

ENGINEERING & CONSTRUCTION **POWER** **REAL ESTATE**

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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
Mr. Priyavadan C. Purohit
Ms. Silloo Patel, Whole Time Director & CFO
Mr. Nimish Patel, Whole Time Director
Mr. Bhasker Mehta

REGISTERED OFFICE

Patel Estate Rd, 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: rnt.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

CONSORTIUM 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

MESSAGE FROM THE MANAGING DIRECTOR



Rupen Patel
Managing Director

Dear Shareholder,

The global economy has just undergone a seismic change. These are testing times for all of us. We need to learn our lessons from this change and strategize our operations accordingly. The first and foremost lesson, in the role of leadership, not just of the managing director of the company but of the entire top management is the importance of being nimble on your feet by accepting, analyzing, and responding to changed circumstances. I firmly believe that you require prudence and conservatism in addition to being resilient and flexible for building a strong foundation for the future. A diversified business portfolio helps in managing risks. More importantly it is about bullet-proofing strategies by testing them under different scenarios. The key is also to never lose focus on the basic things such as costs and efficiency which will help us come out on the right side.

Despite the overwhelming need for infrastructure in the country, the construction industry as a whole has been

witnessing sluggishness (slow order inflows, high & rising interest costs & rise in commodity prices). This last year has been particularly challenging for the Company and the performance has not met either our expectations or targets; the revenue growth has been adversely affected by natural calamities like flash floods, order delays and cancellations due to environmental concerns and current political scenarios.

Asia has become the engine of world growth and despite lingering economic uncertainty and ongoing political uncertainty, the outlook for India remains positive as a major contributing factor offering great opportunities. The rapid changes of the last decade are only a precursor to the much greater growth and prosperity that we can achieve in the coming years and the Company is well placed to benefit from these opportunities. The Company is a key player in India's economic landscape. The company expects to deliver increased revenue and operating profit on the back of high levels of work in hand and improving economic conditions in the country.

2011 FINANCIALS

The figures below indicate the Company's growth in the Industry on consolidation basis:

- Revenue from Operations increased by 8.93% to ₹ 34,759.09 for the financial year ended March 31, 2011 from ₹ 31,909.33 million
- Operating profit (excluding other income) stood at ₹ 4,619.75 million.
- Profit before tax stood at ₹ 1,847.17 million.
- Profit after tax stood at ₹ 1,226.05 million.
- The EPS (fully diluted) stood at ₹ 17.56.
- Net worth of the Company stood at ₹ 14,196.16 million.

BUSINESS PROGRESS 2011

Construction & Engineering

The order book as on March 31, 2011 stands at around 95000 million. We are confident of receiving a fair price of the contracts issued by the Government and doubling our turnover from the core business over a 5 year period.

Power

- The 1050 MW Coal based Thermal Power Plant, Tamilnadu is taking shape. Most of the approvals for imitating the construction process have been received. We expect the financial closure to be completed in FY 12.
- The DPR and land acquisitions of 144 MW Hydro Power project in Arunachal Pradesh have been completed and the Statutory Clearances are in place. The financial closure is expected to be completed and the construction of the project is expected to commence in FY 12.

Transmission

- The Company has forayed into transmission business. The first assignment we received is from the Government of India to establish 765 kv transmission system associated with Krishnapattam

UMPP through tariff based competitive bidding process. The project is being executed jointly with Simplex Infrastructure Ltd and BS Transcomm Ltd through a special purpose vehicle viz Raichur Sholapur Transmission Company Ltd.

Real Estate

Real Estate like the power business is gaining sharper focus.

- Neotown's first phase under the brand 'Smondoville' (construction of residential apartments) is scheduled to be completed by January 2012.
- Smondoville 2.0, the next version of Smondoville was launched to provide a customized solution with larger spaces, grand balconies, terraces, and a swimming pool. India's first and largest strip mall over 16 acres under the brand 'Neomall' was launched and is expected to be operation in 2013.
- The commercial project in Jogeshwari, Mumbai is in progress and the estimated time to complete the whole project is 30 months.
- The Mauritius project has commenced and is in line with the implementation program and infrastructure works have started.
- The execution and construction of the Nodia project under the brand Pan Oasis is running in full swing and the subsidiary executing the project has recognized revenues during the year from this project.

In closing, I wish to thank you for the confidence that you have placed with us which fuels our drive to deliver value in the hands of all those who invest and team with us.





OUR GLOBAL PRESENCE

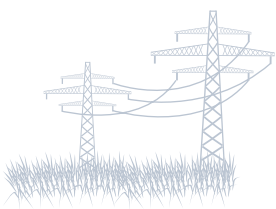


COMPARATIVE CONSOLIDATED FINANCIALS

(₹ in million)

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
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A. FINANCIAL POSITION										
Share Capital	69.83	69.83	59.66	59.66	59.66	50.00	48.60	24.30	24.30	24.30
Reserves & Surplus	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	742.13
Shareholders Funds	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	766.43
Minority Interest	704.27	615.24	215.77	405.41	74.02	254.36	315.35	314.48	315.37	205.44
Deferred Tax Liability	131.95	114.88	148.36	150.94	118.40	167.54	174.53	145.46	93.89	-
Loan Funds	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	859.18
Contractee advances	-	-	4,654.30	2,178.00	1,491.85	1,975.71	1,887.49	1,152.97	1,244.29	690.88
Total Funds Employed	40,390.86	32,657.82	28,003.34	20,957.35	12,178.13	7,982.35	5,783.98	4,195.62	3,910.77	2,521.93
Fixed Assets (Net)	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	1,181.59
Investments	780.35	698.17	504.65	360.81	1,714.02	283.64	322.24	124.98	8.82	10.29
Deferred Income Tax	-	-	-	-	-	14.32	9.68	13.07	15.20	-
Net Current Assets	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	1,322.80
Miscellaneous Expenditure (To the extent not written off or adjusted)	82.44	66.97	59.40	22.85	27.05	32.25	1.02	2.64	10.63	7.25
Total Application of Funds	40,390.86	32,657.82	28,003.34	20,957.35	12,178.13	7,982.35	5,783.98	4,195.62	3,910.77	2,521.93
B. OPERATING RESULTS										
Income from Operations	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	5,332.38
Other Income	229.75	630.12	144.59	36.87	97.51	59.68	77.13	211.29	113.43	431.94
Total Income	34,988.84	32,539.45	24,743.04	18,633.30	12,997.63	10,283.02	7,989.14	7,837.26	5,764.67	5,764.32
Total Expenditure	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	5,468.87
Profit before Tax	1,847.17	3,049.90	2,370.30	1,855.10	1,312.13	807.73	489.03	356.86	191.52	295.45
Profit after Tax	1,307.26	2,120.57	1,934.02	1,628.12	1,171.33	741.90	421.23	284.96	144.72	260.49
Minority Interest and other adjustments	81.21	138.96	129.24	109.07	26.62	8.80	5.70	6.32	0.12	12.78
Net Profit	1,226.05	1,981.61	1,804.78	1,519.05	1,130.11	733.10	415.53	278.63	144.60	247.71
C. EQUITY SHARE DATA										
Earning per share (₹)	17.56	30.96	30.25	24.74	18.90	14.80	8.55	57.33	29.75	35.82
Number of Shares	69,827,151	69,827,151	59,659,090	59,659,090	59,659,090	50,000,000	48,604,800	4,860,480	4,860,480	4,860,480
Dividend%	100%	200%	175%	150%	130%	130%	100%	100%	100%	100%



DIRECTORS' REPORT

To

The Members of Patel Engineering Ltd,

The Directors are pleased to present the 62nd Annual Report together with the Audited Accounts for the year ended March 31, 2011.

FINANCIAL HIGHLIGHTS

	(₹ in million)			
	Consolidated		Standalone	
	2010-11	2009-10	2010-11	2009-10
Total Income	34,988.84	32,539.45	25,446.99	24,350.15
Profit before depreciation	2,667.58	4,140.06	1,884.39	2,520.07
Less: Depreciation	820.41	1,090.16	527.76	501.73
Profit before tax	1,847.17	3,049.90	1,356.63	2,018.34
Tax & other adjustments	621.12	1,068.29	334.53	709.80
Profit after tax	1,226.05	1,981.61	1,022.10	1,308.54
Add: Balance in Profit & Loss A/c	3,442.29	3,846.96	2,800.14	3,825.53
Amount available for appropriation	4,668.34	5,828.57	3,822.24	5,134.07
APPROPRIATION:				
a. Interim Dividend	-	140.09	-	140.09
b. Final Dividend	69.83	-	69.83	-
c. Tax on Dividend	11.33	23.73	11.33	23.73
d. General Reserve	175.50	125.50	150.00	100.00
e. Debenture Redemption Reserve	210.00	135.00	210.00	135.00
Balance carried forward	4,201.68	3,892.56	3,381.08	3,250.14

OPERATIONAL HIGHLIGHTS

The turnover of the Company for the year ended March 31, 2011 on consolidated basis stood at ₹ 34,759.09 million as against ₹ 31,909.33 million for the previous year ended March 31, 2010, thereby recording a growth of 8.93%. The operating profit for the year is ₹ 4,619.75 million as compared to ₹ 5,085.64 million for the previous year. The Profit after tax is ₹ 1,226.05 million as compared to ₹ 1,981.61 million for the previous year.

On standalone basis, the turnover of the Company stood at ₹ 25,194.31 million for the year ended March 31, 2011 as against ₹ 24,098.92 million for the previous year ended March 31, 2010, thereby recording a growth of 4.55%. The operating profit for the year is ₹ 3,548.89 million as compared to ₹ 3,798.07 million for the

previous year. The Profit after tax is ₹ 1,022.10 million as compared to ₹ 1,308.54 million for the previous year.

Rising Interest rate and increase in borrowing has led to higher interest cost and hence reduction in profit.

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

DIVIDEND

During the year under review, the Directors have recommended a dividend of ₹ 1/- per Equity Shares (100%), aggregating to ₹ 81.1 million (including dividend tax).

The payment of the aforesaid 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 11, 2011 to October 17, 2011.

PUBLIC DEPOSITS

The Company did not invite or accept deposits from public during the year under review.

FINANCE

During the year, the Company tied up Long terms debt (5 years) by way of issue of Non Convertible Redeemable

Secured Debentures on private placement basis for ₹ 1000 million and ₹ 500 million, carrying an interest rate of 9.55% and 10.75% respectively. The total amount of outstanding Non Convertible Redeemable Secured Debentures as on date is ₹ 5000 million repayable over period of 3 to 5 years.

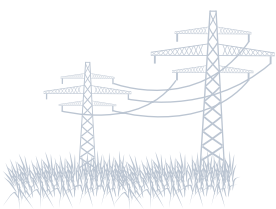
The Company has raised money through bank borrowings (long and short terms) from time to time and the total amount outstanding as on March 31, 2011 is ₹ 18,957.21 million. The borrowings are within the limit of ₹ 50,000 million approved by the Members of the Company vide resolution dated September 29, 2005.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

The Company has 15 direct subsidiaries and 66 step-down subsidiaries totaling to 81 subsidiaries as on March 31, 2011. The following Companies became subsidiaries during the year 2010- 2011.

No.	Name of Subsidiary	Date of becoming subsidiary	% of holding	Remarks
DIRECT SUBSIDIARIES				
1	Patel Lands Ltd, India	25.08.2010	60%	
STEP DOWN SUBSIDIARIES				
2	Mineral Resources Holding Ltd, UAE	27.07.2010	100%	Incorporated as subsidiary of Patel Param Minerals Pte Ltd, (Patel Engineering Singapore Pte.Ltd (PESPL) holds 60% in Patel Param Minerals Pte Ltd Company holds 100% in PESPL).
3	HCP Inc, USA	01.10.2010	100%	Acquired as a subsidiary of ASI Inc, USA (Company holds 66.46% stake in ASI Inc).
4	Eng & Const Inc, USA	01.10.2010	100%	Acquired as a subsidiary of ASI Inc, USA (Company holds 66.46% stake in ASI Inc).
5	Patel Hydro Power Pvt Ltd, India	29.11.2010	100%	Incorporated as subsidiary of Patel Energy Resources Ltd (Company holds 100% stake in Patel Energy Resources Ltd).
6	Jayshe Gas Power Pvt Ltd, India	24.12.2010	100%	Incorporated as subsidiary of Patel Energy Resources Ltd (Company holds 100% stake in Patel Energy Resources Ltd).
7	Patel Thermal Energy Pvt Ltd, India	18.02.2011	100%	Incorporated as subsidiary of Patel Energy Resources Ltd (Company holds 100% stake in Patel Energy Resources Ltd).

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



DIRECTORS' REPORT

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 provisions of the Companies Act, 1956, Mr. Khizer Ahmed and Mr. Jambunathan, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Ms. Sonal Patel , Mr. Ajay Tuli and Mr. Danish Merchant resigned from the Board of the Company w.e.f March 16, 2011, March 28, 2011 and September 2, 2011 respectively. The Board wishes to place on record its appreciation for the valuable contribution made by Ms. Sonal Patel, Mr. Ajay Tuli and Mr. Danish Merchant during their tenure as a member of the Board.

EMPLOYEES STOCK OPTION

During the year under review, out of 90,000 Stock Options vested to the eligible employees/Directors of the Company on August 31, 2010, 82,500 options were vested and exercised.

Details of the stock option under ESOP plan 2007 are disclosed in compliance with Clause 12 of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 & set out in Annexure 'A' of 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 seminar on cancer awareness, heart ailments, comprehensive free health check up for employees. These programs benefited about 600 employees at various offices/sites. The Trust also provided loans/ grants to employees for purposes such as house repairs, children's higher education, serious ailments. The Trust has also organized social events viz craft and painting competition for the children of employees. The Trust proposes to continue such activities at an enlarged scale. The total amount spent during the year for the welfare of the employees is ₹ 27,50,354.

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, Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The members are requested to consider their appointment and authorize the Board of Directors to fix their remuneration. The retiring auditors have, under Section 224(1B) of the Companies Act, 1956, furnished certificates of their eligibility for the appointment.

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

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy, Technology Absorption is set out in Annexure 'B' of this Report.

The information on Foreign Exchange Earnings and Outgo is as follows:

Foreign Exchange Earned ₹ 601.56 million
Foreign Exchange Used ₹ 138.06 million

PARTICULARS OF EMPLOYEES

The information as per Section 217(2A) of the Companies, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended forms part of this Report and is set out in Annexure 'C' 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, 2011 forms part of this Annual Report.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, the report of Corporate Governance together with the Auditors' Certificate on compliance form part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility has been the company's priority. The Company donated to social care centers and its contribution to social activities, awareness campaign, education and cultural events and sport activities viz Childlink India Foundation, Yashwantrao Chavan Shikshan Prasarak Mandal, Kamakhya Education Society, Maruti Education Trust, Universal Sports & Art Foundation, ISKCON etc.

