of Segment Assets	40,712.18	2,469.97	43,182.15
Addition to Fixed & Intangible Assets	483.49	5.64	489.13

Particulars	As at March 31, 2012		Total
	Domestic Operation	International Operation	Total
Segment Revenue	31,737.44	2,534.46	34,271.90
Carrying Amount of Segment Assets	39,716.14	1,906.94	41,623.08
Addition to Fixed & Intangible Assets	2,990.32	413.08	3,403.40

- 30** The Company's proportionate share in assets, liabilities, income and expenses of its Joint Venture Companies included in these consolidated financials statements in accordance with AS 27- 'Financial Reporting of Interest in Joint Ventures' is presented below:

	(₹ in million)	
	As at March 31, 2012	As at March 31, 2011
<b>BALANCE SHEET</b>		
<b>I. EQUITY AND LIABILITIES</b>		
<b>Shareholder's Funds</b>	<b>83.67</b>	<b>154.40</b>
Reserves and Surplus		
<b>Non-current liabilities</b>		
(a) Long-term borrowings	12.86	25.30
(b) Deferred Tax Liability (Net)	-	0.77
(c) Other Long term liabilities	78.14	99.98
(d) Long-term provisions	-	6.48
<b>Current liabilities</b>		
(a) Short-term borrowings	-	0.90
(b) Trade payables	93.36	117.12
(c) Other current liabilities	34.76	18.21
(d) Short-term provisions	126.54	126.54
<b>TOTAL</b>	<b>429.33</b>	<b>549.70</b>
<b>II. ASSETS</b>		
<b>Non-current assets</b>		
(a) Fixed assets	108.64	257.59
(b) Non-current investments	0.03	0.03
(c) Long-term loans and advances	23.13	38.08
(d) Deferred Tax Assets ( Net)	7.52	-
(e) Other Non current assets	43.61	39.74

**Current assets**

(a) Inventories	169.59	89.93
(b) Trade receivables	20.65	104.13
(c) Cash and cash equivalents	21.55	74.03
(d) Short-term loans and advances	139.85	195.47
(e) Other current assets	3.40	8.29
<b>TOTAL</b>	<b>429.33</b>	<b>549.70</b>

(₹ in million)

**STATEMENT OF PROFIT AND LOSS ACCOUNT**

<b>INCOME</b>		
Revenue from operation	502.92	1,126.90
Other Income	55.57	5.07
	<b>558.49</b>	<b>1,131.97</b>
<b>EXPENSES</b>		
Cost of Construction	428.20	836.03
Employee benefits expense	32.30	37.91
Finance costs	9.96	21.45
Depreciation and Amortization expense	45.45	57.37
Other expenses	49.16	82.44
Total Expenses	<b>565.07</b>	<b>1,035.20</b>
<b>Profit / (Loss) before Tax</b>	<b>(6.58)</b>	<b>96.77</b>
<b>Tax expense</b>		
Provision for Current Tax	3.44	39.87
Provision for Deferred Tax	(8.28)	0.00
<b>Profit / (Loss) After Tax</b>	<b>(1.74)</b>	<b>56.90</b>

- 31** The Company has some contract revenues receivable in foreign currency. To reduce various financial risks the Company has entered into hedging transactions. Due to delay in payments, changes in drawings, changes in design all on account of the client, the hedging position got exposed incurring loss on such transactions. The said hedging loss of ₹ Nil (P.Y. ₹ 493.04 mn) has been debited to profit and loss account as interest expense, as a prudent and conservative accounting policy. The aforementioned is claimable from the clients and are carried in work-in-progress.
- 32** a) Work in Progress includes stock of land under development (including held in the name of directors/relatives of directors/employees, as nominees of the company).  
b) Turnover includes, construction of multi purpose projects, water supply projects, Irrigation projects, building projects, road and railway projects, on item rate or EPC basis and sale of development rights. It also includes duty drawback and entitlement etc but excludes VAT, Service Tax etc.
- 33 Contingent Liabilities**
- (a) Commitment for capital expenditure is ₹ 54.81 mn (P.Y. ₹ 480.89 mn) , advance paid ₹ 12.59 mn (P.Y. ₹ 15.74 mn)
- (b) Counter indemnities given to Banks and others in respect of secured guarantees, etc. on behalf of subsidiaries and others given by them in respect of contractual commitments in the ordinary course of business is ₹ 4,669.10 mn (P.Y. ₹ 6,075.35 mn) (including Customs ₹ 204.52 mn (P.Y. ₹ 347.57 mn) for the current year. Bonds for Custom Duty ₹ 71.62 mn (P.Y. ₹ 71.62 mn).
- (c) In Patel Realty India Ltd., bank guarantee given by them in respect of contractual commitments in the ordinary course of business is ₹ 98.40 mn (P.Y. ₹ 135.50 mn)
- (d) The Company has received an amount of ₹ 12.74 mn in 1997 against arbitration award in its favour. The client has preferred an appeal against above award claiming an amount of ₹ 213.32 mn (P.Y. ₹ 213.32 mn) before the Hon'ble appeal court. However the management feels that the likelihood of outflow of resources is remote.

- (e) Outstanding Letter of Credit amounts to ₹ 251.11 mn (P.Y. ₹ 50.25 mn)
  - (f) Sales tax ₹ 37.26 mn (P.Y. ₹ 33.51 mn (Advance paid ₹ 18.52 mn (P.Y. ₹ 18.52 mn)). Cess ₹ 7.46 mn (P.Y. ₹ 7.46 mn).
  - (g) Custom liability that may arise on matter in appeal ₹ 7.61 mn (P.Y. ₹ 7.61 mn).
  - (h) Trade Receivables to the extent of ₹ 1,568.39 mn (₹ 1,565.90 mn) have been discounted with Bank on Recourse Basis.
  - (i) Allowances due to employees in remote areas (Arunachal Pradesh) may accrue in future maximum to the extent of ₹ 2.66 mn (P.Y. ₹ 1.86 mn). The same will be paid to the employees who continue to be on the payrolls upto October 1, 2012.
  - (j) Provident Fund liability that may arise on matter in appeal ₹ 9.2mn (P.Y. ₹ Nil)
  - (k) In Michingan Engineers Pvt. Ltd., there is undertaking to the bank against purchase of receivables deposits of ₹ 86.80 mn (P.Y. ₹ 158.20 mn) by the bank from the company ₹ 73.80 mn (P.Y. ₹ 134.80 mn)
  - (l) In subsidiary PAN Realtors Pvt. Ltd., bank guarantee of ₹ Nil (P.Y. ₹ 1.00 mn) is given to Pollution Control Board. Sales Tax due to Commercial Tax Tribunal (Noida) ₹ 35.55 mn (P.Y. ₹ 2.79 mn)
- 34** Previous year Profit and Loss Account of PAN Realtors Pvt. Ltd. includes the individual costs as cumulative figures as no Profit and Loss Account was prepared in the preceding years and all amounts were carried forward as work in progress, since the initial threshold of 30% for revenue recognition was not achieved until March 2010.
- 35** In Patel Reality (India) Ltd. the applicability of karnataka Value Added Tax and Service Tax on sale of flats is being challenged before the larger bench of Honourable supreme Court by various tax payers. The Company has been legally advised that the levy is not payable considering that the sale of flats is a composite agreement and not in the nature of works contract. Pending outcome of decision by honourable Supreme Court, some of the buyers of flat have deposited an amount aggregating ₹ 44.02 mn with company as and by way of deposit and such amounts based on the final judgement will be either refunded to the customers or deposited with the government. In the event, the said levy is held to be applicable, the corresponding amount will be collected from the other buyers of the flat prior to handover of flat and consequently no liability will devolve on the company. Interest liability (if any) will be accounted in the year in which the matter is resolved.
- 36** During the previous year ended March 31, 2011 Patel Realty India Ltd., a consolidation adjustments relating to earlier years has been accounted to match opening balance of P&L Account, Work in Progress and Pre operative Expenses with the consolidated financial statement for the year.
- 37** The subsidiary Company accounts for its direct expenses including depreciation as direct cost of construction, which are however charged, to the respective heads of accounts in consolidated accounts.
- 38** Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

As per our report of even date

**For Vatsaraj & Co**  
Chartered Accountants  
Firm Regn No:111327W

**CA NITESH K. DEDHIA**  
**Partner**  
Membership No. 114893  
Mumbai, September 7, 2012

**For and on behalf of Board**

**Rupen Patel**  
Managing Director

**Silloo Patel**  
Director

**K. Kannan**  
Director

**Shobha Shetty**  
Company Secretary

Mumbai, September 7, 2012

# AUDITORS' REPORT

## To the Members of Patel Engineering Ltd.

We have audited the attached Balance Sheet of Patel Engineering Ltd. as at March 31, 2012, the Statement of Profit and Loss Account and Cash Flow Statement of the Company 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matter 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 purpose of our audit;
  - (b) in our opinion, proper books of accounts as required by Law have been kept by the Company so far, as appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss Account and Cash Flow Statement of the Company dealt with by this report are in agreement with the books of accounts of the Company;
  - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss Account 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 written representations received from the Directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- (f) in our opinion and to the best of our information and according to the explanations given to us the said accounts together with notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 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 March 31, 2012;
- (ii) in case of the Statement of Profit and Loss account, of the Profit of the Company for the year ended on that date; and
- (iii) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For **VATSARAJ & CO.**  
Chartered Accountants  
FRN: 111327W

**CA Nitesh K Dedhia**  
Partner  
M. No. 114893  
Mumbai  
September 4, 2012

## ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph 1 of the Auditors' Report of the even date to the members of Patel Engineering Ltd. on the accounts for the year ended March 31, 2012), we report that:

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) We have been informed that, the fixed assets including assets of the Company purchased in the name of Directors and their relatives and employees have been physically verified at reasonable intervals by the Management and no material discrepancies were noticed on such verifications.
- c) Fixed Assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
- ii. a) Physical verification of inventories has been conducted at reasonable intervals by the management.
- b) In our opinion and on the basis of information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company has maintained proper records of inventory. We have been informed by the management, that the discrepancies between the physical stock and book records were not material.
- iii. a) The Company has granted unsecured loan at call to two companies covered in the register maintained under section 301 of the Companies Act, 1956 aggregating to a maximum outstanding of ₹ 264.99 million during the year and ₹ 264.99 million outstanding at the year end.
- b) In our opinion, the rate of interest and other terms & conditions are prima facie not prejudicial to the interest of the Company.
- c) The receipt of principal amounts and interest are at call.
- d) There is no overdue amount in respect of the above loan.
- e) The Company has taken interest free unsecured loans from a Company, a Firm and a Director covered in the register maintained under Section 301 of the Companies Act, 1956, aggregating to a maximum outstanding of ₹ 39.40 million during the year and ₹ nil outstanding at the year end.
- f) In our opinion, other terms & conditions are prima facie not prejudicial to the interest of the Company.
- g) The principal amounts have been paid during the year.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for work executed and we have not observed any continuing failure to correct major weakness in such internal control system.
- v. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to-be maintained under that section.
- b) As explained to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ 5,00,000 in respect of any party during the year are at a negotiated price, fixed at reasonable levels, having regard to the technical requirements /quality consideration and alternate source of availability. There are no comparable transactions with the Company of similar nature.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public and consequently, the directives issued by the Reserve Bank of India and the provision of Section 58(A), 58(AA) or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
- vii. The internal audit function is carried out by a firm of independent Chartered Accountants appointed by the management and is commensurate with the size of the Company and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government of India, regarding the maintenance of cost records under clause (d) of subsection (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. a) As explained to us, the Company is generally regular in depositing undisputed statutory dues, in respect of Provident Fund, Investor Education & Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other material statutory dues with the appropriate authorities.
- b) According to the information and explanations given to us, details of dues of sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited as on March 31, 2011 on account of disputes are given below:

Particulars	Financial year to which amount relates	Forum where dispute is pending	Amount in millions
Custom Duty	2001-2002 , 2004-2005 and 2009-10	Commissioner of appeal	28.25
Cess	2007-2008 and 2008-2009	High Court	53.70
Sales Tax	2001-2002 to 2003-2004	Appellate Tribunal	14.98

- x. The Company does not have any accumulated losses as at the end of the year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or banks or to debenture holder as at the balance-sheet date.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not chit /nidhi /mutual benefit fund / society. Accordingly, clause 4(xiii) of the order is not applicable.
- xiv. The Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the order is not applicable.
- xv. In our opinion and according to the information and explanations given to us, the Company has given guarantee for loans taken by others from Banks or Financial Institutions. The terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- xvi. In our opinion and according to the information and explanations given to us and on an overall examination, the term loans have been applied for the purpose for which they were obtained.
- xvii. On the basis of our examination of books of accounts and information and explanations given to us, in our opinion, the funds raised on a short term basis have not been used for long term investment.
- xviii. During the year, the Company has not made any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Act.
- xix. The Company has created charges on debentures issued during the year.
- xx. The Company has not raised any money by public issue during the year.
- xxi. During the course of our audit carried out in accordance with the generally acceptable auditing practices and as informed by the Management, no fraud on or by the Company has been noticed or reported during the year.

For **VATSARAJ & CO.**  
Chartered Accountants  
FRN: 111327W

**CA Nitesh K Dedhia**  
Partner  
M. No. 114893

Mumbai  
September 4, 2012

# BALANCE SHEET

as at March 31, 2012

(₹ in million)

	Notes	As at March 31, 2012	As at March 31, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	69.83	69.83
(b) Reserves and surplus	4	14,073.23	13,269.80
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	7,517.92	6,743.03
(b) Deferred Tax Liability (Net)	26	66.09	34.78
(c) Other Long term liabilities	6	4,840.91	4,600.75
(d) Long-term provisions	7	14.56	18.10
<b>3 Current liabilities</b>			
(a) Short-term borrowings	8	11,341.50	11,520.11
(b) Trade payables	9	6,249.46	5,282.47
(c) Other current liabilities	9	5,252.05	4,190.28
(d) Short-term provisions	7	31.53	506.02
<b>TOTAL</b>		<b>49,457.08</b>	<b>46,235.17</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	16		
i. Tangible assets		2,517.84	2,795.02
ii. Intangible assets		50.04	1.70
iii. Capital work-in-progress		1,035.56	601.08
		<b>3,603.44</b>	<b>3,397.80</b>
(b) Non-current investments	10	5,538.64	4,800.48
(c) Long-term loans and advances	11	7,468.83	6,631.98
(d) Non Current Bank Deposits	15	14.04	14.53
(e) Non Current Trade Receivables	14	327.24	578.20
<b>2 Current assets</b>			
(a) Inventories	12	14,794.53	18,070.36
(b) Trade receivables	13	8,420.76	6,425.14
(c) Cash and cash equivalents	15	1,503.35	1,035.50
(d) Short-term loans and advances	11	7,692.24	5,214.86
(e) Other current assets	14	94.01	66.32
<b>TOTAL</b>		<b>49,457.08</b>	<b>46,235.17</b>
Summary of Significant Accounting Policies	2		

The Notes referred to above form an integral part of the Financial Statement

As per our report of even date

For and on behalf of Board

For **Vatsaraj & Co**

Chartered Accountants  
Firm Regn No:111327W

**Rupen Patel**  
Managing Director

**Silloo Patel**  
Director

**K. Kannan**  
Director

CA NITESH K. DEDHIA  
Partner

**Shobha Shetty**  
Company Secretary

Membership No. 114893  
Mumbai, September 4, 2012

Mumbai, September 4, 2012



# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2012

		(₹ in million)	
	Notes	As on March 31, 2012	As on March 31, 2011
<b>I. Revenue from operations</b>	17	25,496.42	25,372.05
<b>II. Other income</b>	18	938.33	805.21
<b>III. Total Revenue (I + II)</b>		26,434.75	26,177.26
<b>IV. Expenses:</b>			
Cost of Construction	19	20,609.91	19,861.46
Employee benefits expense	20	681.00	751.73
Finance costs	21	2,880.82	2,597.93
Depreciation and amortization expense	22	528.21	527.76
Other expenses	23	779.20	1,083.23
Total expenses		25,479.14	24,822.10
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		955.61	1,355.15
<b>VI. Exceptional &amp; Extraordinary items</b>		-	-
<b>VII. Profit before tax (V- VI)</b>		955.61	1,355.15
<b>VIII. Tax expense:</b>			
(1) Current tax		320.00	363.50
(2) Deferred tax		31.31	(30.46)
<b>IX. Profit/(Loss) for the period (VII-VIII)</b>		604.30	1,022.11
<b>X. Earnings per equity share:</b>	28		
(1) Basic		8.65	14.64
(2) Diluted		8.65	14.64
Summary of Significant Accounting Policies	2		

The Notes referred to above form an integral part of the Financial Statement

As per our report of even date

For and on behalf of Board

For **Vatsaraj & Co**

Chartered Accountants  
Firm Regn No:111327W

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Managing Director

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Partner

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Company Secretary

Membership No. 114893  
Mumbai, September 4, 2012

Mumbai, September 4, 2012

# CASH FLOW STATEMENT

for the year ended March 31, 2012

(₹ in million)

	2011-2012	2010-2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS	955.61	1,356.63
Adjustment for:		
Depreciation	528.21	527.76
Interest charged	2,880.82	2,272.63
Interest received	(833.79)	(533.19)
Foreign Exchange Loss/ (Gain)	(3.42)	43.05
Provision for Leave Salary	0.66	6.48
Provision for Bonus	-	7.92
Loss of Assets exhausted / sold	-	10.23
Profit on sale of Assets	(26.10)	-
Excess Credit written back	(13.73)	(12.29)
Irrecoverable debts & advances written off	33.93	135.39
ESOP compensation expenses	6.21	16.37
Profit on sale of Investment	-	(0.03)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,528.40	3,830.95
Adjustment for changes in:		
Trade & other receivables	(4,945.53)	(3,347.13)
Inventories	3,219.00	(4,205.89)
Trade payable, Liabilities and Provisions (excluding Proposed Dividend & Income tax)	1,140.41	4,826.91
Cash generated from operations	2,942.28	1,104.84
Direct tax paid	(786.21)	(869.49)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2,156.07</b>	<b>235.35</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(923.62)	(704.80)
Share Application Money (given) / returned	-	1.97
Sale of Fixed Assets	214.09	83.03
Investments made in Subsidiaries	(738.16)	(266.16)
Interest received	954.36	350.46
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(493.33)</b>	<b>(535.50)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share/Debenture issue expenses	(26.87)	(4.79)
Increase in Borrowings	1,840.79	2,970.52
Dividend Paid	(80.82)	(0.58)
Interest Paid	(2,931.91)	(2,417.92)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,198.81)</b>	<b>547.23</b>

## CASH FLOW STATEMENT (CONTD.) for the year ended March 31, 2012

(₹ in million)

	2011-2012	2010-2011
<b>Net Increase/Decrease in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>463.93</b>	<b>247.08</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>1,050.03</b>	<b>846.00</b>
<b>Balance of Cash &amp; Cash Equivalents</b>	<b>1,513.96</b>	<b>1,093.08</b>
<b>Notes to Cash flow Statement</b>		
<b>1. Cash and Cash Equivalents</b>		
Cash on hand & Balance with banks	1,517.39	1,050.03
Effect of exchange rate changes	(3.42)	43.05
Closing Cash and Cash Equivalents as restated	1,513.97	1,093.08

The Notes referred to above form an integral part of the Financial Statement

As per our report of even date

For and on behalf of Board

For **Vatsaraj & Co**

Chartered Accountants  
Firm Regn No:111327W

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Partner

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Company Secretary

Membership No. 114893  
Mumbai, September 4, 2012

Mumbai, September 4, 2012

# NOTES TO FINANCIAL STATEMENT for the year ended March 31, 2012

## 1 BASIS OF PREPARATION

The financial statements are prepared under historical cost convention, on accrual basis of accounting, to comply in all material aspects with all the applicable Accounting Principles in India, the applicable Accounting Standards notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.

The Revised Schedule VI notified under the Companies Act, 1956, for preparation and presentation of financial statements has become applicable to the Company effective from April 1, 2011. The adoption of revised Schedule VI does not impact recognition and measurement principles, however, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable for the current year.

## 2 SIGNIFICANT ACCOUNTING POLICY

### a) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the periods in which the results are known/materialize.

### b) Fixed Asset

Fixed Assets are stated at cost of acquisition or construction (including installation cost upto the date put to use, net of specific credits) less accumulated depreciation.