DONATIONS

The donations made by the Company during 2010 -11 is ₹ 55.83 million which is within the limit ₹ 100 million approved by the Members of the Company vide meeting dated July 31, 2009.

During the year under review, the Company made political donation of an amount of ₹ 0.2 million.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with regard to Directors'

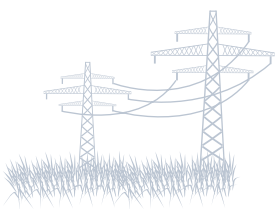
Responsibility Statement, the Board of Directors confirms that:-

- In the preparation of annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- 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, 2011 and of the profit and loss account of the Company for the year ended on that date.
- 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.
- 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 10-11 relating to Follow on Public Issue (FPO) of 2006:

Particulars	
1. Aggregate number of shareholders at the beginning of the year	59
2. Outstanding shares in the suspense account lying at the beginning of the year	1327
3. No of shareholders who approached the company for transfer of shares from suspense account during the year	1
4. Number of shareholders to whom shares were transferred from the suspense account during the year	1
5. Aggregate number of shareholders at the end of the year	58
6. Outstanding shares in the suspense account at the end of the year	1305



DIRECTORS' REPORT

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.

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

On behalf of the Board of Directors,

Pravin Patel
Chairman

September 10, 2011

ANNEXURE 'A'

Information required to be disclosed under SEBI (ESOS & ESPS) Guidelines, 1999 for the year 2010-11:

Under Employee Stock Option Plan 2007:

a	Options granted	Nil
b	The pricing formula	NA
c	Options vested	90,000
d	Options exercised	82,500
e	The total number of shares arising as a result of exercise of option*	Nil
f	Option lapsed **	17,500
g	Variation of terms of options	Nil
h	Money realized by exercise of option (₹)	82,500
i	Total number of options in force	1,10,000
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 (₹)	14.64
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	Impacts 1) Profit increased by ₹ 3.35 mn 2) EPS increased from ₹ 14.64 to ₹ 14.68

* 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 (ESOP Trust).

** During the year 17,500 Options lapsed on account of resignation of Mr. Ajay Tuli.

The following options granted/vested to the employees/directors as at March 31, 2011 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)**
1	Nimish Patel	125000	12500	25000	37500
2	Silloo Patel	100000	10000	20000	30000
3	K. Kannan	25000	2500	5000	7500
4	Khizer Ahmed	25000	2500	5000	7500
5	S. K. Desai*	52500	5250	0	0
6	D. V. Patel*	52500	5250	0	0
7	Rajat Patel*	52500	5250	0	0
8	Ajay Tuli*	25000	2500	5000	0
	No. of shares	425000	42500	60000	82500

* resigned

1,30,000 total options were lapsed as on March 31, 2011.

** in the interest of employees of the Company and in terms of the power given to Trustees of ESOP Trust, the

options due for vesting on 1/10/2010 were pre-poned to 31/8/2010.

ANNEXURE B

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, 2011.

Energy Conservation Measures

- Company is continuing to conservation of energy. Energy saving measures are adopted at HO as well as construction sites.
- All ventilation fans are fitted with variable frequency Drive (VFD) which conserves energy substantially.
- Load sharing system is adopted wherever D.G Sets are used for production of electricity.
- At head office energy efficient centralised air conditioner system is fitted with facility of switching off air conditioner of each cabin individually.
- Energy saving bulbs is used at HO and construction sites.

New Technology & Innovations:

Roller Compacted Concrete (RCC): Company is always looking for adoption of latest technology. Company is first to execute roller compacted concrete dam at Ghatghar in Maharashtra. RCC was done by Company for the first time in India. Dam was executed in record time.

Lake Tapping: Company is only one in whole of Asia to execute Lake Tapping at Koyna. The work was carried out at extreme precision for which special type of explosive was imported. Similar Lake Tapping in Phase II is also planned in early 2012. This will extend the generation of electricity during summer months and will also make water available for irrigation.

Rampur H E Project

Company had carried out boring of largest diameter Surge Shaft in Asia, 40 m dia under poor geological conditions. For fast excavation a large pilot bore was excavated using small excavator and 100 T capacity mobile Crane. At Rampur H E Project large diameter tunnel was bored by adopting lattice girder and shotcrete.

Kameng H E Project

One of the Tunnel face had extremely high uncontrollable water ingress, which was controlled by use of special chemical grout to create a protective shield allowing boring to proceed.

Kashang H E Project

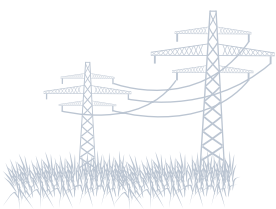
In order to accelerate boring process use of Schaff make loader is being proposed for small diameter tunnel this equipment will prove to manage the space constrain.

Information Technology and business are becoming virtually inseparable. To stay one step ahead of the competition and to increase the organisational efficiency and effectiveness, your Company has invested in cutting edge technology systems in communication, data management and information intelligence that will also help in leading our business into new industry structures and markets.

Value of Information Technology:

1. Reduce operating costs.
2. Increase organisational effectiveness.
3. Intelligence from data mining to research value in expanding existing markets.
4. Create new markets.
5. Help change industry structure through developing new and innovative operational technology.

Our information technology process model serves as the foundation for the organisation's design, communication, analysis and assessment objectives and is used to



DIRECTORS' REPORT

link the overall business strategy of the Company. These processes provide the structure for defining organisational objectives and planning a strategy to achieve them. We believe information is used most effectively when it is relevant and available at the time when decisions have to be made. Installing the best available satellite communication systems to our remote locations has enhanced the information flows with the help of which we can manage activities in real-time as it happens. The intelligence gathered with the help of these systems is used to prioritise improvements in live processes in the Company's distributed branches.

A step ahead of the Curve

Stagnation is slow death. The same applies with technology and information architecture. To stay ahead

of the curve and make scalable informed investments on the backbone technology, your Company is collaborating with some leading international Universities and institutions. These resources provide us with the best minds in the business and help us minimize risks and optimize our investments by suggesting and providing us enhanced technology solutions that optimize our current systems and processes.

At Patel, the most important asset is our people. These advances in information technology have helped satisfy our customer relationships, provide a dynamic environment across the enterprise management system, facilitate in realizing and deploying solutions, deliver operational solutions, and most importantly manage assets and infrastructure in an effective, optimized, and timely manner.

ANNEXURE C

INFORMATION AS REQUIRED UNDER SECTION 217(2A) OF COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 AND FORMING PART OF DIRECTOR'S REPORT.

Sl. No.	Name	Designation	Nature of employment	Remuneration received (in ₹)	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	16,048,900	B,Com, M.B.A (Fin, USA)	19	September 01, 1996	45	in employment of the company since 26-10-1995
2	Nimish R. Patel*	Whole Time Director	contractual	25,606,250	B.S.(USA)	13	February 01, 1999	41	M/s Kewit Construction Co.USA
3	Silloo Y. Patel*	Whole Time Director & CFO	contractual	21,061,400	B.A.	32	October 19, 1992	64	in 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									

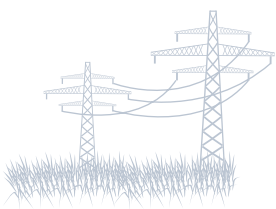
* the remuneration to Mr. Nimish Patel and Ms. Silloo Patel includes the value of ESOP exercised by them during the financial year 2010-11 amounting to ₹ 13,649,250 and ₹ 10,919,400 respectively.

SECRETARIAL AUDIT REPORT

The Board of Directors
Patel Engineering Ltd
Patel Estate Road
Jogeshwari (West)
Mumbai 400 102.

I have examined the registers, records and documents of Patel Engineering Ltd ("the Company") for the financial year ended on March 31, 2011 according to the provisions of

- The Companies Act, 1956 and the Rules made under that Act;
 - The Depositories Act, 1996 and the Regulations and Bye-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 (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 Ltd, National Stock Exchange of India Ltd,
- and Debt Listing Agreements with National Stock Exchange of India Ltd.
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 61st Annual General Meeting held on August 20, 2010;
 - 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;



DIRECTORS' REPORT

- j. constitution of the Board of Directors/ Committee(s) of Directors and appointment, retirement and re-appointment of Directors including the Managing Director and Whole-time Directors;
 - 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 and 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 Sec.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, shareholdings/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 Bye-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 Ltd, National Stock Exchange of India Ltd and the Debt Listing Agreements with National Stock Exchange of India Ltd;
- b. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 including the 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 8, 2011



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 Corporate 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 believes that Corporate Governance helps to achieve commitments and enhance stake holder's value.

The Company is in compliance with the requirement of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with Bombay Stock Exchange and National Stock Exchange of India Ltd.

2. BOARD OF DIRECTORS

As on March 31, 2011, the Company has 10 Directors with a Non-Executive Chairman. Of the 10

Directors, 7 (i.e 70%) are Non-Executive Directors of which 5 (i.e 50%) are Independent Directors. The Composition of the Board is in conformity with Clause 49 of the Listing Agreement entered with the Stock Exchanges.

The Board of Directors met 8 times on April 27, 2010, May 15, 2010, July 8, 2010, August 13, 2010, November 13, 2010, December 27, 2010, February 11, 2011 and March 16, 2011. 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. Other Directorship does not include alternate directorship, private limited companies, Section 25 companies and companies incorporated outside India.

Name	Category	No. of Board Meetings attended during the year 2010-2011	Whether attended AGM dated August 20, 2010	No. of directorships in other public limited companies as on March 31, 2011	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	8	Yes	13	-	-
Mr. Rupen Patel	Promoter, Managing Director	6	Yes	8	-	-
Mr. K. Kannan	Independent Non-Executive Director	8	Yes	6	2	6
Mr. Khizer Ahmed	Independent Non-Executive Director	6	Yes	-	-	-

Name	Category	No. of Board Meetings attended during the year 2010-2011	Whether attended AGM dated August 20, 2010	No. of directorships in other public limited companies as on March 31, 2011	No. of committee positions held In other public limited companies	
					Chairman of the Committee	Member of the Committee
Mr. S. Jambunathan	Independent Non-Executive Director	6	Yes	2	-	2
Mr. P.C. Purohit	Independent Non-Executive Director	1	Yes	-	-	-
Ms. Sonal Patel *	Executive Director	6	Yes	8	-	-
Ms. Silloo Patel	Executive Director	8	Yes	14	-	-
Mr. Nimish Patel	Executive Director	5	Yes	14	-	-
Mr. Ajay Tuli **	Independent Non-Executive Director	4	Yes	-	-	-
Mr. Danish Merchant ***	Independent Non-Executive Director	7	Yes	7	-	-
Mr. Bhasker Mehta	Independent Non-Executive Director	7	Yes	2	-	-

* resigned as Director w.e.f March 16, 2011

** resigned as Director w.e.f March 28, 2011

*** resigned as Director w.e.f September 02, 2011

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

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.

3. AUDIT COMMITTEE

- i. Terms of reference of Audit Committee are broadly given below:
 - a. Ensure the preservation of good financial practices throughout the Company.

- b. 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.
- c. Recommend the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- d. Review with the management, the quarterly, annual financial statements before submission to the board, focusing primarily on:



REPORT ON CORPORATE GOVERNANCE

- 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.
- e. Review with the management, external and internal auditor, the adequacy of internal control systems and ensure compliance therewith.
- f. Discuss with internal auditors any significant findings and follow up thereon.
- g. 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 meeting during the year 2010-11	
		Held	Attended
Mr. K. Kannan, Chairman	Independent, Non-Executive Director	5	5
Mr. Khizer Ahmed	Independent, Non-Executive Director	5	4
Mr. Pravin Patel	Promoter, Non-Executive Director	5	5

- iii. The Audit Committee met 5 times on May 15, 2010, July 8, 2010, August 13, 2010, November 13, 2010 and February 11, 2011. Mr. S. Jambunathan, the independent director was co-opted on request for Audit Committee meeting of August 13, 2010 on account of absence of Mr. Khizer Ahmed.

The necessary quorum was present for all the meetings.

4. REMUNERATION COMMITTEE

- i. Terms of reference of Remuneration Committee are broadly given below:
The Committee interalia 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 meeting during the year 2010-11	
		Held	Attended
Mr. Khizer Ahmed, Chairman	Independent Non-Executive Director	1	1
Mr. K. Kannan	Independent Non-Executive Director	1	1
Mr. Pravin Patel	Promoter, Non-Executive Director	1	1
Mr. S. Jambunathan	Independent Non-Executive Director	1	1

- iii. The Remuneration Committee met once on July 8, 2010. 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 or Committee attended.

Name	Total Sitting fees paid (₹) for the year 2010-2011	ESOP vested and exercised during the year 2010-2011 (no. of shares)
Mr. Pravin Patel, Chairman	300,000	-
Mr. K. Kannan	360,000	7,500
Mr. Khizer Ahmed	280,000	7,500
Mr. S. Jambunathan	160,000	-
Mr. P.C. Purohit	20,000	-
Mr. Ajay Tuli	80,000	-
Mr. Danish Merchant*	140,000	-
Mr. Bhasker Mehta	140,000	-

Number of shares held by Non- Executive directors as on March 31, 2011

Name	Number of shares held
Mr. Pravin Patel, Chairman	40,800
Mr. K. Kannan	15,000
Mr. Khizer Ahmed	16,500
Mr. S. Jambunathan	50
Mr. P.C. Purohit	-
Mr. Danish Merchant*	1,480
Mr. Bhasker Mehta	-

* resigned as Director w.e.f September 2, 2011



REPORT ON CORPORATE GOVERNANCE

Executive Directors

Name	Salary (₹)	Value of ESOP benefits in the form of perks	Total Remuneration	ESOP vested and exercised during the year 2010-2011 (no. of shares)	Number of shares held in the Company as on March 31, 2011
Mr. Rupen Patel	16,048,900	-	16,048,900	-	1,352,600
Ms. Sonal Patel*	-	-	-	-	350,500
Ms. Silloo Patel	10,142,000	10,919,400	21,061,400	30,000	327,379
Mr. Nimish Patel	11,957,000	13,649,250	25,606,250	37,500	292,500

* resigned as Executive Director w.e.f March 16, 2011.

5. SHAREHOLDER AND INVESTOR'S GRIEVANCE COMMITTEE

- i. Terms of reference of Shareholder and Investor's 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 Grievance Committee for their approval/noting.

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

Name	Category	Number of meeting during the year 2010-11	
		Held	Attended
Mr. K. Kannan, Chairman	Independent, Non-Executive Director	4	4
Mr. Khizer Ahmed	Independent, Non-Executive Director	4	3

Shareholder and Investor Grievance Committee met 4 times on April 27, 2010, August 13, 2010, November 13, 2010 and February 11, 2011. Mr. S. Jambunathan, the independent director was co-opted on request for August 13, 2010 meeting on account of absence of Mr. Khizer Ahmed. 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 Ltd,
 Patel Estate Road, Jogeshwari (W),
 Mumbai 400 102.
 Tel: 91 22 26767500
 Fax: 91 22 26782455
 investors@pateleng.com

- iv. Details of investors complaints received and resolved during the year 2010-11 are as follows:

Opening balance	Received during the year	Resolved during the year	Closing Balance
NIL	19	19	NIL

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 member. 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 15 times during the financial year 2010-11.