### c) Depreciation

Depreciation is provided using straight-line method based on useful lives as estimated by the management. The management estimate of useful lives for various assets is: Factory Building/ Building - 28/60 years, Machinery- 8 ½ years, Motor Cars- 10 years, Motor Truck- 8 ½ years, Furniture- 6 years, Office Equipments- 6 years, Computer / Soft-ware- 3 years, Electrical Equipments- 6 years, Cycle- 2 years, Motor cycle- 7 years, Rails and Trolley- 7 years and Ship 8 ½ years. Depreciation on additions and deletions to assets during the year is provided pro-rata.

### d) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

### e) Investments

Investments are stated at cost. Permanent diminution, if any, is provided for.

### f) Inventories

Stores, embedded goods and spare parts and Work-in-progress are valued at cost (FIFO basis) and contract rates respectively. Work-in-Progress in respect of Project development and Buildings held as stock-in-trade are valued at cost or net realizable value, whichever is lower.

### g) Recognition of Income and Expenditure

Revenue from contracts is recognized on the percentage completion method based on billing schedules agreed with the client on a progressive completion basis. In case the estimated total cost of a contract based on technical and other estimate is expected to exceed the corresponding contract value, such excess is accounted for. Claims and variations are recognized as revenue on acceptance of concerned authorities or on receipt of award or on evidence of its final acceptability. Revenue on Project Development is recognized on execution of sale agreement. Other revenues and expenses are accounted on accrual basis.

### h) Accounting for Joint Venture Contracts

- a) Where the Joint Venture Agreement provides for execution of contracts under work sharing pattern, the Company's share of revenue/expenses in the works executed by it is accounted on percentage completion method as per the accounting policies followed by it in respect of contracts.
- b) Where the Integrated Joint Venture Agreement provides for execution of contracts under profit sharing arrangement, Company's share in the profit /loss is accounted for as and when determined. The services rendered to Joint Ventures are accounted as income, on accrual basis.

### i) Foreign Currency Transaction/Translations

Transactions in foreign currency including acquisition of fixed assets are recorded at the prevailing exchange rates on the date of the transaction. All monetary assets and monetary liabilities in foreign currencies are translated at the relevant rates of exchange prevailing at the year-end. Exchange differences arising out of payment/restatement of long term liabilities relating

## NOTES TO FINANCIAL STATEMENT (CONTD.) for the year ended March 31, 2012

to Fixed Assets are capitalized in accordance with “The Companies (Accounting Standards) Amendment Rules 2009”, relating to AS-11 “The Effects of the changes in Foreign Exchange Rates”, vide notification dated March 31, 2009 and further amended on May 13, 2011.

Revenue transactions at the Foreign Branch/Projects are translated at average rate. Fixed Assets are translated at rate prevailing on the date of purchase. Net exchange rate difference is recognized in the Profit and Loss Account. Depreciation is translated at rates used for respective assets.

**j) Retirement and other Employee benefits**

Contribution to Provident/Family Pension/Gratuity Funds are made to recognized funds and charged to the Profit and Loss account. Provision for incremental liability in respect of Gratuity and Leave encashment is made as per independent Actuarial valuation at the year-end.

**k) Taxation**

The tax expense comprises of current tax and deferred tax. Current tax is calculated in accordance with the tax laws applicable to the current financial year. Deferred tax resulting from “timing difference” between book and taxable profit is accounted for using the tax rates and tax laws that have been enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is virtual certainty of realization in future.

**l) Provisions and Contingent Liabilities**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

**m) Employees Stock Option Plan**

Compensation expenses under “Employee Stock Option Plan” representing excess of market price of the shares on the date of grant of option over the exercise price of option is amortized on a straight-line basis over the vesting period.

**n) Borrowing Cost**

Borrowing costs directly attributable and identifiable to the acquisition or construction of qualifying assets are capitalized till the date such qualifying assets are ready to be put to use.

**o) Derivative Contracts**

In respect of Derivative Contracts, gain / loss on settlement are recognized and charged to Profit and Loss Accounts.

**3 SHARE CAPITAL**

(₹ in million)

	2012		2011	
	No. of Shares	₹ in million	No. of Shares	₹ in million
<b>a) Authorized</b>				
Equity shares of ₹1 each	250,000,000	250.00	150,000,000	150.00
<b>b) Issued, subscribed and fully paid up</b>				
Equity shares of ₹1 each	69,827,151	69.83	69,827,151	69.83
	69,827,151	69.83	69,827,151	69.83
<b>c) Reconciliation of Equity Shares outstanding at the beginning and at end of the year</b>				
	No. of Shares	₹ in million	No. of Shares	₹ in million
Outstanding at the beginning of the year	69,827,151	69.83	69,827,151	69.83
Add :- Issued during the year	-	-	-	-
Outstanding at the end of the year	69,827,151	69.83	69,827,151	69.83
<b>d) Share held by each shareholder more than 5%</b>				
Name of the shareholder	No. of Shares	% holding	No. of Shares	% holding
i) Patel Engineering Employees Welfare Trust	6,045,000	8.66	6,155,000	8.81
ii) Praham India LLP	14,037,000	20.10	14,035,000	20.09
iii) Patel Corporation LLP	14,303,300	20.48	14,301,300	20.48

**4 RESERVES & SURPLUS**

(₹ in million)

	2012	2011
<b>Reserves</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	1.51	1.51
Add : Share in valuation of Partnership firm ( 55%)	291.50	-
Closing Balance	293.01	1.51
<b>General Reserve</b>		
As per last Balance Sheet	2,001.97	1,851.97
Transfer from Profit and Loss Account during the period	75.00	150.00
Closing Balance	2,076.97	2,001.97
<b>Securities Premium Reserve</b>		
As per last Balance Sheet	7,488.26	7,452.41
Add: Transferred from Employee Stock Option Outstanding	49.68	40.64
Less: Share/Debenture Issue Expenses	26.87	4.79
Closing Balance	7,511.07	7,488.26
<b>Debenture Redemption Reserve</b>		
As per last Balance Sheet	345.00	135.00
Transfer from Profit and Loss Account during the period	285.00	210.00
Closing Balance	630.00	345.00
<b>Share Options outstanding Account</b>		
As per last Balance Sheet	49.68	94.84
Less :Transferred to Securities Premium Reserve	49.68	40.64
Less: Options Lapsed during the year	-	4.52
	-	49.68

**4 RESERVES & SURPLUS (Contd.)**

(₹ in million)

	2012	2011
Less: Employee Stock Option Compensation to be written off	-	6.21
Closing Balance	-	43.47
Foreign Currency Monetary Item Translation Difference	(38.86)	8.50
<b>Surplus in the statement of Profit and Loss</b>		
As per last Balance Sheet	3,381.09	3,250.14
Less : Prudent Provision for Tax ( Refer Note 25)	-	450.00
Add : Net Profit for the year	604.30	1,022.11
	3,985.39	3,822.25
<b>Appropriations for :</b>		
i) Final Dividend	20.95	69.83
ii) Corporate Dividend Tax	3.40	11.33
iii) Transfer to Debenture Redemption Reserve	285.00	210.00
vi) Transfer to General Reserve	75.00	150.00
Closing Balance	3,601.04	3,381.09
<b>Total Reserve &amp; Surplus</b>	<b>14,073.23</b>	<b>13,269.80</b>

**5 LONG TERM BORROWINGS**

(₹ in million)

	Non-Current Portion		Current Maturities	
	2012	2011	2012	2011
<b>I Secured Loans</b>				
a) Debentures <sup>1</sup>	3,950.00	3,500.00	1,050.00	-
b) Term Loans				
- From Bank <sup>2</sup>	2,070.69	2,026.33	514.65	419.53
- From Others <sup>3</sup>	488.22	-	280.67	85.47
<b>II Unsecured Loans</b>				
c) - From Banks <sup>4</sup>	1,009.01	1,123.45		189.08
d) - From Others <sup>3</sup>	-	93.25	93.25	
Amount disclosed under "Other Current Liabilities" in Note No. 9	-	-	(1,938.57)	(694.08)
	7,517.92	6,743.03	-	-

**<sup>1</sup> Debentures**

- 9.8% Secured Redeemable Non Convertible Debentures was allotted on July 20, 2009 for a period of 7 year These debentures have a face value of ₹ 1.0 mn each aggregating to ₹ 950 mn and are to be redeemed on July 20, 2016 in a single installment, with a put / call option available and exercisable at par at the end of 5th year from the date of allotment i.e. July 20, 2014. The same is secured against immovable property and third party security.
- 10.75% Secured Redeemable Non Convertible Debentures was allotted on March 3, 2011 for a period of 3 year These debentures have a face value of ₹ 1.0 mn each aggregating to ₹ 500.00 mn. These Debentures will be redeemed as follows- March 3, 2016 - ₹ 200 mn, March 3, 2015- ₹ 150 mn and March 3, 2014- ₹ 150 mn. The same is secured against immovable property and subservient charge on asset.
- 9.55% Secured Redeemable Non Convertible Debentures was allotted on April 26, 2010 for a period of 3 year These debentures have a face value of ₹ 1.0 mn each aggregating to ₹ 1,000.00 mn. These Debentures will be redeemed as follows -April 26, 2015 - ₹ 400 mn, April 26, 2014- ₹ 300 mn, and April 26, 2013- ₹ 300 mn. The same is secured against immovable property and subservient charge on assets.
- 9.5% Secured Redeemable Non Convertible Debentures was allotted on June 01, 2009 for a period of 3 year These debentures have a face value of ₹ 1.0 mn each aggregating to ₹ 1,050.0 mn and are to be redeemed on June 1, 2012. The same is secured against immovable property and third party security.



- e) 11.40% Secured Redeemable Non Convertible Debentures was allotted on July 7, 2011 for a period of 5 year These debentures have a face value of ₹ 1.0 mn each aggregating to ₹ 1,500.0 mn and are to be redeemed in three installments of 30 : 30 : 40 every year starting from July 11, 2014. The same is secured against charge on movable and immovable asset of the company.

The above debentures are listed on The National Stock Exchange of India.

As per Section 117C of the Companies Act, 1956 the Company has created adequate Debenture Redemption Reserve for both the above series of Secured Redeemable Non Convertible Debenture issued during the year.