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. Meetings of the Committee are held every quarter and minutes of the Committee meeting are placed before the meeting of the Board of Directors.

6. GENERAL BODY MEETINGS

i. General Meeting

a. Annual General Meeting:

	Details	Date	Time	Venue
1	59th Annual General Meeting 2007-08	August 8, 2008	3.00 pm	Shree Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari (W), Mumbai-400 102.
2	60th Annual General Meeting 2008-09	July 31, 2009	4.00 pm	
3	61st Annual General Meeting 2009-10	August 20, 2010	4.00 pm	

b. Extraordinary General Meeting:

No Extraordinary General Meeting of the Members was held during the year 2010-11.



REPORT ON CORPORATE GOVERNANCE

ii. Special Resolutions

At the 59th Annual General Meeting of the Company held on August 8, 2008 the following special resolutions were passed with requisite majority:

- a. Commission to Non-Whole time Directors.
- b. Modification of terms of appointment of Ms. Sonal Patel, Whole-time Director.
- c. Modification to Patel Engineering Employees Welfare Trust & ESOP Plan 2007.
- d. Raising of funds

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

- a. To approve the appointment and remuneration of Mr. Shiraz Patel, relative of Ms. Silloo Patel, Wholetime Director of the Company.
- b. Approval for further allotment of shares to ESOP Trust.
- c. Approval to amend the ESOP plan for creating options equal to share being issued.
- d. Approval to grant options to employees and/or directors of the all subsidiary companies of the Company and/or employees and/or directors of the holding company.

At the 61st Annual General Meeting of the Company held on August 20, 2010 a Special resolution was passed for amendment to ESOP Plan 2007 and the same was passed with requisite majority.

iii. Postal Ballot

- a. Approval for raising of funds under Section 81 (1A) of the Companies Act, 1956 was passed through postal ballot and the Chairman declared the postal ballot result on January 11, 2011 being passed with requisite majority.
- b. Approval to grant loans/give guarantees/provide securities invest in securities of other bodies corporate under Section 372A of Companies Act, 1956, was passed through postal ballot and the Chairman declared the postal ballot result at the AGM dated July 31, 2009 being passed with requisite majority.

Means of Communication

The quarterly, half yearly and annual results of the Company are published in leading newspapers Free Press Journal (English) and Navshakti (Marathi).

Official Media Releases are sent to the Stock Exchanges.

The Company's website 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 exclusively for Investors servicing.

7. GENERAL SHAREHOLDER INFORMATION

- i. Annual General Meeting:
- Date October 17, 2011
- Time 11.00 am
- Venue Shri Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari (W), Mumbai 400 102.
- ii. Financial Calendar year ending March 31
- iii. Date of Book Closure October 11, 2011 to October 17, 2011. (both days inclusive)
- iv. Listing on Stock Exchanges
- Bombay Stock Exchange Ltd, P.J Towers, Dalal Street, Mumbai: 400001
- National Stock Exchange Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400051
- v. Stock codes/Symbol
- BSE 531120
- NSE PATELENG
- vi. Market Price Data

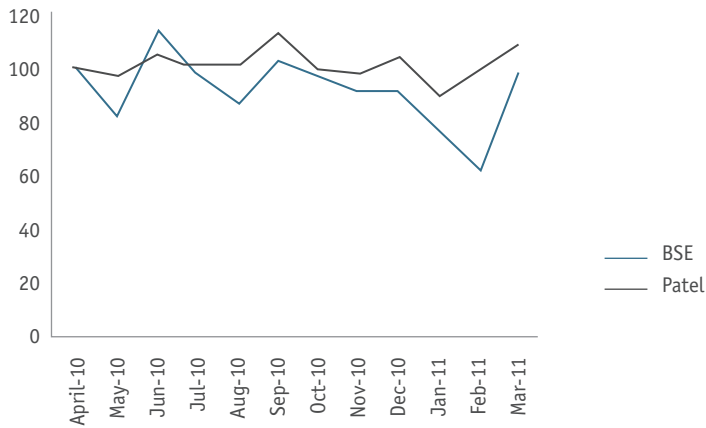
High, Low (based on the closing Prices) and number of shares traded during each month in the financial year 2010-2011 on The Bombay Stock Exchange Ltd and The National Stock Exchange of India Ltd:

Month	Bombay Stock Exchange Ltd			National Stock Exchange of India Ltd		
	High (₹)	Low (₹)	Total No. of Shares Traded	High (₹)	Low (₹)	Total No. of Shares Traded
APR – 2010	500.00	448.15	479,151	479.00	445.00	1,914,433
MAY – 2010	458.50	340.00	1,130,853	459.75	340.30	3,007,746
JUN – 2010	431.45	348.80	687,866	439.00	348.30	2,647,380
JUL – 2010	446.00	398.00	624,894	446.00	398.70	2,031,839
AUG – 2010	452.00	360.20	1,306,380	445.00	360.10	4,705,057
SEP – 2010	409.00	363.25	679,365	409.00	363.50	3,021,405
OCT – 2010	404.50	360.65	760,686	407.70	361.80	2,594,551
NOV – 2010	387.90	304.30	699,614	400.00	303.90	1,521,400
DEC – 2010	349.90	291.00	909,960	349.70	293.25	2,842,255
JAN – 2011	315.95	226.10	640,752	316.80	225.00	2,926,076
FEB – 2011	240.00	140.90	2,735,910	239.50	140.50	10,823,142
MAR – 2011	156.40	131.00	4,003,611	156.60	132.00	14,744,397



REPORT ON CORPORATE GOVERNANCE

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



vii. Registrar and Transfer Agents

Name and Address

Link Intime India Pvt Ltd,
C-13 Pannalal Silk Mills Compound,
LBS Road, Bhandup (West),
Mumbai – 400 078.

Telephone

91 22 25946970

Fax

91 22 85946969

Email

rnt.helpdesk@linkintime.co.in

Website

www.linkintime.com

viii. Places for acceptance of documents

Link Intime India Pvt Ltd,
C-13 Pannalal Silk Mills Compound,
LBS Road, Bhandup (West),
Mumbai – 400 078.

Link Intime India Pvt Ltd,
203, Daver House,
Dr. D. N. Road,
Mumbai – 400 001.

Patel Engineering Ltd,
Patel Estate Road,
Jogeshwari (West),
Mumbai – 400 102.

ix. Share Transfer System

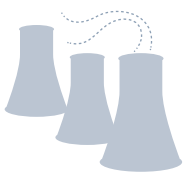
98.09% of the shares of the Company are in the electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares in physical form, the same is normally processed within 15 days by the Registrar from the date of receipt if the documents are complete in all respects. The two member sub-committee constituted by the Board approve the transfers and report to the Board each quarter.

x. Distribution of shareholding as on March 31, 2011:

No. of shares	Holdings	% to capital	No. of accounts	% to total accounts
1-500	3,952,164	5.66	60208	94.81
501-1000	1,197,358	1.71	1531	2.41
1001-2000	1,260,631	1.80	828	1.30
2001-3000	943,246	1.35	353	0.56
3001-4000	417,932	0.60	118	0.19
4001-5000	478,493	0.68	102	0.16
5001-10000	1,039,036	1.49	141	0.22
Above 10000	60,538,291	86.70	223	0.35
GRAND TOTAL	69,827,151	100.00	63504	100.00

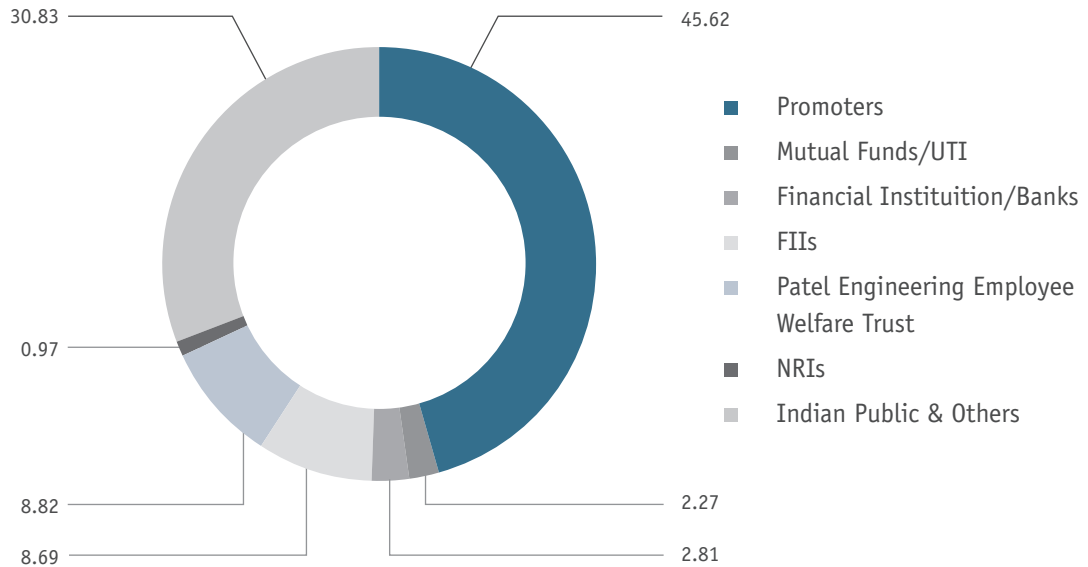
Categories of Equity shareholders as on March 31, 2011:

Category	No. of shares	Percentage
Promoters	31,852,550	45.62
Mutual Funds/UTI	1,585,181	2.27
Financial Institution/Banks	1,968,012	2.81
FII's	6,065,249	8.69
Patel Engineering Employee Welfare Trust	6,155,000	8.82
NRI's	674,375	0.97
Indian Public & others	21,526,784	30.83
GRAND TOTAL	69,827,151	100.00



REPORT ON CORPORATE GOVERNANCE

Categories of Shareholding (%)



xi. Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). Equity shares of the Company representing 98.09% of the Company's share capital are dematerialised as on March 31, 2011.

The Company's shares are regularly traded on the National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd, 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 Ltd,
Patel Estate Road,
Jogeshwari (West),
Mumbai – 400 102.

Tel: 022 26767500/501

Fax: 022 26782455/26781505

Email: investors@pateleng.com

Website: www.pateleng.com

AUDITORS' 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, 2011 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.

As per our attached Report of even date
For VATSARAJ & Co.
Chartered Accountants

CA NITESH K. DEDHIA
Partner
Membership No. 114893
FRN. No. 111327W

Mumbai, September 10, 2011.



REPORT ON CORPORATE GOVERNANCE

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

To the Board of Directors of Patel Engineering Ltd

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 Ltd for the year ended March 31, 2011 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 10, 2011.

Information on Subsidiary Companies (For the Financial Year ended March 31, 2011)

S. No.	Name of the Subsidiary Company	Issued and subscribed share capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed dividend	Country	₹ in millions	
													Total	Country
DIRECT SUBSIDIARIES:														
1	Shreeanant Construction Pvt Ltd	0.10	10.47	24.00	24.00	-	892.28	5.87	1.88	3.99	-	India		
2	Zeus Land Projects Pvt Ltd	0.60	-	0.60	0.60	-	-	-	-	-	-	India		
3	Patel Concrete & Quarries Pvt Ltd	1.00	-	1.00	1.00	-	-	-	-	-	-	India		
4	Friends Nirman Pvt Ltd	0.33	1.00	1.39	1.39	-	-	0.07	0.02	0.05	-	India		
5	Energy Design Pvt Ltd	0.50	-	53.10	53.10	-	-	(5.80)	-	(5.80)	-	India		
6	Pan Realtors Pvt Ltd	1.00	112.35	118.88	118.88	-	3,354.83	168.15	55.80	112.35	-	India		
7	Patel Lands Ltd	0.50	-	0.50	0.50	-	-	-	-	-	-	India		
8	Michigan Engineers Pvt Ltd	17.36	484.43	1,358.79	1,358.79	128.53	1,335.31	116.91	33.36	83.55	-	India		
9	Patel Engineering Infrastructure Pvt Ltd	100.00	8.69	895.28	895.28	100.06	-	-	-	-	-	India		
10	Patel Realty (India) Ltd	1,000.00	98.32	3,599.43	3,599.43	750.68	1,071.12	134.56	44.05	90.51	-	India		
11	Patel Energy Resources Ltd	2,090.00	(69.56)	3,702.29	3,702.29	-	-	(19.62)	-	(19.62)	-	India		
12	Patel Engineering (Singapore) Pte Ltd	106.12	380.33	486.45	486.45	54.65	-	22.91	(0.01)	22.92	-	Singapore		
13	Patel Engineering (Mauritius) Ltd	22.44	0.01	25.59	25.59	20.86	-	-	-	-	-	Mauritius		
14	Patel Engineering Inc	448.70	(39.83)	516.63	516.63	281.95	-	(1.58)	-	(1.58)	-	USA		
15	ASI Inc	0.01	860.26	1,778.57	1,778.57	42.18	1,681.44	25.72	4.21	21.50	-	USA		
SUBSIDIARY OF PATEL REALTY (INDIA) LTD														
16	Bellona Estate Developers Pvt Ltd	0.10	(0.06)	0.15	0.15	-	-	(0.03)	-	(0.03)	-	India		
17	Hebe Infracon Pvt Ltd	0.10	(0.06)	0.35	0.35	-	-	(0.03)	-	(0.03)	-	India		
18	Hera Realcon Pvt Ltd	0.10	(0.06)	0.49	0.49	-	-	(0.03)	-	(0.03)	-	India		
19	Terminus Realcon Pvt Ltd	0.10	(0.06)	0.15	0.15	-	-	(0.03)	-	(0.03)	-	India		
20	Ares Infradevelopers Pvt Ltd	0.10	(0.06)	0.15	0.15	-	-	(0.03)	-	(0.03)	-	India		
21	Lucina Realtors Pvt Ltd	0.10	(0.06)	0.15	0.15	-	-	(0.03)	-	(0.03)	-	India		
22	Apollo Buildwell Pvt Ltd	0.10	(0.06)	0.15	0.15	-	-	(0.03)	-	(0.03)	-	India		
23	Arsen Infra Pvt Ltd	0.10	(0.06)	0.15	0.15	-	-	(0.04)	-	(0.04)	-	India		
24	Praval Developers Pvt Ltd	0.10	(0.06)	0.10	0.10	-	-	(0.04)	-	(0.04)	-	India		
25	Pandora Infra Pvt Ltd	70.00	(0.73)	122.66	122.66	-	-	(0.43)	-	(0.43)	-	India		
26	Patel Engineers Pvt Ltd	91.00	(0.81)	91.05	91.05	27.71	-	(0.47)	-	(0.47)	-	India		
27	Phedra Projects Pvt Ltd	27.71	(0.54)	33.96	33.96	-	-	(0.32)	-	(0.32)	-	India		
28	Patel Patron Pvt Ltd	140.70	(1.28)	144.35	144.35	-	-	(0.62)	-	(0.62)	-	India		
29	Vismaya Constructions Pvt Ltd	55.10	(0.69)	55.58	55.58	-	-	(0.05)	-	(0.05)	-	India		
30	Nirman Constructions Pvt Ltd	172.00	(1.95)	175.52	175.52	-	-	(1.29)	-	(1.29)	-	India		
31	Azra Land Projects Pvt Ltd	23.12	(0.44)	25.72	25.72	-	-	(0.32)	-	(0.32)	-	India		



REPORT ON CORPORATE GOVERNANCE

Information on Subsidiary Companies (For the Financial Year ended March 31, 2011)

S. No.	Name of the Subsidiary Company	Issued and subscribed share capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed dividend	Country
32	Bhooma Realities Pvt Ltd	72.10	(0.81)	213.18	213.18	-	-	(0.05)	-	(0.05)	-	India
33	Shashvat Land Projects Pvt Ltd	78.80	(0.81)	113.69	113.69	-	-	(0.05)	-	(0.05)	-	India
34	Waterfront Developers Ltd	0.16	3.11	172.48	172.48	0.17	-	5.45	0.02	5.44	-	Mauritius
35	Les Salines Development Ltd	0.16	(19.10)	156.18	156.18	-	-	(18.44)	-	(18.44)	-	Mauritius
36	La Bougrade Development Ltd	0.00	(0.13)	0.12	0.12	-	-	(0.13)	-	(0.13)	-	Mauritius
37	Ville Magnifique Development Ltd	0.00	(0.14)	0.23	0.23	-	-	(0.14)	-	(0.14)	-	Mauritius
38	Sur La Plage Development Ltd	0.00	(0.20)	0.12	0.12	-	-	(0.20)	-	(0.20)	-	Mauritius
SUBSIDIARY OF PATEL ENERGY RESOURCES LTD												
39	Patel Hydro Power Pvt Ltd	0.50	-	1.27	1.27	-	-	-	-	-	-	India
40	Patel Thermal Energy Pvt Ltd	0.50	-	0.50	0.50	-	-	-	-	-	-	India
41	Dirang Energy Pvt Ltd	361.45	-	820.50	820.50	-	-	-	-	-	-	India
42	West Kameng Energy Pvt Ltd	0.10	-	0.10	0.10	-	-	-	-	-	-	India
43	Patel Energy Assignment Pvt Ltd	0.10	-	18.38	18.38	-	-	-	-	-	-	India
44	Patel Energy Projects Pvt Ltd	0.10	-	24.22	24.22	-	-	-	-	-	-	India
45	Patel Energy Operations Pvt Ltd	0.73	-	28.33	28.33	-	-	-	-	-	-	India
46	Meyong Hydro Power Pvt Ltd (Formerly Known As Patel Energy Works Pvt Ltd)	0.73	-	4.75	4.75	-	-	-	-	-	-	India
47	Digin Hydro Power Pvt Ltd (Formerly Known As Patel Energy Ventures Pvt Ltd)	0.10	-	4.88	4.88	-	-	-	-	-	-	India
SUBSIDIARY OF PATEL ENGINEERING (SINGAPORE) PTE LTD												
48	Shree Balaji Power Services Pvt Ltd	0.10	-	2.73	2.73	-	-	-	-	-	-	India
49	Naulo Nepal Hydro Electric Pvt Ltd	48.98	-	48.98	48.98	-	-	-	-	-	-	Nepal
50	Pel Power Ltd	1,380.81	-	2,414.09	2,414.09	-	-	-	-	-	-	India
51	Pel Port Pvt Ltd	89.46	-	89.46	89.46	-	-	-	-	-	-	India
52	Patel Energy Ltd	186.45	-	189.47	189.47	-	-	-	-	-	-	India
53	Laksha Infra Projects Pvt Ltd	0.10	-	0.46	0.46	-	-	-	-	-	-	India
54	Jayshe Gas Power Pvt Ltd	0.10	-	0.10	0.10	-	-	-	-	-	-	India
SUBSIDIARY OF PATEL ENGINEERING (SINGAPORE) PTE LTD												
55	Patel Surya (Singapore) Pte. Ltd	44.87	7.16	173.68	173.68	-	-	2.82	0.22	2.60	-	Singapore
56	Pt Patel Surya Minerals	14.11	(36.16)	195.60	195.60	-	-	(21.42)	(5.36)	(16.06)	-	Indonesia
57	Patel Param Minerals Pte Ltd	0.45	(0.87)	139.88	139.88	13.46	-	(0.40)	-	(0.40)	-	Singapore
58	Pt Pel Minerals Resources	14.21	(0.38)	13.89	13.89	-	-	(0.96)	(0.24)	(0.73)	-	Indonesia

Information on Subsidiary Companies (For the Financial Year ended March 31, 2011)

S. No.	Name of the Subsidiary Company	Issued and subscribed share capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed dividend	Country	₹ in millions		
													2.24	-	2.24
59	Mineral Resources Holding Ltd	2.24	-	2.24	2.24	-	-	-	-	-	-	-	UAE		
60	Patel Param Energy Pte Ltd	22.88	(0.71)	73.86	73.86	13.46	-	(0.23)	-	(0.23)	-	(0.23)	Singapore		
61	Pt Patel Surya Jaya	14.14	15.78	641.19	641.19	-	-	10.31	(1.23)	11.54	-	11.54	Indonesia		
62	Patel Param Natural Resources Pte Ltd	0.45	(0.65)	0.04	0.04	-	-	(0.22)	-	(0.22)	-	(0.22)	Singapore		
SUBSIDIARY OF PATEL ENGINEERING (MAURITIUS) LTD															
63	Patel Mining (Mauritius) Ltd	20.86	0.00	71.87	71.87	32.76	-	-	-	-	-	-	Mauritius		
64	Patel Mining Vision, Lda	0.04	-	13.68	13.68	-	-	-	-	-	-	-	Mozambique		
65	Patel Mining Division, Lda	0.04	-	5.61	5.61	-	-	-	-	-	-	-	Mozambique		
66	Patel Mining Privilege, Lda	0.04	-	5.16	5.16	-	-	-	-	-	-	-	Mozambique		
67	Patel Mining Projects, Lda	0.04	-	6.84	6.84	-	-	-	-	-	-	-	Mozambique		
68	Patel Mining Ventures, Lda	0.04	-	8.05	8.05	-	-	-	-	-	-	-	Mozambique		
69	Patel Mining Operations, Lda	0.04	-	0.08	0.08	-	-	-	-	-	-	-	Mozambique		
70	Patel Mining Works, Lda	0.04	-	6.29	6.29	-	-	-	-	-	-	-	Mozambique		
71	Patel Mining Assignments, Lda	0.04	-	6.55	6.55	-	-	-	-	-	-	-	Mozambique		
72	Patel Mining Mozambique, Lda	0.04	-	0.79	0.79	-	-	-	-	-	-	-	Mozambique		
73	Patel Mining Concession, Lda	0.04	-	14.34	14.34	-	-	-	-	-	-	-	Mozambique		
74	Patel Mining Enterprise, Lda	0.04	-	0.08	0.08	-	-	-	-	-	-	-	Mozambique		
75	Patel Mining Activities, Lda	0.04	-	0.09	0.09	-	-	-	-	-	-	-	Mozambique		
SUBSIDIARY OF PATEL ENGINEERING INC															
76	ASI Rcc Inc	135.67	69.00	109.74	109.74	0.54	-	3.74	1.31	2.43	-	2.43	USA		
77	ASI Rcc India Ltd	0.56	(0.13)	0.44	0.44	-	-	(0.01)	-	(0.01)	-	(0.01)	India		
78	Westcon Microtunneling Inc	22.72	37.29	125.47	125.47	-	112.18	115.45	4.04	111.41	-	111.41	USA		
SUBSIDIARY OF ASI INC															
79	ASI Australia Pty Ltd	-	1.70	114.40	114.40	-	394.11	0.44	-	0.44	-	0.44	Australia		
80	HCP Inc	0.00	(18.41)	226.61	226.61	-	380.38	(22.90)	-	(22.90)	-	(22.90)	USA		
81	Eng & Const Inc	0.58	10.96	109.84	109.84	-	218.83	4.27	1.71	2.56	-	2.56	USA		

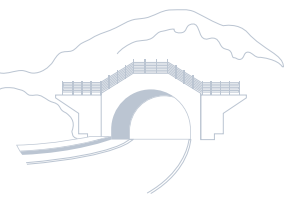
1 USD = 44.87 INR

1 USD = 8709 RUPIAH

1 INR = 1.606 NR

1 MUR = 1.6529 INR

1 USD = 30 Mozambique Metical



MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

"We are in the midst of a slowdown," says Bibek Debroy, an eminent economist and a research professor at Centre for Policy Research. Mr Debroy's cautious growth outlook has been echoed by a cross-section of groups - industry, economists, analysts and the like for many months, even as economic ministries have been fighting shy to admit there is a slowdown. Perhaps a statistical validation, if was needed, comes from the latest numbers of India's factory output. Industrial production grew at a disappointing 3.3 per cent for the month of July 2011 down from 9.9 per cent in July 2010. This is the worst Industrial output India has recorded in 21 months.

India's economic growth is estimated to ease out to around 8 per cent in the fiscal year 2011-12, much below the government's projection of 8.5 per cent on amid concerns over economic sluggishness, according to latest Planning Commission estimates. The Plan Panel had earlier pegged the GDP growth for 2011-12 at 8-8.3 per cent, while the government had projected a growth rate of 8.5 per cent. The economy expanded by 8.5 per cent in 2010-11.

The Reserve Bank (RBI) – India's Central Bank - had come out with a more conservative estimate of 8 per cent. The RBI and the United Progressive Alliance (UPA) government have been fighting a losing battle against inflation - which has intermittently shown signs of cooling only to strike back with a vengeance. Wholesale-price inflation accelerated to 9.44 per cent in June 2011. Inflation remained in double digits for the most part of 2010; and in an effort to tame inflation. The RBI has increased interest rates eleven times in one year.

Even as policy makers have expressed concern over "not acceptable" inflation levels, they do not expect inflation to come down to 5-6 per cent this year - a target set for March, 2012. Economy watchers are sceptical of the 8.1 per cent growth estimates of the government. There is an overarching view that India will settle at a 7.5 per cent growth rate though there are no official estimates as yet.

On the international front, the on-going European and U.S. sovereign debt crisis have had a significant downside impact on the banking system and broader financial markets across the globe.

INDIAN INFRASTRUCTURE SCENARIO

Despite a slowdown in execution of policy decisions in the last few months, the government continues to play a pivotal role in making Indian infrastructure sector an attractive investment destination for both domestic and foreign players. Steps taken by the government such as - opening up the sector to private players, liberalising foreign investment norms and huge spending on projects like National Highway Development Project (NHDP), National Maritime Development Programme (NMDP) etc. all- have given a stupendous impetus to the sector in the past few years.

The investment in infrastructure is expected to increase to 8.37 per cent in the final year of the 11th Plan and likely to touch 10 per cent of GDP in the 12th Five Year Plan (2012-2017). With the increasing investment, the share of private sector in the total investment on infrastructure has increased rapidly. The contribution of private sector in total infrastructure investment in each of the first two years of 11th Plan (2007-2012) was around 34 per cent. This is higher than the 11th Plan target of 30 per cent and 25 per cent achieved in 10th Plan period. This investment is expected to rise to 50 per cent during the 12th Plan (2012-2017).

However, the construction sector has been hit by rising raw material prices. In 2010-11, the construction industry contributed 8.1 per cent to India's GDP, according to an ASSOCHAM study. The domestic construction industry has been jostling with steep rise in prices of raw materials including cement, steel rods, bricks and other input materials which have risen by over 30 per cent since 2009. The industry body surveyed about 1,500 people including contractors, developers, building material manufacturers, traders and real estate consultants for the study.

COMPANY OVERVIEW

Ours is a Construction & Engineering Company operating in various segments and specialising in hydro-power generation, irrigation segment and roads. FY 11 has been particularly challenging for the Company's performance. Revenue growth during the year has been adversely affected by natural calamities, cancellation of order due to environmental concerns.

On Consolidated basis:

- Revenue from Operations increased by 8.93% to ₹ 34,759.09 for the financial year ended March 31, 2011 from ₹ 31,909.33 million
- Operating profit (excluding other income) stood at ₹ 4,619.75 million.
- Profit before tax stood at ₹ 1,847.17 million.
- Profit after tax stood at ₹ 1,226.05 million.
- The EPS (fully diluted) stood at ₹ 17.56.

The order backlog for Engineering & Construction business as on March 31, 2011 stood at around ₹ 95,000 million. The share of power sector in total order book stands at 40%, irrigation and water at 46% and transportation and urban infrastructure accounting around 14%.

Unforeseen torrential rains resulted in major floods at two of the large ongoing Hydro Electric projects, Teesta Low Dam project and Parbati Hydro Electric project, bringing the work to a complete halt for certain period. However, these projects have commenced again since the last quarter of the financial year.

The Loharinagpala HRT Project and the Loharinagpala Power House Project, where the work had commenced and which were expected to be major contributors to the revenue growth were cancelled by NTPC due to environmental issues on the Ganges.

Meanwhile, the Pranahita Chevella Lift Irrigation project worth over ₹ 15,000 million, the largest and the most prestigious irrigation project in India bagged by the

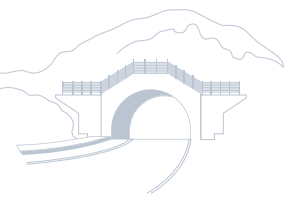
Company, was expected to have started construction this year. However, the commencement of this project has been delayed due to political agitation in the state of Andhra Pradesh following the demand for a separate state for Telengana.

These vicious cycles of crisis has lead to elongation in working capital cycle, higher borrowing cost and hence fall in profits. In order to mitigate business and environmental risk, the company has been working to diversify its revenue sources by tapping the international markets. As per the plans, which were envisaged by the company a couple of years back to develop its large land bank and hence create more value for shareholders, the company has started kicking-in revenues from its first phase of real estate, which have commenced during the year. Also, the advancement in the power vertical has been quite substantial during the year which is now showing a clear visibility of commencement by the end of next financial year.

Further, the company will continue to focus on high margin segments like hydropower and irrigation. Further, tender bidding for projects too remained selective in bidding for high margin projects backed by Central and State Government. Moreover our focus, will continue to remain on utilising company's specialised technology and core competency so that the operating margins can be maintained during this turbulent period.