## <sup>2</sup> Term Loan Banks

The Term loans are secured by first charge on the specific assets acquired out of the term loan alongwith unencumbered assets & guarantees. The rate of Interest for these loans vary between 10%-14% on an average, with a repayment period of 3-5 years respectively.

## <sup>3</sup> From Others

Includes funds from Financial Institutions on Equipments, secured against the said Equipments. These loans carry an interest rate of average between 10%-12% with a repayment period of 3-5 years respectively.

## <sup>4</sup> Unsecured Loans -From Bank

Includes Loans repayable over a period of 2-3 years carrying an Interest rate of 10%

<b>6 OTHER LONG TERM LIABILITY</b>		(₹ in million)	
		2012	2011
Trade Payables		898.63	1,282.56
Capital Creditors		92.16	59.78
<b>Other</b>			
Contractee Advances		3,113.79	2,621.85
Deposits		684.06	583.07
Other Liability		52.27	53.50
		<b>4,840.91</b>	<b>4,600.75</b>

<b>7 PROVISIONS</b>		(₹ in million)			
		Long term		Short term	
		2012	2011	2012	2011
Provision for Employee Benefits (Note 24)					
Provision for Gratuity		-	5.35	-	-
Provision for Leave Salaries		14.56	12.76	7.18	8.32
<b>Provision -Others *</b>		<b>-</b>	<b>-</b>	<b>24.35</b>	<b>497.70</b>
		<b>14.56</b>	<b>18.10</b>	<b>31.53</b>	<b>506.02</b>

\* includes Provision for Tax which is Net of Advance Tax and TDS - ₹ Nil (P.Y. ₹ 416.54 mn). Balance pertains to Proposed Dividend ₹ 20.95mn (P.Y. ₹ 69.83 mn) and Corporate Dividend Tax - ₹ 3.40mn (P.Y. ₹ 11.33 mn)

**8 SHORT TERM BORROWINGS**

(₹ in million)

	2012	2011
<b>I Secured Loans</b>		
Short Term Loans		
- From Bank <sup>1</sup>	2,370.35	2,293.55
Commercial Paper		
- From Others <sup>2</sup>	-	495.48
Loans Repayable on Demand		
- From Bank <sup>3</sup>	4,756.63	2,551.41
<b>II Unsecured Loans</b>		
- From Bank <sup>4</sup>	2,264.02	4,457.73
- Commercial Papers <sup>5</sup>		
- From Bank	1,950.50	492.65
- From Others	-	1,229.28
	<b>11,341.50</b>	<b>11,520.11</b>

**<sup>1</sup> Short Term Loan - From Bank**

Includes Loans against Equipments financed and by earmarking from Bank Guarantee limits, at an average Interest rate ranging between 9.50%-10.50% p.a. payable within a year.

**<sup>2</sup> Commercial Paper- From Others**

Includes Commercial Paper of ₹ Nil (P.Y.r ₹ 495.48 mn from LIC Mutual Fund which carries interest @ 6.50% p.a., with a 364 days maturity payable on May 25, 2011). The Loan was secured against immovable properties

**<sup>3</sup> Loans Repayable on Demand**

"Cash Credit and Working Capital Demand Loan from various Banks. These loans have been given against hypothecation of stocks, spare parts, book debts, work in progress & guarantees; Terms of Repayment : Cash Credit- Yearly Renewal, except for Cash Credit taken from IDBI Bank Short Term Loan - EARMARK CC" which is payable within 90 days. Rate of Interest-ranges between 9.75% to 13.75% p.a."

**<sup>4</sup> Unsecured Loan - From Bank**

Includes Loans which are payable at yearly rests with an average Interest cost ranging between 8.50%- 10.25% p.a.

**<sup>5</sup> Commercial Paper**

- Includes Commercial Papers from Banks with a maturity period of 364 days with an average Interest rate ranging between 7.60% and 10.15 % p.a.
- Includes Commercial Paper from various Financial Institutions with a maturity period of 364 days with an average interest rate between 7.60% and 10.15 % p.a.
- Maximum amount outstanding for Commercial papers during the year was ₹ 2,957.20 mn.

**9 OTHER CURRENT LIABILITIES**

(₹ in million)

	2012	2011
<b>(a) Trade Payable <sup>1</sup></b>	<b>6,249.46</b>	<b>5,282.47</b>
<b>(b) Other Liabilities</b>		
Current maturities of long-term debt;	1,938.57	694.08
Interest accrued but not due on borrowings;	148.82	199.91
Contractee Advances	2,735.95	1,853.47
Unpaid Dividend	3.52	3.18
<b>Other Payables</b>		
Deposits	22.20	79.74
Payable to Employees	84.75	79.78
Other Liabilities <sup>2</sup>	228.72	327.99
<b>(c) Balance in Current Account</b>		
(i) With Subsidiaries	79.91	951.80
(ii) With Joint Ventures	9.61	0.34
	<b>5,252.05</b>	<b>4,190.28</b>
	<b>11,501.51</b>	<b>9,472.75</b>

<sup>1</sup> **Trade Payable**

- a) On the basis of information compiled to the extent that they could be identified as Small Scale and Ancillary Industrial Undertaking, the Company has no such amounts payable in excess of ₹ 0.10 mn and outstanding for a period of more than 30 days.
- b) The Company has no amounts due to suppliers under the Micro Small and Medium Enterprise Development Act, 2006, as at March 31, 2012.

Note: The above information has been determined to the extent such parties had been identified on the basis of information available with the Company.

<sup>2</sup> **Other Liabilities**

Includes ₹ 87.13 mn (P.Y. ₹ 11.83 mn ) against lease of office premises.

**10 NON CURRENT INVESTMENT**

(₹ in million)

	2012	2011
<b>Investment in Equity Instruments</b>		
<b>Other Investments - Quoted <sup>1</sup></b>		
66,640 shares (66,640) of Kingfisher Airlines Ltd., face value ₹10 per share	9.86	9.86
<b>Trade Investments - Quoted <sup>1</sup></b>		
19,42,574 shares (19,42,574) of KNR Construction Ltd., face value Rs 10 per share	330.24	330.24
<b>Other Investments - Unquoted <sup>II</sup></b>		
<b>In Subsidiaries</b>		
4,91,400 shares (4,91,400) of Patel Engineering Inc. of par value US \$0.001 per share	459.02	459.02
60,000 shares (60,000) of Zeus Minerals Trading Pvt.Ltd., F.V. ₹10 per share	0.60	0.60
7,210,000 shares ( Nil) of Bhooma Realties Pvt. Ltd., face value ₹ 10 per share <sup>#</sup>	72.10	-
7,880,000 shares ( Nil) of Shasvat Land Projects Pvt. Ltd., face value ₹ 10 per share <sup>#</sup>	78.80	-
7,000,000 shares ( Nil) of Pandora Infra Pvt. Ltd., face value ₹ 10 per share <sup>#</sup>	70.00	-
9,100,000 shares ( Nil) of Patel Engineers Pvt. Ltd., face value ₹ 10 per share <sup>#</sup>	91.00	-
5,510,000 shares ( Nil) of Vismaya Constructions Pvt. Ltd., face value ₹ 10 per share <sup>#</sup>	55.10	-
14,070,000 shares ( Nil) of Patel Patron Pvt. Ltd., face value ₹ 10 per share <sup>#</sup>	140.70	-
1,00,00,000 shares ( 100,00,000 ) of Patel Engineering Infrastructure Pvt. Ltd. face value ₹10 per share	100.00	100.00
50,000 shares (45,000) of Energy Design Pvt. Ltd. face value ₹ 10 per share	0.50	0.45
51,000 shares (51,000) of Pan Realtors Pvt. Ltd. face value ₹ 10 per share	0.51	0.51
50,000 Shares ( 30,000) of Patel Lands Pvt. Ltd. face value ₹ 10 per share	0.50	0.30
16,51,000 shares (16,51,000) of Patel Engineering Mauritius Ltd. face value Mauritius Rupee 10 per share	25.76	25.76
33,000 shares (33,000) of Friends Nirman Ltd. face value ₹10 per share	24.15	24.15
100,000 shares ( 100,000) of Patel Concrete & Quarries Pvt . Ltd. face value ₹10 per share	1.00	1.00
23,65,000 shares (23,65,000) of Patel Engineering Singapore Pte. Ltd. F.V. US \$ 1 per share	94.46	94.46
20,90,00,000 shares ( 20,90,00,000) of Patel Energy Resources Ltd. F.V. ₹10 per share	2,090.00	2,090.00
<b>Trade Investments - Unquoted <sup>II</sup></b>		
8,85,220 shares ( 8,85,220) of Michigan Engineers Pvt. Ltd., face value ₹10 per share	111.86	111.86
10,00,00,000 shares ( 10,00,00,000) of Patel Realty (I) Ltd., face value ₹10 per share	1,000.00	1,000.00
5,100 shares( 5,100) of Shreeanant Construction Pvt. Ltd., face value ₹10 per share	0.05	0.05
20,207 shares ( 20,207 ) of ASI INC. par value US \$ 0.0099 per share	170.54	170.54
	4,586.65	4,078.70

**10 NON CURRENT INVESTMENT (CONTD.)**

(₹ in million)

	2012	2011
<b>In Associates</b>		
Other Investments		
1,55,40,000 shares (1,55,40,000) of Patel KNR Infrastructures Ltd., face value ₹10 per share	155.40	155.40
24,665 Shares (Nil) of Terra Land Developers Ltd., face value ₹ 10 per share	0.25	-
1,603,200 Shares (Nil) of ACP Tollways Pvt. Ltd., face value ₹ 100 per share	160.32	-
6,979,786 shares (16,670) of Raichur Sholapur Transmission Company Ltd., face value ₹ 10 per share	69.80	0.16
	<b>385.77</b>	<b>155.56</b>
<b>Investment in Redeemable Preference Shares</b>		
Other Investments		
In Subsidiaries- 50,000 (50,000) Shares of ASI Inc, Par value US\$ 100 per share	225.97	225.97
Investment in Government Securities <sup>III</sup>	0.12	0.12
Investment in Partnership Firms <sup>IV</sup>	0.03	0.03
	<b>5,538.64</b>	<b>4,800.48</b>

<sup>I</sup>. Aggregated amount of Quoted Investments as at March 31, 2012 ₹ 340.10 mn, Market value 238.87 mn (P.Y. ₹ 340.10 mn, Market Value- ₹ 227.41 mn)

<sup>II</sup>. Aggregated amount of Unquoted Investments as at March 31, 2012 ₹ 5,198.54 mn (P.Y. ₹ 4460.38 mn)

<sup>III</sup>. Includes Investment in National Saving Certificates, in the name of Directors , lodged with Project Authorities.

<sup>IV</sup>. The Company had entered into a partnership with ACE Housing and Construction Ltd in name of M/s AHCL – PEL for development and construction of residential buildings. The Company's Share of Profit and loss is 55%. Both the partners has equilly contributed ₹ 0.025 mn towards the Captial.

# Pending for transfer

**11 LOANS & ADVANCES**

(₹ in million)

	Non-Current		Current	
	2012	2011	2012	2011
<b>Capital Advance</b>				
Unsecured, Considered Good	12.59	15.74	-	-
<b>Security Deposit</b>				
Unsecured, Considered Good	1,392.04	1,170.96	298.75	88.22
<b>Balance in Current Account with Subsidiaries/ Associates/Joint Ventures/Partnership</b>				
Unsecured, Considered Good	1,888.10	1,863.09	1,835.02	647.04
<b>Advance Recoverable in cash or in kind<sup>1</sup></b>				
Unsecured, Considered Good	3,295.78	2,825.07	5,353.91	3,995.64
<b>Other Loans and advances</b>				
Prepaid Expenses	78.15	65.66	129.15	229.88
VAT Input Credit	-	-	4.75	3.95
Service Tax and Cenvat Credit	-	-	-	6.00
Advance Tax (Net)	49.67	-	-	-
Accrued Interest	740.83	678.21	56.84	240.03
Advances to Employees	11.67	13.24	13.82	4.09
	<b>880.32</b>	<b>757.11</b>	<b>204.56</b>	<b>483.96</b>
	<b>7,468.83</b>	<b>6,631.98</b>	<b>7,692.24</b>	<b>5,214.86</b>

<sup>1</sup> Advances Recoverable in Cash or in kind or for value to be received.

a) includes ₹ 13.84 mn (P.Y. ₹ 7.67 mn) due from officers of the Company and ₹ 264.95 mn (P.Y. ₹ 169.24 mn) due from company in which Directors are Director

b) includes secured advance to piece workers ₹ 26.774 mn (P.Y. ₹ 10.32 mn)

**12 INVENTORIES \***

(₹ in million)

(At lower of cost or net realisable value/ Contract Rates)	Current	
	2012	2011
Stores, Embedded Goods and Spare Parts etc. (Includes Stores in Transit ₹ 5.53 mn (P.Y. ₹ 67.87 mn))	1,421.45	1,543.61
Work in Progress	14,819.51	17,916.35
Less : Advance against Material & Works	1,446.43	1,389.60
	<b>13,373.08</b>	<b>16,526.75</b>
Others	-	-
	<b>14,794.53</b>	<b>18,070.36</b>

\*(As technically valued &amp; certified by the Management)

**13 TRADE RECEIVABLES\***

(₹ in million)

	Non-Current		Current	
	2012	2011	2012	2011
<b>Unsecured, Considered Good unless otherwise stated</b>				
Receivables outstanding for a period exceeding six months				
Considered good	272.42	394.54	2,467.74	709.92
Other Receivables				
Considered good	54.82	183.66	5,953.02	5,715.22
	327.24	578.20	8,420.76	6,425.14

\* Refer note 39(a)

**14 OTHER CURRENT ASSETS**

(₹ in million)

	2012	2011
Other Current Assets	94.01	66.32
	<b>94.01</b>	<b>66.32</b>

**15 CASH AND BANK BALANCES**

(₹ in million)

	Non-Current		Current	
	2012	2011	2012	2011
<b>Cash &amp; Cash Equivalents</b>				
<b>Balance with Banks</b>				
- On current accounts with Scheduled Banks	-	-	1,100.47	679.53
- On Fixed Deposits accounts with Scheduled Banks	14.04	14.53	378.49	240.64
- Balances with Non Scheduled Banks*	-	-	10.50	76.87
<b>Cheques in hand</b>	-	-	6.01	31.76
<b>Cash on Hand</b>	-	-	7.88	6.70
	<b>14.04</b>	<b>14.53</b>	<b>1,503.35</b>	<b>1,035.50</b>

\* Includes amount earmarked for Unclaimed dividend ₹ 3.51 mn (P.Y. ₹ 3.18 mn).

**16 FIXED ASSETS**

(₹ in million)

Particulars	Gross Block			Depreciation and Amortization			Net Book value	
	As at April 1, 2011	Addition	Deduction/ Retirement	As at March 31, 2012	As at April 1, 2011	For the year Deduction	As at March 31, 2012	As at March 31, 2011
<b>TANGIBLE ASSETS</b>								
Land <sup>1</sup> *	97.91	57.09	51.49	103.51	-	-	-	97.91
Building <sup>2</sup> *	366.07	17.71	12.87	370.91	38.83	8.78	45.35	325.56
Plant & Equipment @	3,977.15	269.52	723.63	3,523.04	2,068.58	412.47	1,874.79	1,648.25
Furniture & Fixtures	30.12	0.60	2.78	27.94	19.84	3.48	20.53	7.41
Vehicles <sup>3</sup>	838.30	84.03	56.28	866.05	434.67	87.62	474.50	391.55
Office Equipments	33.43	1.90	0.09	35.24	23.24	3.28	26.45	8.79
Others <sup>4</sup>	29.98	0.07	-	30.05	13.63	3.87	17.50	12.55
Electric equipment	29.03	0.95	0.07	29.91	16.97	4.06	20.96	8.95
Computer Equipments	36.52	7.97	0.22	44.27	27.73	5.47	33.01	11.26
	<b>5,438.51</b>	<b>439.84</b>	<b>847.42</b>	<b>5,030.93</b>	<b>2,643.49</b>	<b>529.03</b>	<b>2,513.09</b>	<b>2,517.84</b>
<b>INTANGIBLE ASSETS</b>								
Computer Software	5.36	49.29	-	54.65	3.66	0.95	4.61	50.04
Less - Transferred to CWIP						(1.77)		
	<b>5,443.87</b>	<b>489.13</b>	<b>847.42</b>	<b>5,085.58</b>	<b>2,647.15</b>	<b>528.21</b>	<b>2,517.70</b>	<b>2,567.88</b>
Previous Year	5,312.65	277.59	146.37	5,443.87	2,172.50	527.76	2,647.15	2,796.72
								3,140.15

**Notes**

<sup>1</sup> Land includes ₹ 15.68 (P.Y. ₹ 19.45 mn) held in the name of Directors, relatives of Directors and employees for and on behalf of the Company

<sup>2</sup> a) Building includes Building [ Gross Block - ₹ 228.77 mn (P.Y. ₹ 223.94 mn), Accumulated Depreciation ₹ 26.66 (P.Y. ₹ 25.21 mn)] and Factory Building [ Gross Block - ₹ 142.13 (P.Y. ₹ 142.13 mn), Accumulated Depreciation ₹ 18.69 (P.Y. ₹ 13.62 mn)]

b) Includes ₹ 0.02 (P.Y. ₹ 0.02 mn) being the value of 30 shares and share deposits in Co - operative Societies.

<sup>3</sup> **Vehicles includes**

	Gross Block	Gross Block	Acc Dep. 2011-12	Acc Dep. 2010-11
Motor Car	211.00	216.56	89.11	80.13
Motor Truck	653.87	620.84	384.73	353.86
Motor Cycle	1.18	0.90	0.78	0.68

<sup>4</sup> **Others includes**

	Gross Block	Gross Block	Acc Dep. 2011-12	Acc Dep. 2010-11
Ship	4.10	4.04	3.35	3.17
Rails and Trolley	25.94	25.94	14.15	10.46

@ Includes Assets costing ₹ 84.68 mn (P.Y. ₹ 29.89 mn) yet to commissioned/erected/put to use and ₹ 16.34 mn (P.Y. ₹ 1.59 mn) towards exchange rate difference.

\* Deductions to Land and Building includes ₹ 239.31 mn (P.Y. ₹ 51.64 mn) transferred to Project Development Expenses



**17 REVENUE FROM OPERATIONS**

(₹ in million)

	2012	2011
(a) Revenue/Turnover (refer Note 38 b)	28,263.38	20,986.41
Add: Increase/(Decrease) in Work in Progress	(3,096.84)	4,207.90
Total Turnover	25,166.54	25,194.31
(b) Other operating Income		
Lease and Service Charges [TDS. ₹ 0.38 mn (P.Y. ₹ 5.37 mn)]	2.90	52.90
Share of profit from JV /Partnership	107.14	123.33
Other Income	219.84	1.51
	<b>25,496.42</b>	<b>25,372.05</b>

**18 OTHER INCOME**

(₹ in million)

	2012	2011
Dividend Income	3.89	3.89
Net Gain on Sale of Assets	26.10	-
Net Gain on Sale of Investments	-	0.03
Other non operating Income	57.40	58.73
Interest Income (Gross) [TDS. ₹ 35.42 mn (P.Y. ₹ 18.12 mn)]	833.79	730.27
Net gain on foreign currency translation	3.42	-
Excess Credit written back	13.73	12.29
	<b>938.33</b>	<b>805.21</b>

**19 COST OF CONSTRUCTION**

(₹ in million)

	2012	2011
<b>Stores, Embedded goods and Spare Parts *</b>		
Inventories at the beginning of the year	1,543.61	1,348.55
Add:Purchase (Net)	1,024.87	1,829.49
	2,568.48	3,178.04
Inventories at the end of the year	837.96	1,543.61
Consumption of Stores and Spares	1,730.52	1,634.43
Piece Rate Expenses (Net)	16,925.19	16,472.27
Repairs to Machinery	46.73	92.68
Transportation, Hire etc.	844.32	372.53
Power, Electricity & Water Charges	311.25	311.13
Project Developement Cost	593.86	907.21
Technical Consultancy Fees	33.42	11.82
Other Construction Costs	124.62	59.39
	<b>20,609.91</b>	<b>19,861.46</b>

\*Stores, embedded goods and spares etc., consumed include materials issued to Sub Contractors. It also includes materials of ₹5.53 mn (P.Y. ₹ 67.87 mn) in transit.