POWER

- 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 33 MW).
- Our company is the only Asian company to execute under water Lake Tap works. This technology helps in early commissioning of hydro power projects. The company has executed and won repeat orders for the Koyna Project in India.



MANAGEMENT DISCUSSION AND ANALYSIS

- The government is expected to commission hydro power capacity of 6,201 MW in the 11th Five-Year Plan period, lower than the target of 8,237 MW. The commissioning of 2,036 MW hydro power capacity has been delayed due to many factors, including land acquisition problems and geological surprises.
- Public Private Partnership (PPP) initiative promoted by the Government is witnessing several challenges which have resulted in execution slippage.

IRRIGATION

- Major irrigation under execution includes Kalwakurthy Lift Irrigation, Jawahar Lift Irrigation Project, Jigaon Lift Irrigation Scheme, Bargi Diversion Project and Krishna Delta System.
- The Eleventh Five Year Plan targets to develop 16mn hectares through major, medium and minor irrigation works.
- Change in political environment in certain states like Andhra Pradesh has affected irrigation projects.

ROADS

- India has world's second largest road network, aggregating over 3.34 million kilometres. In order to provide impetus to the economic development of the country, the government has embarked upon a massive highways development project (NHDP) in the country. Further, the government has announced constructing 35,000 km of highways by 2014 under NHDP for which it has estimated an investment of over USD 14.56 billion. A major chunk of this is expected from the private sector.
- The company is currently executing two major road projects this include (a) Lumding to Lanka section I/C Lanka Bypass of NH-54 in Assam on East West Corridor under Phase-II (AS - 15) and (b) Widening & Strengthening of existing 2 lane Carriageway (Madurai-Kanyakumari) NH-7.

URBAN INFRASTRUCTURE

- Construction and engineering projects under urban infrastructure include installation of pipelines at various locations in Mumbai by micro tunneling method. Among other projects include construction of Infrastructure Development works (Phase-1) at Jawaharlal Nehru Technology University and 1000 mm dia. pipe sewer from Western Express Highway up to Sunder Nagar, Kalina in Mumbai Micro tunneling and pipe jacking method.
- Till date, the company has completed over 33 micro tunneling projects and the company controls majority of the market share for micro tunneling in India.
- Jawaharlal Nehru National Urban Renewal (JNNUR) Mission was launched recently to enable cities to improve their urban infrastructure. This program provides both funding and incentives for improvement. The scheme currently covers 63 Cities spread over three tiers. An outlay of ₹ 1,000,000 million is envisaged.

Considering the outlay of more than ₹ 22,500 billion in infrastructure sector envisaged by the Finance Minister during the 12th Five Year Plan, we expect orders to pour in continuously and hence a substantial amount of order inflow is expected in the coming years.

SCALING UP ASSET OWNERSHIP

Since the private sector has been allowed to participate in the infrastructure projects of the country after liberalisation by the government, it has gathered significant momentum in the past decade. Also, the government has made various changes over the years to make PPP projects more attractive to the private sector. It is now very significant for a construction company to own assets also, moving in this direction, the company had entered into generation power and road assets

ROADS ASSETS

The group 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 have been completed and receipt of annuities from both these projects have started.

POWER GENERATION ASSETS

The company is setting up a Thermal Power Project of 1050 MW (Phase I) at Nagapattinam District, Tamil Nadu. The project cost is estimated at ₹ 52,500 million and the construction is estimated to take 33 months from Notice to proceed. Land acquisition has been completed and Coal linkage has been obtained from the Government of India through Mahanadi coalfields. Also, the final Environmental Clearance has been successfully obtained. The company has obtained in-principle sanction for the Term Loan from a financial Institution and the financial closure is expected to be completed in FY 12. The company has also applied to State Pollution Control Board for Consent for Establishment (CFE) to start up the Project construction.

The 1600 MW (Phase II) Thermal Power project at Nagapattinam District, Tamil Nadu is being set up an estimated cost of ₹ 80,000 million. The acquisition of Land for the project is in progress. Meanwhile, the Environmental Clearances are under progress.

In the hydro power segment, the 144 MW Gongri Project in Arunachal Pradesh has seen significant progress and the financial closure is expected to be completed and the construction of the project is expected to commence in FY 12.

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

- 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 carries out real estate development through its wholly owned subsidiary Patel Realty India Ltd (PRIL) at Bangalore and Mauritius. The Company is also developing residential projects in Noida through PAN Realtors Pvt Ltd, another subsidiary of the company. The projects under development by the Company and its subsidiaries are as under:

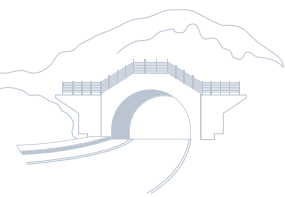
COMMERCIAL

1. **Patel Corporate Park, Mumbai**– The Company has fully executed the project and also recognised revenue from the project.
2. **Patel Corporate Towers, Mumbai**– An office complex of 1 million sq. ft. is being developed on Patel Estate Road, Jogeshwari. The estimated time to complete the whole project is 30 months.
3. **Neomall**– Neotown, South Bangalore - The Company has plans to construct a mall in Neotown and has successfully tied up with major Anchors.

RESIDENTIAL

The Company has launched 4 projects till date in excess of 2.4 million square feet.

4. **Neotown, South Bangalore**– The Company has launched 4 projects till date in excess of 2.4 million square feet. The construction for all the four projects has commenced at site. The company has recognised revenues during the year from first of these four projects.
5. **Neotown, Port Louis, Mauritius**– The Company plans to develop an integrated waterfront project in Mauritius. The Company has commenced the infrastructure and development work like internal roads, marinas, landscaping, drainages etc.



MANAGEMENT DISCUSSION AND ANALYSIS

6. **Pan Oasis, NOIDA**– The execution and construction of the project is running in full swing and the company has recognised revenues during the year from this project.

TRANSMISSION

As sequential transmission lines addition is required in line with the generation capacity additions, significant transmission lines and substation additions are expected over the next five years. Lower investments in the transmission and distribution infrastructure over the years, has necessitated strengthening of the existing networks.

Over the next five years (2010-15), investments worth ₹ 3.4 trillion are expected to be made in T&D as compared to ₹ 1.64 trillion made during 2005-10. This presents significant opportunity for players in transmission line EPC segment.

As a part of the strategic move forward in the power sector, the company has along with two other consortium partners, acquired a company named, Raichur Sholapur Transmission Company Ltd from REC Transmission Project Company Ltd, the bid process coordinator appointed by the Ministry of Power, Government of India. This project is for establishment of Transmission system associated with Krishnapattnam 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 firm of Chartered Accountants as 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

In our endeavour better corporate governance and adopt latest technology, the company has invested in cutting edge technology systems in communication, data management and information intelligence that will also help in lead our business into new industry structures and markets. The new system provides the structure for defining organisational objectives and planning a strategy to achieve them.

HUMAN RESOURCES

The company presently employs more than 1,543 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.

Being in diversified businesses, the company empowers the inter-departmental and inter-project movement within deserving individuals, ensuring better retention of talent and at the same time providing newer avenues to its employees. As a result, the company's attrition rates are nearly nil at the senior management level.

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 has raised long term debts in the form Non Convertible Redeemable Secured

Debentures. 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, reflecting upon its ability to identify and create fundamentally strong assets.

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 12th 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. Higher competition can impact the margins.

Mitigation factors: The Company is among the first infrastructure development company set up for public-private partnership based projects. It 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 dent 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.



CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT on Consolidated Financial Statements

To the Board of Directors of
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, 2011 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.
 - a. We have audited the financial statements of Patel KNR JV, KNR Patel JV and the Consolidated Financial Statement (CFS) of Patel Energy Resource Ltd
 - b. The financial statements of 10 Subsidiaries, 2 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 ₹ 3,478.33 million as at March 31, 2011, total revenue of ₹ 9,938.77 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 ₹ 63.97 million.

- c. With respect to the CFS of Patel Engineering Inc, CFS of Patel Engineering (Mauritius) Ltd and a Associate Patel KNR Heavy Infrastructure Pvt 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 ₹ 477.26 million as at March 31, 2011 and total revenue of ₹ 127.11 million for the year ended as at that date. Share of Profit of the Associates is ₹ 76.79 million.
 - d. With respect to the CFS of Patel Realty (India) Ltd, audited by the other Auditor, they have placed reliance on unaudited financial statements of 5 subsidiaries whose assets are ₹ 149.75 million as at March 31, 2011, total revenue of ₹ 15.44 million for the year ended as at that date and net decrease in Cash Flow of ₹ 18.56 million.
4.
 - a. 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.
- b. 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;
- i. in the case of the Consolidated Balance Sheet, of the state of affairs of The Patel Group as at March 31, 2011; and
- ii. in the case of the Consolidated Profit and Loss Account, of the Consolidated results of operations of The Patel Group for the year ended on that date; and
- iii. 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 10, 2011



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET as at March 31, 2011

(₹ in million)

	Schedule		As at March 31,2011	As at March 31,2010
SOURCES OF FUNDS				
Shareholders Funds				
Share Capital	1	69.83		69.83
Reserves & Surplus	2	14,208.77		13,557.69
			14,278.60	13,627.52
Minority Interest				
			704.27	615.24
Deferred Tax Liability (Net)				
			131.95	114.88
Loan Funds				
Secured Loans	3	17,129.68		12,037.07
Unsecured Loans	4	7,615.20		6,263.11
			24,744.88	18,300.18
TOTAL FUNDS EMPLOYED			39,859.70	32,657.82
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	10,081.23		8,609.12
Less: Depreciation		3,642.41		3,059.77
Net Block		6,438.82		5,549.35
Capital Work In Progress		2,091.38	8,530.20	2,041.81
Investments				
	6		780.35	698.17
Current Assets, Loans & Advances				
Inventories	7	20,385.10		18,032.78
Sundry Debtors	8	8,721.67		6,956.64
Cash & Bank Balances	9	2,435.08		2,324.24
Other Current Assets	10	877.72		731.81
Loans & Advances	11	13,059.08		9,532.13
Total Current Assets, Loans & Advances		45,478.65		37,577.60
Less: Current Liabilities & Provisions				
Current Liabilities	12	14,557.27		12,835.70
Provisions	13	454.67		440.38
Total Current Liabilities & Provisions		15,011.94		13,276.08
Net Current Assets			30,466.71	24,301.52
Miscellaneous Expenditure				
(To the extent not written off or adjusted)				
Preliminary & Pre-operative Expenses - Patel		77.75		56.69
Preparatory works Expenses - Joint Venture		4.69	82.44	10.28
TOTAL APPLICATION OF FUNDS			39,859.70	32,657.82
Notes to Accounts	19			

As per our attached Report of even date

For and on behalf of Board

For VATSARAJ & Co.
Chartered Accountants

Rupen Patel
Managing Director

Silloo Patel
Director

K.Kannan
Director

CA NITESH K. DEDHIA
Partner
Membership No. 114893
FRN. No. 111327W
Mumbai, September 10, 2011.

Shobha Shetty
Company Secretary

Mumbai, September 10, 2011.

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended March 31, 2011

	Schedule	(₹ in million)	
		As on March 31,2011	As on March 31,2010
INCOME			
Income from Operations	14	34,759.09	31,909.33
Other Income	15	229.75	630.12
Total Revenue		34,988.84	32,539.45
EXPENDITURE			
Cost of Construction	16	27,087.26	24,084.49
Administrative & Other Expenses	17	3,052.08	2,738.20
Interest Cost (Net)	18	2,181.92	1,576.70
Depreciation			
PATEL		763.04	1,031.03
Joint Ventures		57.37	59.13
Total Expenditure		33,141.67	29,489.55
Profit Before Taxation		1,847.17	3,049.90
Less: Provision for Taxation (including deferred tax)			
PATEL		500.04	902.70
Joint Ventures		39.87	26.63
		539.91	929.33
Profit after Taxation before Minority Interest		1,307.26	2,120.57
Less: Minority Interest		81.21	138.96
Net Profit		1,226.05	1,981.61
Balance brought forward from previous year		3,892.56	
Less: Consolidation adjustment for earlier years (refer Note No.B-11 Sch.19)		0.27	
Less:- Prudent Provision for tax (refer note B-5 of Sch.19)		450.00	3,846.96
		4,668.34	5,828.57
Less:- Provision for tax for earlier years (refer note B-5 of Sch.19)			
PATEL		-	1,416.41
Joint Ventures		-	95.28
Profit available for appropriation		4,668.34	4,316.88
Appropriations:-			
Interim Dividend			140.09
Final Dividend		69.83	-
Corporate Dividend Tax		11.33	23.73
Transfer to Debenture Redemption Reserve		210.00	135.00
Transfer to General Reserve		175.50	125.50
		466.66	424.32
Surplus Carried to Balance Sheet		4,201.68	3,892.56
Earning Per Share (Basic & Diluted) (₹) (refer note no.B-15 of Sch.19)		17.56	30.96
Notes to Accounts	19		

As per our attached Report of even date

For and on behalf of Board

For VATSARAJ & Co.
Chartered Accountants

Rupen Patel
Managing Director

Silloo Patel
Director

K.Kannan
Director

CA NITESH K. DEDHIA
Partner
Membership No. 114893
FRN. No. 111327W
Mumbai, September 10, 2011.

Shobha Shetty
Company Secretary

Mumbai, September 10, 2011.



CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES Forming Part of Consolidated Balance Sheet as at March 31, 2011

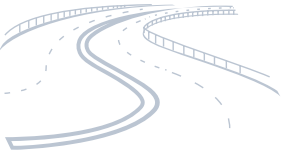
(₹ in million)

		As at March 31,2011	As at March 31,2010
1 SHARE CAPITAL			
Authorised:			
150,000,000 Equity Shares of ₹ 1 each		150.00	150.00
Issued, Subscribed & Paid up:			
69,827,151 (P.Y. 69,827,151) Equity Shares of ₹ 1 each fully paid		69.83	69.83
- Out of which 200,000 (200,000) Equity Shares were issued as fully paid up pursuant to a contract without payment received in cash & 36,153,200 (36,153,200) Equity shares fully paid up issued as a Bonus shares by way of Capitalisation of General Reserve (including bonus on ESOP Shares 3,391,124)			
- Also includes 8,507,824 (including Bonus of 3,391,124) shares issued to Patel Engineering Employees Welfare Trust under ESOP scheme over the years			
		69.83	69.83
2 RESERVES & SURPLUS			
Capital Reserve as at beginning	29.10		20.20
Less:- Adjustment on consolidaton	0.05		-
Add: Added during the year (net)	-		8.90
		29.05	29.10
Foreign Currency Translation Reserve		(89.40)	(56.38)
Securities Premium Account as at beginning	7,452.41		4,089.00
Add: Transferred from Employee Stock Option Outstanding	40.64		27.10
Add: On shares issued during the year	-		3,436.01
Less: Share/Debenture Issue Expenses	4.79		99.70
		7,488.26	7,452.41
General Reserve as at Beginning	2,006.71		1,877.47
Add:- Transferred to Deferred Tax Asset	-		3.74
Add:- Transfer from Profit & Loss Account	175.50		125.50
		2,182.21	2,006.71
Employee Stock Option Outstanding as at beginning	94.84		121.94
Less: Transferred to Securities Premium Account	40.64		27.10
Less: Options Lapsed during the year	4.52		-
	49.68		94.84
Less: Employee Stock Option Compensation to be written off	6.21		27.10
		43.47	67.74
Debenture Redemption Reserve	135.00		-
Add: Transfer from Profit & Loss Account	210.00		135.00
		345.00	135.00
Foreign Currency Monetary Item Translation Difference Reserve		8.50	30.55
Profit & Loss Account			
Surplus as per Profit & Loss Account		4,201.68	3,892.56
		14,208.77	13,557.69

SCHEDULES Forming Part of Consolidated Balance Sheet as at March 31, 2011

(₹ in million)

	As at March 31,2011	As at March 31,2010
3 SECURED LOANS		
From Banks		
- Against Hypothecation of stocks, spare parts, book debts, work in progress & guarantees		
PATEL	7,267.72	3,093.08
Joint Ventures (Against Lein of Fixed Deposit Reciepts)	4.61	65.80
	7,272.33	3,158.88
- First charge on the specific assets acquired out of the term loan alongwith unemcumbered assets & guarantees	3,977.43	4,701.38
- First charge on equipment financed		
PATEL	448.70	499.12
Joint Ventures	-	32.06
	448.70	531.18
- Against Guarantees	1,250.00	862.50
Others		
Equipment Loan		
From Financial and leasing companies under Equipment finance/ Hire Purchase, secured by first charge by way of hypothecation of the equipment financed		
PATEL	178.72	287.09
Joint Ventures	7.02	-
	185.74	287.09
Commercial Papers (Secured against immovable property) (Maximum Balance outstanding ₹ 495.48 mn(P.Y.₹ 496.04 mn)	495.48	496.04
9.8% Secured Redeemable Debentures (secured against Immovable Property and third party security, refer Note No.B-13 of Sch.19)	950.00	950.00
9.5% Secured Redeemable Debentures (secured against Immovable Property and third party security, refer Note No.B-13 of Sch.19)	1,050.00	1,050.00
9.55% Secured Redeemable Debentures (secured against Immovable Property and subservient charge on assets, refer Note No.B-13 of Sch.19)	1,000.00	-
10.75% Secured Redeemable Debentures (secured against Immovable Property and subservient charge on assets, refer Note No.B-13 of Sch.19)	500.00	-
	17,129.68	12,037.07
4 UNSECURED LOANS		
- From Banks	5,770.25	4,579.75
- From Others		
PATEL		
Commercial Paper (Maximum outstanding during the year ₹ 2,438.15 mn, P.Y. (₹ 1,477.34 mn))	1,721.93	1,477.34
Others	123.02	206.02
Joint Ventures	-	-
	1,844.95	-
	7,615.20	6,263.11



CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES Forming Part of Consolidated Balance Sheet as at March 31, 2011

5	FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		At April 1, 2010		During The Year		As At April 1, 2010		This Year		At March 31, 2011		Block As At March 31, 2010
		Additions	Sub Total	Deductions/Transfer/Adjustments Etc #	Gross Block As At March 31, 2011	As At April 1, 2010	Sub Total	Deductions/Adjustments	Total As At March 31, 2011	Block As At March 31, 2011	Block As At March 31, 2010	
		891.23	947.16	1,838.39	0.53	1,837.86	-	-	-	-	1,837.86	891.23
	PATEL	12.76	0.39	13.15	-	13.15	0.84	0.01	0.85	-	0.85	12.30
	Joint Ventures	903.99	947.55	1,851.54	0.53	1,851.01	0.84	0.01	0.85	-	0.85	1,850.16
	Building *											
	PATEL	603.28	34.99	638.27	214.61	423.66	41.19	30.00	71.19	17.21	53.98	369.68
	Joint Ventures	2.09	-	2.09	2.09	-	0.27	0.01	0.28	0.28	0.00	(0.00)
	Machinery # □											
	PATEL	5,025.80	909.23	5,935.03	215.08	5,719.95	2,203.93	576.54	2,780.47	158.00	2,622.47	3,097.48
	Joint Ventures	407.59	0.08	407.67	18.40	389.27	169.03	42.26	211.29	10.60	200.69	188.58
		5,433.39	909.31	6,342.70	233.48	6,109.22	2,372.96	618.80	2,991.76	168.60	2,823.16	3,286.06
	Motor Car □											
	PATEL	226.04	47.30	273.34	21.53	251.81	76.39	23.84	100.23	10.57	89.66	162.15
	Joint Ventures	12.45	-	12.45	0.25	12.20	4.28	1.24	5.52	0.10	5.42	6.78
		238.49	47.30	285.79	21.78	264.01	80.67	25.08	105.75	10.67	95.08	168.93
	Motor Truck □											
	PATEL	653.42	13.45	666.87	29.63	637.24	316.72	66.44	383.16	20.46	362.70	274.54
	Joint Ventures	122.21	-	122.21	12.05	110.16	58.23	12.12	70.35	7.21	63.14	47.02
		775.63	13.45	789.08	41.68	747.40	374.95	78.56	453.51	27.67	425.84	321.56
	Furniture											
	PATEL	82.35	161.69	244.04	152.49	91.55	22.26	25.14	47.40	14.38	33.02	58.53
	Joint Ventures	1.94	-	1.94	0.54	1.40	1.46	0.17	1.63	0.54	1.09	0.31
		84.29	161.69	245.98	153.03	92.95	23.72	25.31	49.03	14.92	34.11	58.84
	Office Equip.											
	PATEL	45.46	9.13	54.59	3.09	51.50	23.08	6.36	29.44	2.11	27.33	24.17
	Joint Ventures	1.62	0.04	1.66	0.04	1.62	1.02	0.22	1.24	0.02	1.22	0.40
		47.08	9.17	56.25	3.13	53.12	24.10	6.58	30.68	2.13	28.55	24.57
	Computers											
	PATEL	53.99	23.48	77.47	6.21	71.26	37.75	11.56	49.31	5.38	43.93	27.33
	Joint Ventures	2.09	0.01	2.10	-	2.10	1.68	0.23	1.91	-	1.91	0.19
		56.08	23.49	79.57	6.21	73.36	39.43	11.79	51.22	5.38	45.84	27.52
	Elect. Equip.											
	PATEL	45.32	3.50	48.82	1.93	46.89	14.89	6.91	21.80	1.85	19.95	26.94
	Joint Ventures	5.03	-	5.03	-	5.03	2.63	0.79	3.42	-	3.42	1.61
		50.35	3.50	53.85	1.93	51.92	17.52	7.70	25.22	1.85	23.37	28.55
	Cycle											
	PATEL	-	-	-	-	-	-	-	-	-	-	-
	Joint Ventures	0.00	-	0.00	-	0.00	0.00	-	0.00	-	0.00	0.00
		0.00	-	0.00	-	0.00	0.00	-	0.00	-	0.00	0.00
	Motor Cycle											
	PATEL	1.11	-	1.11	0.04	1.07	0.63	0.08	0.71	0.03	0.68	0.39
	Joint Ventures	0.68	-	0.68	-	0.68	0.33	0.08	0.41	-	0.41	0.27

5	FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK			
		At April 1, 2010	Additions During The Year	Sub Total	Deductions/Transfer/Adjustments Etc #	Gross Block As At March 31, 2011	As At April 1, 2010	This Year	Sub Total	Deductions/Adjustments	Total As At March 31, 2011	Block As At March 31, 2010	Block As At March 31, 2011
		1.79	-	1.79	0.04	1.75	0.96	0.16	1.12	0.03	1.09	0.66	0.83
	Rails & Trolley												
	PATEL	25.95	-	25.95	-	25.95	6.75	3.71	10.46	-	10.46	15.49	19.20
	Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-
	Factory Building												
	PATEL	147.32	0.81	148.13	-	148.13	8.71	5.29	14.00	-	14.00	134.13	138.61
	Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-
	Ship												
	PATEL	4.04	-	4.04	-	4.04	2.69	0.48	3.17	-	3.17	0.87	1.35
	Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-
	Container												
	PATEL	17.17	0.79	17.96	7.55	10.41	9.78	1.31	11.09	7.55	3.54	6.87	7.39
	Joint Ventures	0.83	-	0.83	-	0.83	0.44	0.25	0.69	-	0.69	0.14	0.39
	Establishment Cost												
	PATEL	18.00	0.79	18.79	7.55	11.24	10.22	1.56	11.78	7.55	4.23	7.01	7.78
	Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-
	Goodwill												
	PATEL	126.45	-	126.45	-	126.45	54.79	23.89	78.68	-	78.68	47.77	71.66
	Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-
	PREVIOUS YEAR												
	GROSS TOTAL	8,609.12	2,158.53	10,767.65	686.42	10,081.23	3,059.77	838.93	3,898.70	256.29	3,642.41	6,438.82	5,549.35
	Less: Trfd to Capital WIP	-	-	-	-	-	-	18.50	-	-	-	-	-
	PREVIOUS YEAR	8,609.12	2,158.53	10,767.65	686.42	10,081.23	3,059.77	820.43	3,898.70	256.29	3,642.41	6,438.82	5,549.35
		8,038.17	1,757.00	9,795.17	1,186.05	8,609.12	3,034.56	1,091.40	4,125.96	1,066.19	3,059.77	5,549.35	4,993.92
	Capital Work in Progress:												
	Capital Work-In-Progress												
	PATEL	2,041.81	1,030.93	3,072.74	981.36	2,091.38	-	-	-	-	-	2,091.38	2,041.81
	Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	2,041.81	1,030.93	3,072.74	981.36	2,091.38	-	-	-	-	-	2,091.38	2,041.81
	PREVIOUS YEAR	697.36	-	697.36	-	2,041.81	-	-	-	-	-	2,041.81	697.36

Notes:

- Land includes ₹ 19.45 mn held in the name of Directors, relatives of Directors and employees for and on behalf of the Company (P.Y. ₹ 19.42 mn).
- * Includes ₹ 0.02 mn being the value of 30 shares and share deposits in Co-operative Societies (P.Y. 0.02 mn).
- # Includes Assets costing ₹ 29.89 mn (P.Y. ₹ 94 mn) not commissioned/erected/put to use.
- Includes ₹ Nil (P.Y. ₹ 16.34 mn) on account of Exchange Rate Difference.
- Includes ₹ 51.64 mn transferred to Project Development Expenses (P.Y.Nil).



CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES Forming Part of Consolidated Balance Sheet as at March 31, 2011

(₹ in million)

	As at March 31,2011	As at March 31,2010
6 INVESTMENTS - AT COST		
In Government Securities		
National Saving Certificates		
PATEL*	0.12	0.12
Joint Ventures	0.03	0.03
	0.15	0.15
In Equity Shares (Long Term): Quoted(Fully Paid)		
i. Nil shares (P.Y. 25) of Gammon India Ltd, F.V. ₹ 2 per share	-	0.01
ii. 66,640 shares (P.Y.66,640) of Kingfisher Airlines Ltd, F.V. ₹ 10 per share	9.86	9.86
iii. Nil shares (P.Y. 1,100) of Jai Prakash Power Ventures Ltd, F.V. ₹ 10 per share	-	0.04
iv. 19,42,574 shares (P.Y.19,42,574) of KNR Construction Ltd, F.V. ₹ 10 per share	330.24	330.24
v. Nil shares (P.Y. 25) of IVRCL Infra & Projects Ltd, F.V. ₹ 2 per share	-	0.01
vi. Nil shares (P.Y. 37) of Jai Prakash Associates Ltd, F.V. ₹ 10 per share	-	0.01
vii. Nil shares (P.Y. 25) of Nagarjuna Construction Co Ltd, F.V. ₹ 2 per share	-	0.01
viii. Nil shares (P.Y. 125) of ERA Construction Ltd, F.V. ₹ 2 per share	-	0.01
ix. Nil shares (P.Y. 100) of GVK Power & Infrastructure Ltd, F.V. ₹ 1 per share	-	-
x. Nil shares (P.Y. 25) of Hindustan Construction Co. Ltd, F.V. ₹ 1 per share	-	-
xi. Nil shares (P.Y. 20) of Larsen & Toubro Ltd, F.V. ₹ 2 per share	-	0.03
xii. Nil shares (P.Y. 50) of Madhucon Projects Ltd, F.V. ₹ 1 per share	-	0.01
xiii. Nil shares (P.Y. 25) of Punj Lloyd Ltd, F.V. ₹ 2 per share	-	0.01
xiv. Nil shares (P.Y. 25) of ITD Cementation Ltd, F.V. ₹ 10 per share	-	0.01
xv. Nil shares (P.Y. 37) of Valecha Engineering Ltd, F.V. ₹ 10 per share	-	-
xvi. Nil shares (P.Y. 2,557) of NHPC Ltd, F.V. ₹ 10 per share	-	0.09
In Equity Shares (Long Term): Unquoted (Fully Paid)		
In Subsidiary	0.54	0.54
In others	70.24	0.81
In Associates		
(Accounted under Equity Method)		
Patel KNR Heavy Infrastructure Ltd	176.85	100.06
Patel KNR Infrastructure Ltd	192.44	256.24
In The Capital of Partnership Firm	0.03	0.03
	780.35	698.17
Aggregate amount of quoted Investments		
- Cost	340.10	340.34
- Market Value	227.41	288.75
Aggregate amount of unquoted Investments	440.25	357.83
* in the name of directors, lodged with project authorities		

SCHEDULES Forming Part of Consolidated Balance Sheet as at March 31, 2011

(₹ in million)

		As at March 31,2011	As at March 31,2010
7 INVENTORIES			
(As Technically valued & certified by the Management)			
(At Contract Rates/Cost or Market Value whichever is lower)			
a. Stores and Spare Parts etc.			
PATEL	2,237.73		1,960.41
Joint Ventures	35.59		61.20
		2,273.32	2,021.61
b. Unbilled Work in Progress			
PATEL	20,349.54		17,273.85
Less: Advance Against Material & Work	2,292.10		1,296.79
	18,057.44		15,977.06
Joint Ventures	54.34		46.79
Less: Advance Against Material & Work	-		12.68
	54.34		34.11
		18,111.78	16,011.17
		20,385.10	18,032.78
8 SUNDRY DEBTORS			
(Unsecured, considered good)			
a. Debts outstanding for a period exceeding six months			
PATEL	1,388.54		2,145.81
Joint Ventures	-		-
b. Debts outstanding for a period less than six months		1,388.54	2,145.81
PATEL	7,209.72		4,664.11
Joint Ventures	123.41		146.72
		7,333.13	4,810.83
		8,721.67	6,956.64
9 CASH AND BANK BALANCES			
a. Cash on hand			
PATEL	374.40		361.36
Joint Ventures	0.25		0.44
		374.65	361.80
b. Balances with Scheduled Banks			
i. In Current Accounts			
PATEL	993.34		932.61
Joint Ventures	73.77		60.24
		1,067.11	992.85
ii. In Fixed Deposits Account			
PATEL	559.92		214.37
Joint Ventures	-		54.50
		559.92	268.87
c. Balance with Non Scheduled Bank		433.40	700.72
		2,435.08	2,324.24



CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES Forming Part of Consolidated Balance Sheet as at March 31, 2011

(₹ in million)

		As at March 31,2011	As at March 31,2010
10 OTHER CURRENT ASSETS			
Interest accrued on Fixed Deposits & others			
PATEL	877.50		731.48
Joint Ventures	0.22		0.33
		877.72	731.81
		877.72	731.81
11 LOANS AND ADVANCES			
(Unsecured, Considered Good, except where otherwise stated)			
Balance in Current Account with Joint Ventures		480.06	407.81
Balance in Current Capital Account with Partnership firm		172.32	140.29
Advances Recoverable in Cash or in kind or for values to be received			
PATEL	12,290.62		8,839.85
Joint Ventures	77.15		72.52
		12,367.77	8,912.37
Advance Tax & Tax Deducted at Source (Net after adjusting Provision for Tax)			
PATEL	-		-
Joint Ventures	32.93		53.19
		32.93	53.19
Service tax & Cenvat Credit		6.00	18.47
		13,059.08	9,532.13
12 CURRENT LIABILITIES			
Sundry Creditors			
PATEL	8,592.28		8,864.62
Joint Ventures	396.24		441.91
		8,988.52	9,306.53
Other Liabilities			
PATEL	2,043.42		266.52
Joint Ventures	4.94		6.12
		2,048.36	272.64
Contractee Trade Advances (Against Bank Guarantees and Machineries Hypothecation)			
PATEL	3,294.25		3,015.17
Joint Ventures	19.14		63.61
		3,313.39	3,078.78
Unpaid Dividends		3.18	3.76
Interest Accrued but not due		203.19	148.57
Balance in Current account with Joint Venture		0.63	25.42
		14,557.27	12,835.70
13 PROVISIONS			
Proposed Dividend		69.83	-
Dividend Tax on Proposed Dividend		11.33	-
Retirement Benefits		28.84	20.24
Provision for tax (net of advance tax)		344.67	420.14
		454.67	440.38

SCHEDULES Forming Part of Consolidated Profit and Loss Account For The Year Ended March 31, 2011

(₹ in million)

		As on March 31,2011	As on March 31,2010
14 INCOME FROM OPERATIONS			
Revenue/Turnover			
PATEL	28,514.48		25,724.82
Joint Ventures	1,119.09		1,496.06
		29,633.57	27,220.88
Add: Increase/(Decrease) in Work in Progress			
PATEL	4,933.17		4,602.89
Joint Ventures	7.55		(98.94)
		4,940.72	4,503.95
Total Turnover		34,574.29	31,724.83
Share of Profit from Joint ventures/Partnership		65.28	89.96
Lease & Other Services		89.69	49.52
Other Operating Income			
PATEL	29.83		44.77
Joint Ventures	-		0.25
		29.83	45.02
		34,759.09	31,909.33
15 OTHER INCOME			
Excess credit written back			
PATEL	12.45		10.97
Joint Ventures	0.75		0.75
		13.20	11.72
Profit on sale of Investments			
PATEL	53.65		403.96
Joint Ventures	-		-
		53.65	403.96
Translation Difference (Net) - Joint Venture			
PATEL	-		-
Joint Ventures	-		0.04
		-	0.04
Miscellaneous Income			
PATEL	118.15		90.32
Joint Ventures	1.71		8.16
		119.86	98.48
Profit on Sale of Assets			
PATEL	26.33		11.00
Joint Ventures	-		0.19
		26.33	11.19
Dividend on Shares			
PATEL	3.89		3.89
Joint Ventures	-		-
		3.89	3.89
Share of Profit from Associates		12.82	100.84
		229.75	630.12



CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES Forming Part of Consolidated Profit and Loss Account For The Year Ended March 31, 2011

(₹ in million)

		As on March 31,2011	As on March 31,2010
16 COST OF CONSTRUCTION			
Stores, Embedded Goods & Spares etc. Consumed			
PATEL			
Stock at beginning of the year	1,960.41		1,181.80
Add: Purchases (Net)	4,469.52		4,253.07
	6,429.93		5,434.87
Less: Stock at close of the year	2,237.73		1,960.41
	4,192.20		3,474.46
Joint Ventures			
Stock at beginning of the year	61.20		66.71
Add: Purchases (Net)	392.81		499.32
	454.01		566.03
Less: Stock at close of the year	35.59		61.20
	418.42		504.83
		4,610.62	3,979.29
Piece rate expenses (net)			
PATEL	17,857.32		17,774.33
Joint Ventures	295.36		452.09
		18,152.68	18,226.42
Repairs to Machinery			
PATEL	100.47		144.50
Joint Ventures	-		-
		100.47	144.50
Transport & Hire etc.			
PATEL	465.89		252.72
Joint Ventures	1.94		5.52
		467.83	258.24
Power,Electricity & Water Charges			
PATEL	351.00		292.62
Joint Ventures	1.86		2.50
		352.86	295.12
Project Development Cost		2,629.66	775.62
Technical Consultancy Fees			
PATEL	19.02		
Joint Ventures	8.53		
		27.55	28.33
Other Construction Costs			
PATEL	690.21		
Joint Ventures	55.38		
		745.59	376.97
		27,087.26	24,084.49

SCHEDULES Forming Part of Consolidated Profit and Loss Account For The Year Ended March 31, 2011

(₹ in million)

		As on March 31,2011	As on March 31,2010
17 ADMINISTRATIVE & OTHER EXPENSES			
Telephone,Postage,Stationery,Travelling,Conveyance and Advertisement			
PATEL	166.28		153.39
Joint Ventures	3.18		4.23
		169.46	157.62
Rent			
PATEL	30.59		31.97
Joint Ventures	1.15		1.26
		31.74	33.23
Insurance			
PATEL	209.29		130.60
Joint Ventures	4.56		7.08
		213.85	137.68
Rates & Taxes			
PATEL	102.57		112.12
Joint Ventures	27.38		-
		129.95	112.12
Repairs & Renovations to Building			
PATEL	11.35		-
Joint Ventures	-		-
		11.35	11.06
Salaries,Wages,Gratuity,Bonus etc.			
PATEL	1,005.45		1,247.61
Joint Ventures	29.10		39.56
		1,034.55	1,287.17
Contribution to Provident fund and other fund			
PATEL	41.84		34.27
Joint Ventures	-		-
		41.84	34.27
Workmen and staff Welfare Expenses			
PATEL	58.66		77.13
Joint Ventures	8.84		8.29
		67.50	85.42
Directors Fees		1.82	1.33
Auditor's Remuneration		9.85	8.06
Consultancy Fees			
PATEL	447.54		277.48
Joint Ventures	0.90		0.88
		448.44	278.36
Loss on assets exhausted,scrapped & discarded			
PATEL	10.51		-
Joint Ventures	3.46		0.05
		13.97	0.05
Miscellaneous Expenses			
PATEL	660.26		442.99
Joint Ventures	19.85		56.19
		680.11	499.18



CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES Forming Part of Consolidated Profit and Loss Account For The Year Ended March 31, 2011

(₹ in million)

	As on March 31,2011	As on March 31,2010
17 ADMINISTRATIVE & OTHER EXPENSES (Contd.)		
Irrecoverable debts & advances written off		
PATEL	160.35	7.24
Joint Ventures	0.37	0.07
	160.72	7.31
Translation Difference(Net)		
PATEL	20.70	67.69
Joint Ventures	-	-
	20.70	67.69
Share of Loss from Joint Venture	0.01	-
Preliminary Expenses w/off		
PATEL	10.63	6.55
Joint Ventures	-	-
	10.63	6.55
Preparatory work Expenses		
PATEL	-	-
Joint Ventures	5.59	11.10
	5.59	11.10
	3,052.08	2,738.20
18 INTEREST		
Bank & Others		
PATEL	2,739.31	1,935.12
Joint Ventures	9.20	41.23
	2,748.51	1,976.35
Less: Interest Capitalised	197.08	202.02
	2,551.43	1,774.33
Debentures	289.89	148.12
	2,841.32	1,922.45
Less: Interest Received (Gross)	656.65	343.00
Joint Ventures	2.75	2.75
	659.40	345.75
	2,181.92	1,576.70

SCHEDULES –19

Notes Forming Part of Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2011.

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Patel Engineering Ltd 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.

2. 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.

3. 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.

4. Fixed Assets and Depreciation:

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Depreciation has been provided using straight-line method, based on useful lives for various assets.

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.

5. Inventories:

Stores, embedded goods and 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.



CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES –19

Notes Forming Part of Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2011.

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

7. Retirement Benefits:

Contribution to Provident Fund, Family Pension Fund and Gratuity funds are made to a recognized fund and charged to the Profit and Loss Account. Provisions for incremental liability in respect Gratuity & Leave encashment are made as per independent Actuarial Valuation at the year-end.

8. Foreign Currency Transactions:

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.

9. 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.

In our 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.

10. Borrowing Costs:

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.

11. 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

SCHEDULES –19

Notes Forming Part of Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2011.

for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require 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.

12. 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.

13. 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.

14. 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.

15. Employees Stock Option Plan:

Compensation expenses under “Employees 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.

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

B. OTHER NOTES TO ACCOUNTS:

1. Details of Subsidiaries & Joint Ventures, which are consolidated:

A. Wholly owned (100%) Subsidiaries:

1. Patel Realty (India) Ltd
2. Patel Energy Resources Ltd
3. Patel Engineering Inc
4. Patel Engineering (Mauritius) Ltd
5. Patel Engineering (Singapore) Pte. Ltd
6. Zeus Land Projects Pvt Ltd
7. Patel Concrete and Quarries Pvt Ltd
8. Friends Nirman Pvt Ltd
9. Patel Engineering Infrastructure Pvt Ltd



CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES –19

Notes Forming Part of Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2011.

B. Other Subsidiaries

Name of Subsidiaries	% holding
1. Shreeanant Construction Pvt Ltd	51.00%
2. Michigan Engineers Pvt Ltd	51.00%
3. ASI Inc	66.45%
4. Pan Realtors Pvt Ltd	51.00%
5. Energy Design Pvt Ltd	90.00%
6. Patel Lands Ltd	60.00%

C. Joint Ventures

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

Patel KNR Infrastructure Ltd, Patel KNR Heavy Infrastructure 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".

2. Turnover includes, construction of multi purpose projects, water supply projects, Irrigation projects, building projects, road and railway projects, on item rate and EPC basis. It also includes duty drawback and entitlement etc but excludes vat, service tax etc.
3. **A.** Stores, embedded goods and Spares etc. Consumed includes materials issued to Sub Contractors.
B. Auditors Remuneration comprises of Statutory Audit Fees (including Consolidation) ₹ 3.27 mn (P.Y. ₹ 3.27 mn); Tax Audit Fees ₹ 0.87 mn (P.Y. ₹ 0.88 mn); Taxation Matters ₹ 3.39 mn (P.Y. ₹ 1.65 mn); Other Capacity ₹ 1.10 mn (P.Y. ₹ 1.10 mn); Certification ₹ 1.10 mn (P.Y. ₹ 1.10 mn) and out of pocket expenses ₹ 0.12 mn (P.Y. ₹ 0.06 mn).
C. Donation of ₹ Nil (P.Y. 2.50 mn) to trusts in which Director is trustee, Donation to CPI (M) ₹ 0.20 (P.Y. ₹ 0.50 mn) and to BJP ₹ Nil (P.Y. ₹ 0.25 mn).

4. Deferred Tax Liability/Assets:

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	
	As at March 31, 2011	As at March 31, 2010
a. Deferred Tax Liability		
i. Related to depreciation on fixed assets & Other timing differences	188.95	161.09
	a) 188.95	161.09
b. Deferred Tax Assets		
i. Related to depreciation on fixed assets	28.04	20.65
ii. Disallowances under the Income Tax Act	28.96	25.56
	b) 57.00	46.21
c. Liability for Deferred Tax (net) (a-b)	131.95	114.88

SCHEDULES –19

Notes Forming Part of Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2011.

5. Taxation:

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.

In subsidiaries, Cash on Hand includes ₹ 0.27 mn (P.Y. ₹ Nil) retained by Income Tax Authorities on above account.

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.

6. The Company has some contract revenues receivable in foreign currency. To reduce various financial risks the Company 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 ₹ 493.04 mn (P.Y. ₹ 258.37 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 client and are carried in work in progress.
7. 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).

8. Related Party disclosure:

A. Name of Related Parties	Name of Relationship
Enpro Ltd	Associate
Patel KNR Infrastructure Ltd	Associate
Patel KNR Heavy Infrastructure Ltd	Associate
Raichur Sholapur Transmission Company Ltd	Associate
PATEL-SOMA JV	Joint Venture
LGE & C-Patel JV	Joint Venture
Patel-SA JV	Joint Venture
Patel-L&T JV	Joint Venture
Patel Sew JV	Joint Venture
Patel V Arks	Joint Venture
Era Patel Advance JV	Joint Venture
Era Patel Advance Kiran JV	Joint Venture
Patel Sotravic JV	Joint Venture
Patel ARSS	Joint Venture
Patel – Siddhivinayak JV	Joint Venture
Patel Advance JV	Joint Venture
Navyuga – Patel – BHEL	Consortium
Patel – Avantika – Deepika – BHEL	Consortium



CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES –19

Notes Forming Part of Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2011.

Patel – V Arks - Precision	Consortium
Reliance Michigan JV	Joint Venture
APS Michigan JV	Joint Venture
Onsite Michigan JV	Joint Venture
RPS Michigan JV	Joint Venture
AHCL – PEL	Partnership Firm

B. Key Management Personnel

Mr. Rupen Patel	Managing Director
Ms. Silloo Patel	Whole Time Director
Ms. Sonal Patel	Whole Time Director (resigned w.e.f. March 16,2011)
Mr. Nimish Patel	Whole Time Director
Mr. Bhim Batra	Relative of Whole Time Director
Mr. Shiraz Patel	Relative of Key Management Personnel
Mr. K. Jalandhar Reddy	Key Management Personnel of Patel KNR JV
Mr. J. V. Paninder Reddy	Key Management Personnel of Patel KNR JV
Dr. M. N. Patel	Director of Michigan Engineers Pvt Ltd
Mr. P. A. Patel	Director of Michigan Engineers Pvt Ltd
Mr. A. R. Parmar	Director of Michigan Engineers Pvt Ltd
Mr. S. M. Patel	Director of Michigan Engineers Pvt Ltd
Mr. R. P. Patel	Director of Michigan Engineers Pvt Ltd
Mr. Sanjay Ladge	Director of Sheeanant Construction Pvt Ltd
Mr. Sujay Ladge	Director of Sheeanant Construction Pvt Ltd
Mr. Suhas Ladge	Additional Director of Sheeanant Construction Pvt Ltd

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

Nature of Transaction	₹ in million			
	Associate/Joint Venture/ Partnership		Subsidiaries	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Revenue/Turnover	440.22	3,737.38	-	-
Advances received	317.93	127.59	-	-
Advances recovered/repaid	27.38	-	-	-
Share of Profit	65.28	89.86	-	-
Miscellaneous Receipts	1.33	11.57	-	-
Loans/Advances given	394.14	615.01	-	-
Loan/Advances returned	881.05	-	-	-
Purchase of Land	-	2.29	-	-
Bank Guarantee outstanding as at the end of the year	9,210.47	1,595.18	-	-
Outstanding Balance included in Current Assets	1,168.80	1,971.45	0.01	-

SCHEDULES –19

Notes Forming Part of Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2011.