**20 EMPLOYEE BENEFITS EXPENSE**

(₹ in million)

	2012	2011
Salaries, Wages, and Bonus	605.80	653.34
Contribution to Provident and Other Funds	36.18	53.66
Employee Stock Option (ESOP)	6.21	16.37
Staff Welfare Expenses	32.81	28.35
	<b>681.00</b>	<b>751.73</b>

**21 FINANCE COSTS**

(₹ in million)

	2012	2011
Interest Expense <sup>1</sup>	2,799.45	2,469.71
Other Borrowing Costs	81.37	128.22
	<b>2,880.82</b>	<b>2,597.93</b>

- <sup>1</sup> a) Includes Interest on delay in payment of TDS ₹ 0.60mn (P.Y. ₹ 0.50 mn)  
b) Excludes Interest Capitalised ₹ 296.44 mn (P.Y. ₹ 197.08 mn)

**22 DEPRECIATION & AMORTISATION**

(₹ in million)

	2012	2011
Depreciation of tangible assets	527.26	527.14
Amortisation of intangible assets	0.95	0.62
	<b>528.21</b>	<b>527.76</b>

**23 OTHER EXPENSES**

(₹ in million)

	2012	2011
<b>Other Administrative Costs</b>		
Rent	25.82	22.90
Repairs and Maintenance - Building	7.96	11.03
Insurance	119.45	160.37
Rates and taxes	98.91	87.47
Advertisement and Selling Expenses	8.58	7.46
Travelling and Conveyance	57.23	65.45
Directors Fees	1.12	1.46
<b>Auditor's remuneration</b>		
Audit fees	3.93	3.27
Tax Audit fees	1.12	0.87
Taxation Matters	1.97	3.39
Other Capacity	1.12	1.10
Certification	1.40	1.10
Reimbursement of Expenses	0.16	0.12
	<b>9.70</b>	<b>9.85</b>
Communication expenses	12.83	14.27
Printing and Stationery	15.96	13.79
Legal and consultancy charges	154.84	145.54
Loss on Sale/ Discard of fixed assets (net)	-	10.23
Irrecoverable Debts written off	33.93	135.39
Net loss on foreign currency translation	-	43.05
Share of loss from joint venture	8.55	-
Other Expenses <sup>1</sup>	224.32	354.98
	<b>779.20</b>	<b>1,083.23</b>

<sup>1</sup> Includes Miscellaneous expenses which includes Other Repairs- ₹ 27.34 mn (P.Y. ₹ 57.92 mn), Tender fees, office and General Charges, Entertainment and rebate to clients, and Donation to CPI (M) is ₹ 0.65 mn (P.Y. ₹ 0.20 mn).

**24 EMPLOYEE BENEFITS****I Brief description of the Plans**

The Company provides long-term benefits in the nature of Provident fund and Gratuity to its employees. In case of funded schemes, the funds are recognized by the Income Tax authorities and administered through appropriate authorities/insurers. The Company's defined contribution plans are provident fund, employee state insurance and employees' pension scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Company has no further obligation beyond making the contributions. The Company's defined benefit plans include gratuity benefit to its employees, which is funded through the Life Insurance Corporation of India. The employees of the Company are also entitled to leave encashment and compensated absences as per the Company's policy. The Provident fund scheme additionally requires the Company to guarantee payment of specified interest rates, any shortfall in the interest income over the interest obligation is recognised immediately in the statement of profit & loss as actuarial loss. Any loss/gain arising out of the investment with the plan is also recognised as expense or income in the period in which such loss/gain occurs.

## II Disclosures for Defined Benefit Plan (Gratuity Funded Plan) based on actuarial reports as on March 31, 2012 and March 31, 2011:

### (i) Expenses recognized in the Profit and Loss Account: (₹ in million)

	2012	2011
Current service Cost	8.93	8.83
Interest Cost	1.71	1.29
Expected Return on Plan Assets	(1.21)	(1.11)
Net actuarial Gain	(21.06)	(5.70)
<b>Total Expenses recognized in the Profit and Loss Account</b>	<b>(11.63)</b>	<b>3.32</b>

### (ii) Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets (Amount recognized in Balance Sheet):

	2012	2011
Present Value of Funded Obligation as at year end	(9.34)	20.70
Fair Value of Plan Assets as at year end	16.51	15.32
<b>Funded (Asset)/Liability recognized in the Balance Sheet</b>	<b>7.17</b>	<b>(5.38)</b>

### (iii) Changes in Defined Benefit Obligation (Gratuity Funded Plan):

	2012	2011
Liability at the beginning of the year	20.70	16.14
Interest cost	1.71	1.29
Current service cost	8.93	8.83
Benefit Paid	(1.12)	(0.01)
Actuarial (gains) / losses on obligations	(20.88)	(5.53)
Liability at the end of the year	9.34	20.70

### (iv) Changes in the Fair value of Plan Assets:

	2012	2011
Fair Value of Plan Assets at the beginning of the year	15.14	13.86
Expected Return on Plan Assets	1.21	1.11
Contributions	1.10	0.21
Benefit Paid	(1.12)	(0.01)
Actuarial gain/(loss) on Plan Assets	0.18	0.16
Fair Value of Plan Assets at the end of the year	16.51	15.32
Total Actuarial Gain/(Loss) To Be Recognized	21.06	5.70

### (v) Actual return on Plan Assets (₹ in million)

	2012	2011
Expected Return on Plan Assets	1.21	1.11
Actuarial Gain on Plan Assets	0.18	0.16
	<b>1.39</b>	<b>1.27</b>

### (vi) The Company expects to contribute ₹ Nil (P.Y. ₹ 2.33 mn) to Gratuity Funded Plan in FY 2012-13

### (vii) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets:

	2012	2011
Insurer Managed Funds	100%	100%

- (viii) In accordance with the Accounting Standard- 15 (Revised 2005), actuarial valuation was performed based on the following assumptions:

	2012	2011
Discount rate	8.50%	8.25%
Rate of increase in Compensation Levels	5.00%	5.00%
Expected Rate of Return on Plan Assets	8.60%	8.00%
Attrition rate	2.00%	2.00%
Average Age of retirement (years)	60	60
ix) Experience Adjustments	2012	2011
On Plan Obligation (gain)/loss	(20.60)	(4.50)
On Plan Asset (Loss)/Gain	0.18	0.16

- 25 (i) Income-tax assessments are completed up to A.Y. 2007-2008. Several appeals for the earlier assessment years are pending before the Appellate Authorities. The aggregate demand for the same amounting to ₹ 692.49 mn has been already adjusted / paid. The Company has made a provision for tax of ₹ 320.00 mn (P.Y. ₹ 363.50 mn), and Deferred Tax Liability of ₹ 31.31 mn (P.Y. reversed 30.46 mn). The Company has been advised that it is not liable to Wealth-Tax except on Motor Car Accordingly, Wealth Tax of ₹ 1.50 mn (P.Y. ₹ 1.50 mn) has been provided.
- (ii) During the previous year ended March 31, 2011, out of prudence the company has made a provision for ₹ 450 mn, on account of the liability that may arise under the proceedings under Section 132 of the Income Tax Act, 1961 out of the Surplus in Profit & Loss Account.
- (iii) The Finance Act, 2009 has amended Section 80IA (4) of the Income Tax Act, 1961 by inserting an explanation to the said section retrospectively from April 1, 2000 purporting to withdraw the benefit hitherto available. The impact of ₹ 1,485.11 mn upto March 31, 2009 due to the above amendment, though being subjudice, has been provided and adjusted out of the Surplus in Profit and Loss Account. The Company has legally contested the validity of the above amendment and intention of the said section. Further, the company has filed a writ petition with High Court of Mumbai for challenging constitutional validity for insertion of explanation with retrospective effect and writ has been admitted.

## 26 DEFERRED TAX

The Company is entitled to deductions under the Income Tax Act, which are in nature of permanent benefits. However, deferred tax adjustments on account of timing differences as described in Accounting Standard – 22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, is made.

The deferred tax liability (net) comprise of the following:

	2012	2011
<b>Deferred Tax Liability (DTL)</b>		
Related to depreciation on fixed assets	76.87	44.30
(a)	76.87	44.30
<b>Deferred Tax Assets (DTA)</b>		
Disallowances under the Income Tax Act	10.78	9.52
(b)	10.78	9.52
<b>Liability for Deferred Tax (net)</b>	<b>66.09</b>	<b>34.78</b>
(a - b)		

## 27 LEASE

The Company has taken various construction equipments under non cancelable operating lease. The future minimum lease payment in respect of these as at March 31, 2012 are as follows:

	2012	2011
Minimum lease obligation payable as at March 31,		
a) within one year of the Balance Sheet date	9.17	-
b) due in a period between one year and five years	18.35	-
c) due after five years	-	-

The Operating lease arrangement, are renewable on a periodic basis and it provides for an option to the Company to renew the lease at the end of the non cancellable period. There is no exceptional / restrictive covenants under the lease arrangement.

**28 EARNING PER SHARE**

(₹ in million)

	2012	2011
Net profit as per profit and Loss Account available for shareholders for both Basic and diluted Earnings Per Shares of Re. 1 Each	604.30	1,022.10
Weighted Average Number of Equity shares for earning per share	69,827,151	69,827,151
Earning Per Share (Basic and Diluted) ₹	8.65	14.64

For Previous Year ended 2011, Shares for ESOP have been already allotted to the Trust and therefore there is no effect on EPS. However, as and when the options are granted by the trust to the employees, the necessary accounting for expense will be made.

**29 RELATED PARTY DISCLOSURE**

Related party disclosures, as required by Accounting Standard 18, 'Related Party Disclosures', are given below:

**A. Name of Related Parties and nature of relationship :-**

Direct Subsidiaries			
1	Patel Realty (India) Ltd	12	Vismaya Constructions Pvt Ltd
2	Patel Energy Resources Ltd	13	Bhooma Realities Pvt Ltd
3	Michigan Engineers Pvt Ltd	14	Friends Nirman Pvt Ltd
4	Shreeanant Construction Pvt Ltd	15	Patel Concrete and Quarries Ltd
5	Pan Realtors Pvt Ltd	16	ASI Inc
6	Energy Design Pvt Ltd	17	Patel Engineering Infrastructure Ltd
7	Patel Lands Ltd	18	Patel Engineering (Mauritius) Ltd
8	Patel Patron Pvt Ltd	19	Patel Engineering (Singapore) Pte. Ltd
9	Patel Engineers Pvt Ltd	20	Patel Engineering Inc
10	Pandora Infra Pvt Ltd	21	Patel Engineering Lanka Ltd
11	Shashvat Land Projects Pvt Ltd	22	Zeus Minerals Trading Pvt Ltd (earlier known as Zeus Land Projects Pvt. Ltd)

## Subsidiaries of Patel Realty (India) Limited

1	Bellona Estate Developers Ltd	9	Nirman Constructions Pvt Ltd
2	Hebe Infracon Pvt Ltd	10	Azra Land Projects Pvt Ltd
3	Hera Realcon Pvt Ltd	11	Waterfront Developers Ltd
4	Lucina Realtors Pvt Ltd	12	Les Salines Development Ltd
5	Apollo Buildwell Pvt Ltd	13	La Bourgade Development Ltd
6	Arsen Infra Pvt Ltd	14	Ville Magnifique Development Ltd
7	Praval Developers Pvt Ltd	15	Sur La Plage Development Ltd
8	Phedra Projects Pvt Ltd		

## Subsidiaries of Patel Energy Resources Limited

1	Dirang Energy Pvt Ltd	10	PEL Power Ltd
2	West Kameng Energy Pvt Ltd	11	PEL Port Pvt Ltd
3	Patel Energy Assignment Pvt Ltd	12	Patel Energy Ltd
4	Patel Energy Projects Pvt Ltd	13	Laksha Infra Projects Pvt Ltd
5	Patel Energy Operations Pvt Ltd	14	Jayshe Gas Power Pvt Ltd
6	Patel Hydro Power Pvt Ltd	15	Patel Thermal Energy Pvt Ltd
7	Digin Hydro Power Pvt Ltd	16	Meyong Hydro Power Pvt Ltd
8	Shree Balaji Power Services Pvt Ltd (upto November 9, 2011)	17	Patel Energy Trading Pvt Ltd
9	Naulo Nepal Hydro Electric Pvt Ltd		

## Subsidiaries of ASI Inc

1	ASI Australia Pty Ltd
2	Engg. & Const. Inc.
3	HCP Inc.

## Subsidiaries of Patel Engineering (Singapore) Pte Ltd

1	Patel Surya (Singapore) Pte. Ltd	7	Patel Param Energy Pte Ltd
2	PT PEL Minerals Resources	8	PT Patel Surya Jaya
3	Patel Param Minerals Pte Ltd	9	Patel Param Natural Resources Pte Ltd
4	PT Patel Surya Minerals	10	Mineral Resources Holding Ltd
5	PT Surya Geo Minerals	11	PT Patel Engineering Indonesia
6	PT Surpat Geo Minerals		

## Subsidiaries of Patel Engineering Inc

1	ASI RCC Inc	3	ASI RCC India Ltd
2	Westcon Microtunnelling Inc		

## Subsidiaries of Patel Engineering (Mauritius) Ltd

1	Patel Mining (Mauritius) Ltd	8	Metalline Mine Works,Lda
2	Enrich Mining Vision, Lda	9	Patel Mining Assignments, Lda
3	Placer Mining Division, Lda	10	Chivarro Mines Mozambique,Lda
4	Patel Infrastructure, Lda	11	Fortune Mines Concession,Lda
5	Trend Mining Projects,Lda	12	Omini Mines Enterprises,Lda
6	Accord Mines Venture,Lda	13	Quest Mining Activities, Lda
7	Netcore Mining Operations,Lda		

## Associates:

1	Enpro Ltd	4	Patel KNR Heavy Infrastructure Ltd
2	Patel KNR Infrastructure Ltd	5	Raichur Sholapur Transmission Company Ltd
3	ACP Tollways Pvt. Ltd.	6	Terra Land Developers Ltd

## Joint Ventures

Refer Note (36)

## Partnership

1	AHCL PEL		
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## Others

1	Saskang Rong Energy Pvt. Ltd	3	Patel Corporation LLP
2	Praham India LLP		

**B. Key Management Personnel**

Mr. Pravin A Patel  
 Mr. Rupen Patel  
 Ms. Silloo Patel  
 Ms. Sonal Patel  
 Mr. Nimish Patel  
 Mr. Shiraz Patel  
 Mr. Bhim Batra

Non-Executive Chairman  
 Managing Director  
 Whole Time Director  
 Relative of Key Management Personnel  
 Whole Time Director  
 Relative of Key Management Personnel  
 Relative of Key Management Personnel

- C. Transaction with Related Parties with Subsidiaries, Associate companies, Joint Ventures, Partnership and Others referred to in item (A) above.

Particular	(₹ in million)			
	Subsidiary Companies		Associates/ Joint Ventures / Partnership/Others	
	2011-12	2010-11	2011-12	2010-11
- Revenue/Turnover	1,785.32	418.12	1,894.34	504.52
- Piece Rate Expenses	1,366.44	896.61	-	-
- Investment in Equity / Purchase of Shares	507.90	40.30	230.20	0.17
- Investment in Preference shares	-	225.98	-	-
- Share Application Money	-	-	51.33	-
- Advances received	2,985.25	2,161.80	202.05	317.93
- Advances recovered/repaid	3,689.96	139.69	157.73	27.38
- Share of Profit	-	-	91.08	123.33
- Share of loss	-	-	8.12	1.15
- Miscellaneous Receipts	13.43	10.69	14.39	12.12
- Loans/Advances given	3,416.86	7,152.02	1,674.45	85.80
- Loan/ Advances returned	2,675.63	7,451.83	1,156.88	662.35
- Purchase of Assets	-	-	108.08	-
- Sale of Assets	12.94	-	-	-
- Bank Guarantee outstanding as at the end of the year	2,403.03	880.92	2,379.78	2,013.22
- Outstanding Balance included in Current Assets	2,566.47	1,849.57	2,128.15	1,450.03
- Outstanding Balance included in Current Liabilities	1,523.18	1,268.86	2,398.54	1,069.13
- Issue of Stores	663.57	3.46	-	-
- Purchase of Stores	-	0.63	-	-
- Reimbursement of Expenses	3.96	1.74	1.79	1.60
- Consultancy Fees paid	9.74	-	-	-
- Rent Income	1.41	5.19	0.05	0.04
- Rent paid	4.12	4.12	-	-
- Hire Charges received	0.97	1.08	-	-
- Interest Income	125.83	137.86	25.79	19.20
- Development Expenses	89.13	180.00	-	-

- D. Details of Transactions relating to persons referred in item (B) above.

Particular	(₹ in million)	
	2011-12	2010-11
Managerial Remuneration	42.04	62.72
Salary and contribution to provident fund	1.46	1.18
Rent Income	0.92	0.92
Deposit	0.40	0.40
Rent Paid	1.75	1.63
Director's Seating fees	0.24	0.24
Loan Taken ( since re-paid)	4.40	-
Sale of Assets	5.03	-

- 30 The Company has main reportable business segment namely "Civil Construction".
- 31 Income consisting of Construction income of ₹ 153.69 mn (P.Y. ₹ 35.66 mn) and other income of ₹ 65.92 mn (P.Y. ₹ Nil) and Expenses consisting of Piece Rate Expenses ₹ 72.36 mn (P.Y. ₹ 24.93 mn) and other expenses ₹ 8.83 mn (P.Y. ₹ 7.19 mn) pertaining to prior periods credited and debited respectively to Profit and Loss Accounts under various heads of accounts.



- 32 The Company has some contract revenues receivable in foreign currency. To reduce various financial risks the Company has entered into hedging transactions. Due to delay in payments, changes in drawings, changes in design all on account of the client, the hedging position got exposed incurring loss on such transactions. The said hedging loss of ₹ Nil (P.Y. ₹ 493.04 mn) has been debited to profit and loss account as interest expense, as a prudent and conservative accounting policy. The aforementioned is claimable from the clients and are carried in work – in – progress.
- 33 In accordance with “The Companies (Accounting Standards) Amendment Rules, 2009, where in the provisions pertaining to AS-11 relating to “The Effects of the changes in Foreign Exchange Rates”, vide notification dated March 31, 2009 and further amended on May 13, 2011, the Company has carried over exchange (gain)/loss of ₹ 5.90 mn (P.Y. ₹ 8.50 mn) through “Foreign Currency Monetary Items Translation Difference Account”, to be amortized over the balance period of the long term asset/liability, in respect of which such exchange gain/loss has arisen, but not beyond March 31, 2012. Further exchange loss (net) of ₹ 1.59 mn (P.Y. ₹ Nil) has been added to the cost of the respective fixed asset.
- 34 Debit and Credit Balances are subject to confirmation from creditors, debtors and sub contractors. The management does not expect any material difference affecting the financial statements for the year.
- 35 Additional information pursuant to the provision of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, (wherever applicable).

<b>a) Value of Imports on CIF basis:</b>		(₹ in million)	
		2012	2011
Stores materials		21.19	189.63
Components and Spare Parts		-	2.25
Capital Goods		17.83	106.85
		<b>39.02</b>	<b>298.73</b>

<b>b) Expenditure in Foreign Currency:</b>		(₹ in million)	
		2012	2011
At USA Office		5.63	6.48
Interest Paid		19.56	28.67
Consultancy fees		20.18	17.23
Directors Fees		-	0.01
Traveling Expenses		4.80	9.45
Subscription and Other Expenses		0.35	0.18
Bank Charges		0.60	0.41
P.W. Wages		23.97	15.40
Mauritius Office		9.66	60.19
Tender Fees		-	0.04
		<b>84.75</b>	<b>138.06</b>

<b>c) Earnings in Foreign Exchange:</b>		(₹ in million)	
		2012	2011
Contract Receipts		499.52	601.55
At USA Office		0.01	0.02
Interest Income		-	15.49
Other Income		0.00	0.32
		<b>499.53</b>	<b>617.38</b>

**d) Value of imported and indigenous Stores material, Spare Parts and Components Consumed:**

	2012		2011	
	₹ in million	%	₹ in million	%
Imported	169.60	9.8	17.79	1.1
Indigenous	1,560.92	90.2	1,616.64	98.9
	<b>1,730.52</b>	<b>100.0</b>	<b>1,634.43</b>	<b>100.0</b>

36 Contracts executed by the following Joint Ventures / Consortiums are accounted for as per the Accounting Policy No. (m).

Name of the Joint Venture / Consortium	Name of the J.V / Consortium Member	Patel's Share
LGE&C-PATEL J.V.	L.G. Engineering and Construction, Korea	100%(25%+75%)
PATEL –KNR J.V.	KNR Constructions Ltd.	50%
KNR – PATEL J.V.	KNR Constructions Ltd.	49%
PATEL – SOMA J.V	Soma Enterprises Ltd	50%
PATEL – MICHIGAN JV	Michigan Engineers Pvt. Ltd	10%
PATEL-SA JV	Sandeep Associates	75%
PATEL L & T JV	L&T	60%
Patel Sew JV	Sew Constructions Ltd	60%
Era Patel Advance JV	Era Infra Engineering Ltd, Advance Construction Company Pvt Ltd,	30%
Era Patel Advance Kiran JV	Era Infra Engineering Ltd, Advance Construction Company Pvt Ltd, & Kiran Udhog	47.06%
Patel Sotravic JV	Sotravic, Mauritius	75%
Patel ARSS JV	ARSS Infrastructures Projects Ltd	51%
Patel – Siddhivinayak JV	Siddhivinayak Constructions	51%
Patel – V Arks JV	V Arks Engineers Pvt.Ltd.	65%
Navyuga – Patel – BHEL	Navyuga Engineering Co.Ltd.	42.2274%
Patel – Avantika – Deepika – BHEL	Avantika ContractorsIndia Pvt.Ltd.	52.8293%
Patel – V Arks - Precision	V ArksEngineers Pvt.Ltd.	60%
Patel Leena JV	Leena Powertech Pvt. Ltd.	50%
Patel Advance JV	Advance Constructions Co.Pvt.Ltd.	60%

37 Disclosure required in accordance with Accounting Standard – 7 (Revised). In respect of contracts entered into on or after April 1, 2003, contract revenue recognized as construction ₹ 19,638.22 mn contract costs incurred and recognized profit (less recognized losses) ₹ 102,053.87 mn advance received ₹ 431.78 mn retention deposit ₹ 1297.69 mn and gross amount due from clients for contract works included under current assets ₹ 8,980 mn.

- 38 a) Unbilled Work in Progress includes stock of land under development (including held in the name of directors relatives of directors/employees, as nominees of the company).
- b) Turnover includes, construction of multi purpose projects, water supply projects,Irrigation projects, building projects, road and railway projects, on item rate or EPC basis and sale of development rights. It also includes duty drawback and entitlement etc but excludes VAT, Service Tax etc.
- c) During the Financial year 2010-11, two of Company's hydropower projects in Loharinagpala, in the state of Uttarakhand, awarded by NTPC, were prematurely terminated by Government of India. NTPC has sought details of expenditure incurred, committed costs, anticipated expenditure on safety and stabilization measures, other recurring site expenses and interest costs, as well as other claims of various packages of contractors / vendors for further submission to the government after compiling all the details of expenses incurred by various contractors working for the project. Management expects that all these cost as well as claims will be recovered in full and hence the cost incurred on the project up to March 31, 2012 ₹ 1,965.63 mn (P.Y. ₹ 1,892.22 mn) are considered recoverable and billable to the client and hence included under work in progress.
- d) Arbitration awards received in favour of the Company amounting to ₹ 2,514.76 mn (P.Y. ₹ 2,330.36 mn) hitherto shown as Working-in-progress is now accounted for as Construction Receipts.

### 39 Contingent Liabilities

- (a) Commitment for capital expenditure is ₹ 54.81 mn (P.Y. ₹ 480.89 mn) , advance paid ₹ 12.59 mn (P.Y. ₹ 15.74 mn)
- (b) Counter indemnities given to Banks and others in respect of secured guarantees, etc. on behalf of subsidiaries and others given by them in respect of contractual commitments in the ordinary course of business is ₹ 5,187.62 mn (P.Y. ₹ 6,420.35 mn) (including Customs ₹ 204.52 mn (P.Y. ₹ 347.57 mn) for the current year includes guarantees given in US\$ 12mn (P.Y. US\$ 7.50 mn). Corporate guarantees on behalf of subsidiaries and others is ₹ 9,552.09 mn (P.Y. ₹ 8,079.52 mn) (against which the Company has obtained counter indemnities for ₹ Nil (P.Y. ₹ 105.00 mn) and towards Custom Duty ₹ 71.62 mn (P.Y. ₹ 71.62 mn).

- (c) The Company has received an amount of ₹ 12.74 mn in 1997 against arbitration award in its favour. The client has preferred an appeal against above award claiming an amount of ₹ 213.32 mn (P.Y. ₹ 213.32 mn) before the Hon'ble appeal court. However the management feels that the likelihood of outflow of resources is remote.
- (d) Outstanding Letter of Credit amounts to ₹ 251.11 mn (P.Y. ₹ 50.25 mn)
- (e) Sales tax ₹ 37.26 mn (P.Y. ₹ 33.51 mn (Advance paid ₹ 18.52 mn (P.Y. ₹ 18.52 mn). Cess ₹ 7.46 mn (P.Y. ₹ 7.46 mn).
- (f) Custom liability that may arise on matter in appeal ₹ 7.61 mn (P.Y. ₹ 7.61 mn).
- (g) Trade Receivables to the extent of ₹ 1,568.39 mn (P.Y. ₹ 1,565.90 mn) have been discounted with Bank on Recourse Basis.
- (h) Allowances due to employees in remote areas (Arunachal Pradesh) may accrue in future maximum to the extent of ₹ 2.66 mn (P.Y. ₹ 1.86 mn). The same will be paid to the employees who continue to be on the payrolls upto October 1, 2012.
- (i) Provident Fund liability that may arise on matter in appeal ₹ 9.2 mn ( P.Y. ₹ Nil)

**40** Disclosures as required under Clause 32 of listing agreements:  
Loans and Advances in the nature of loans given to Subsidiaries and Associates:

Name of Companies / Associates		As at March 31, 2012	As at March 31, 2011	Maximum Amount outstanding (2011 – 12)	Maximum Amount outstanding (2010 – 11)
<b>Subsidiaries</b>					
1	Shreeanant Construction Pvt Ltd	13.00	13.00	13.00	13.00
2	Michigan Engineers Pvt.Ltd.	41.86	38.44	135.58	38.44
3	Patel Patron Pvt. Ltd.	5.30	3.63	5.30	3.63
4	PEL Power Ltd.	182.76	19.82	182.76	42.86
5	Patel Realty (India) Ltd.	105.32	40.79	140.75	327.02
6	Patel Energy Ltd.	1.94	1.39	34.43	2.02
7	Water Front Developers Ltd.	-	0.11	0.11	0.11
8	Patel Engineering (Mauritius) Ltd.	4.07	3.15	4.07	3.15
9	Patel Eng. Infrastructure Ltd.	452.34	236.59	452.34	2,324.34
10	PAN Realtors Pvt.Ltd.	-	3.21	3.22	3.34
11	Nirman Constructions Pvt. Ltd.	-	0.50	0.50	0.50
12	Phedra Projects Pvt Ltd	0.01	6.15	6.15	6.15
13	Vismaya Constructions Pvt. Ltd.	2.51	0.47	2.51	0.47
14	Shashvat Land Projects Pvt. Ltd.	166.00	34.58	166.00	34.58
15	Bhooma Realtors Pvt. Ltd.	291.92	140.82	291.92	140.82
16	Pandora Infra Pvt. Ltd.	171.54	46.05	171.54	46.05
17	Friends Nirman Pvt.Ltd.	-	0.04	0.05	0.11
18	Patel Eng. (Singapore) Pte. Ltd.	21.40	115.53	139.77	115.53

**40** Disclosures as required under Clause 32 of listing agreements (Contd.):

Name of Companies / Associates		As at March 31, 2012	As at March 31, 2011	Maximum Amount outstanding (2011 – 12)	Maximum Amount outstanding (2010 – 11)
19	Dirang Energy Pvt. Ltd.	10.17	15.35	19.18	312.35
20	Patel Mining Divn. Lda,	5.76	5.01	6.63	5.01
21	Patel Engineering Inc.	-	6.68	6.68	9.13
22	Patel Energy Resources Ltd.	433.29	494.96	433.29	856.24
23	Patel Mining (Mauritius) Ltd.	101.29	51.00	101.29	51.00
24	Energy Design Pvt.Ltd.	58.90	48.04	58.90	48.04
25	ASI RCC India Pvt.Ltd.	-	0.01	0.01	0.01
26	PT Patel Surya Minerals	5.11	3.76	5.11	3.76
27	ASI Inc.	2.04	1.77	2.14	1.77
28	Patel Lands Ltd	-	0.02	0.02	0.32
29	Patel Hydro Powers Ltd	0.18	-	1.21	-
30	Patel Engineering Lanka Pvt Ltd.	0.84	-	0.84	-
31	Patel Engineering Pvt Ltd.	0.01	-	0.01	-
<b>Associates</b>					
32	ENPRO Ltd.	172.10	169.24	172.10	172.10
33	Terra Land Developers Pvt. Ltd.	92.98	-	92.98	-
34	Raichur Solapur Transmission Co. Ltd.	0.23	65.10	65.78	65.78
35	PATEL-KNR Infrastructure Pvt. Ltd.	1.59	1.48	160.34	662.09
36	PATEL-KNR Heavy Infrstructure Pvt. Ltd.	47.90	47.89	47.90	47.89
37	ACP Tollways Pvt. Ltd.	1.71	-	52.04	-
<b>Total</b>		<b>2,394.07</b>	<b>1,614.58</b>	<b>2,976.44</b>	<b>5,337.60</b>

**41** Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

As per our report of even date

**For Vatsaraj & Co**  
Chartered Accountants  
Firm Regn No:111327W

CA NITESH K. DEDHIA  
Partner  
Membership No. 114893  
Mumbai, September 4, 2012

For and on behalf of Board

**Rupen Patel**  
Managing Director

**Shobha Shetty**  
Company Secretary

Mumbai, September 4, 2012

**Silloo Patel**  
Director

**K. Kannan**  
Director

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## NOTES

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