Nature of Transaction	₹ in million			
	Associate/Joint Venture/ Partnership		Subsidiaries	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
Outstanding Balance included in Current Liabilities	1,069.42	25.42	-	-
Rent Income	0.04	0.02	-	-
Interest Income	11.42	10.32	-	-
Investment in Shares	0.17	-	-	5.44

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

Sr. No.	Nature of transaction	₹ in million	
		As at March 31, 2011	As at March 31, 2010
1	Managerial Remuneration	78.46	70.14
2	Consultancy Fees	11.90	8.65
3	Salary and contribution to provident fund	1.18	0.81
4	Loan Given	-	0.48
5	Rent Income	0.92	0.15
6	Deposit Received	0.40	-
7	Rent paid	1.63	1.73

9. The Company had entered into a partnership with ACE Housing and Construction Ltd in name of AHCL – PEL for development and construction of residential buildings. The share of profit/loss of each partner are as under:

Partners	% of Share
Patel Engineering Ltd	55%
ACE Housing and Construction Ltd	45%

Company's share in profit/loss is accounted for as and when determined. The fixed capital of the firm is ₹ 0.05 mn. Company's contribution towards the capital is ₹ 0.03 mn.

10. In PAN Realtors Pvt Ltd, P&L Account includes the individual costs as cumulative figures as no P&L Account was prepared in the preceding year and all amounts were carried forward as work in progress, since the initial threshold of 30% for revenue recognition was not achieved until this year.
11. In Patel Realty (I) 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.



CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES –19

Notes Forming Part of Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2011.

12. Segment Reporting:

Primary Segment

Particulars	As at March 31, 2011				₹ in million
	Business Segments				
	Construction	Real Estate	Others	Total	
Segment Revenue	29,411.19	4,860.71	-	34,271.90	
Segment Results	3,192.23	779.05	-	3,971.28	
Carrying Amount of Segment Assets	38,502.99	2,711.90	408.19	41,623.08	
Segment Liabilities	11,845.80	2635.88	104.43	14,586.11	
Addition to Fixed Assets	2,183.24	232.95	987.20	3,403.39	
Segment Depreciation	781.35	38.26	0.80	820.41	

Geographical Segment

Particulars	As at March 31, 2011			₹ in million
	Domestic Operations	International Operations	Total	
Segment Revenue	31,737.44	2,534.46	34,271.90	
Carrying Cost of Segment Assets	39,716.14	1,906.94	41,623.08	
Addition to fixed & intangible Asset	2,990.32	413.08	3,403.39	

Particulars	As at March 31, 2010			₹ in million
	Domestic Operations	International Operations	Total	
Segment Revenue	26,874.02	5,259.83	32,133.85	
Carrying Cost of Segment Assets	33,040.29	1,864.53	34,904.82	
Addition to fixed & intangible Asset	3,244.65	158.74	3,403.39	

13. The Company has following Outstanding Debentures as on March 31,2011:

- 9.5% Secured Redeemable Non Convertible Debentures was allotted on June 01, 2009 for a period of 3 years. 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 in a single installment.
- 9.8% Secured Redeemable Non Convertible Debentures was allotted on July 20, 2009 for a period of 7 years. These debentures have a face value of ₹ 1.0 mn each 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.
- 9.55% Secured Redeemable Non Convertible Debentures was allotted on April 26, 2010 for a period of 3 years. These debentures have a face value of ₹ 1.0 mn each aggregating to ₹ 1,000.00 mn. Out of which ₹ 300 mn, ₹ 300 mn and ₹ 400 mn are to be redeemed on April 26, 2013, April 26, 2014 and April 26, 2015 respectively.

SCHEDULES –19

Notes Forming Part of Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2011.

4. 10.75% Secured Redeemable Non Convertible Debentures was allotted on March 3, 2011 for a period of 3 years. These debentures have a face value of ₹ 1.0 mn each aggregating to ₹ 500.00 mn Out of which ₹ 150 mn, ₹ 150 mn and ₹ 200 mn are to be redeemed on March 3, 2014, March 3, 2015 and March 3, 2016 respectively.

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.

14. Contingent Liabilities:

- a. Commitment for capital expenditure is ₹ 480.89 mn (P.Y. ₹ 320.74 mn), advance paid ₹ 15.74 mn (P.Y. ₹ 8.95 mn).
- b. Counter indemnities given to Banks and others in respect of secured guarantees, etc. on behalf of others given in respect of contractual commitments in the ordinary course of business ₹ 6,075.35 mn (P.Y. ₹ 3,875.15 mn) (including Customs ₹ 347.57 mn (P.Y. ₹ 248.71 mn) for the current year. Bond 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 ₹ 135.50 (P.Y. ₹ Nil).
- d. The Company has received an amount of ₹ 12.74 mn in 1997 against arbitration award in its favor. 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 ₹ 50.25 mn (P.Y. ₹ 61.07 mn).
- f. Sales tax ₹ 33.51 mn (P.Y. ₹ 20.18 mn) (Advance paid ₹ 18.52 mn (P.Y. ₹ 10.51 mn)). Cess ₹ 7.46 mn (P.Y. ₹ 16.17 mn).
- g. Custom liability that may arise on matter in appeal ₹ 7.61 mn (P.Y. ₹ 7.61 mn).
- h. Client withheld to the extent of ₹ 1,565.90 mn (P.Y. ₹ Nil) 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 ₹ 1.86 mn (P.Y. ₹ Nil). The same will be paid to the employees who continue to be on the payrolls up to October 1, 2011.
- j. In Michigan Engineers Pvt Ltd, there is undertaking to the Bank against purchase of receivable deposits of ₹ 158.20 mn (P.Y. Nil) by the Bank from the company ₹ 134.80 mn (P.Y. Nil).
- k. In Subsidiary PAN Realtors Pvt Ltd, Bank guarantee of ₹ 1.00 mn is given to Pollution Control Board. Sales Tax due to Commercial Tax Tribunal (Noida) ₹ 2.79 mn (P.Y. ₹ Nil).



CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES –19

Notes Forming Part of Consolidated Balance Sheet and Profit and Loss Account for the year ended 31st March 2011.

15. Earning Per Share:

(₹ in million except Equity Shares and EPS)			
Sr. No.	Nature of transaction	As at March 31, 2011	As at March 31, 2010
1	Net Profit as per Consolidated Profit & Loss Account available for Shareholders for both Basic and diluted Earnings	1,226.05	1,981.61
2	Weighted Average Number of Equity shares for earning per shares	69,827,151	64,008,503
3.	Earnings per share (Basic & Diluted) ₹	17.56	30.96

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 given by the trust to the employees, the necessary accounting for expense will be made.

16. 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.

17. Previous year's figures have been regrouped/rearranged/recasted wherever necessary to make them comparable.

As per our attached Report of even date

For and on behalf of Board

For VATSARAJ & Co.
Chartered Accountants

Rupen Patel
Managing Director

Silloo Patel
Director

K.Kannan
Director

CA NITESH K. DEDHIA
Partner
Membership No. 114893
FRN. No. 111327W
Mumbai, September 10, 2011.

Shobha Shetty
Company Secretary

Mumbai, September 10, 2011.

CONSOLIDATED CASH FLOW STATEMENT For The Year Ending March 31, 2011

(₹ in million)

	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax And Extra-Ordinary Items	1,847.17	3,049.90
Adjustment for:		
Depreciation	820.41	1,090.16
Interest charged	2,841.32	1,919.70
Interest received	(659.40)	(343.00)
Dividend Received	(3.89)	(3.89)
Foreign Exchange Loss/(Gain)	20.70	67.65
Consolidation Adjustment	(0.27)	-
Provision for Leave Salary	6.48	2.76
Provision for Bonus	7.92	4.99
Loss of Assets exhausted	13.97	0.05
Profit on sale of Assets	(26.33)	(11.19)
Excess Credit written back	(13.20)	(11.72)
Irrecoverable debts & advances written off	160.72	7.31
ESOP compensation expenses	16.37	33.87
Profit on sale of Investment	(53.65)	(403.96)
Preliminary Expenses written off	10.63	6.55
Preparatory work expenses written off	5.59	11.10
Operating Profit Before Working Capital Changes	4,994.54	5,420.28
Adjustment for changes in:		
Trade & other receivables	(5,655.91)	(2,383.65)
Inventories	(3,137.88)	(6,801.89)
Trade payable, Liabilities and Provisions (excluding Proposed Dividend & Income tax)	2,657.56	2,868.52
Cash generated from operations	(1,141.69)	(896.74)
Direct tax paid	(1,028.05)	(1,084.28)
Net Cash From Operating Activities	(2,169.74)	(1,981.02)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,189.58)	(3,083.87)
Loan given	129.21	(998.62)
Sale of Fixed Assets	442.48	131.00
Purchase of Investments	(84.96)	(195.81)
Sales of Investments	56.43	406.25
Change in Minority Interest	7.82	260.51
Interest & Dividend received	517.38	145.07
Net Cash used in Investing Activities	(1,121.22)	(3,335.47)



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT (Contd.) For The Year Ending March 31, 2011

(₹ in million)

	2010-11	2009-10
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Shares	-	3,446.18
Share issue expenses	(4.79)	(99.70)
Proceeds from Borrowings	6,436.20	3,865.14
Dividend Paid	(0.58)	(228.35)
Interest Paid	(2,983.77)	(1,990.94)
Net Cash Used In Financing Activities	3,447.06	4,992.33
Net Increase/Decrease in Cash & Cash Equivalent (A+B+C)	156.10	(324.16)
Opening Balance of Cash & Cash Equivalents	2,324.24	2,951.00
Balance of Cash & Cash Equivalents	2,480.34	2,626.84
Notes to Cash flow Statement		
1. Cash and Cash Equivalents		
Cash on hand & Balance with banks	2,435.08	2,324.24
Foreign Exchange Translation Reserve	24.56	234.95
Effect of exchange rate changes	20.70	67.65
Closing Cash and Cash Equivalents as restated	2,480.34	2,626.84

As per our attached Report of even date

For VATSARAJ & Co.
Chartered Accountants

CA NITESH K. DEDHIA
Partner
Membership No. 114893
FRN. No. 111327W
Mumbai, September 10, 2011.

For and on behalf of Board

Rupen Patel
Managing Director

Silloo Patel
Director

K.Kannan
Director

Shobha Shetty
Company Secretary

Mumbai, September 10, 2011.

AUDITORS' REPORT

To: The Members of Patel Engineering Ltd.

We have audited the attached Balance Sheet of Patel Engineering Ltd as at March 31, 2011, the 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 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 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, 2011 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on March 31, 2011 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, 2011;
 - ii. in case of the 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 10, 2011



STANDALONE FINANCIAL STATEMENTS

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, 2011), 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 ₹ 169.26 million during the year and ₹ 169.26 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 not taken unsecured loans from Companies Firms or Other parties covered in the register under section 301 of the Act during the year Accordingly, clause 4(iii) (f) and (g) of the order is not applicable.
- 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. As explained to us the Central Government has not prescribed the maintenance of the cost records under Section 209(1)(d) of the Companies Act, 1956. Accordingly clause 4 (viii) is not applicable.

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 31st March 2011 on account of disputes are given below:

Particulars	Financial year to which amount relates	Forum where dispute is pending	₹ 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 investment. 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 charged on outstanding 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 10, 2011



STANDALONE FINANCIAL STATEMENTS

BALANCE SHEET as at March 31, 2011

(₹ in million)

Particulars	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	69.83	69.83
Reserves & Surplus	2	13,269.79	12,789.32
		13,339.62	12,859.15
Deferred Tax Liability (Net)		34.78	65.25
Loans Funds			
Secured Loans	3	11,465.03	9,929.61
Unsecured Loans	4	7,492.18	6,057.09
		18,957.21	15,986.70
TOTAL FUNDS EMPLOYED		32,331.61	28,911.10
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	5,443.87	5,312.65
Less: Depreciation		2,647.15	2,172.50
Net Block		2,796.72	3,140.15
Capital Work in Progress		601.07	173.87
		3,397.79	3,314.02
Investments	6	4,800.48	4,534.29
Current Assets, Loans & Advances			
Inventories	7	18,070.36	14,821.29
Sundry Debtors	8	7,003.34	6,032.88
Cash & Bank Balances	9	1,050.03	846.00
Accrued Interest		918.24	735.51
Loans & Advances	10	10,994.90	8,777.64
Total Current Assets, Loans & Advances		38,036.87	31,213.32
Less: Current Liabilities & Provisions			
Current Liabilities	11	13,384.75	9,664.90
Provisions	12	518.78	485.63
Total Current Liabilities & Provisions		13,903.53	10,150.53
Net Current Assets		24,133.34	21,062.79
Miscellaneous Expenditure (To the extent not w/off)		-	-
TOTAL APPLICATION OF FUNDS		32,331.61	28,911.10
Notes on Accounts	18		-

As per our attached Report of even date

For VATSARAJ & Co.
Chartered Accountants

CA NITESH K. DEDHIA
Partner
Membership No. 114893
FRN. No. 111327W
Mumbai, September 10, 2011.

For and on behalf of Board

Rupen Patel
Managing Director

Silloo Patel
Director

K.Kannan
Director

Shobha Shetty
Company Secretary

Mumbai, September 10, 2011.

PROFIT AND LOSS ACCOUNT for the year ended March 31, 2011

(₹ in million)

	Schedule	As at March 31, 2011	As at March 31, 2010
INCOME			
Income from Operations	13	25,372.05	24,249.99
Other Income	14	74.94	100.16
TOTAL REVENUE		25,446.99	24,350.15
EXPENDITURE			
Cost of Construction	15	19,861.46	18,846.25
Administrative & Other Expenses	16	1,961.70	1,605.67
Interest Cost (Net)	17	1,739.44	1,378.16
Depreciation		527.76	501.73
TOTAL EXPENDITURE		24,090.36	22,331.81
PROFIT BEFORE TAXATION		1,356.63	2,018.34
Provision for Taxation (including deferred tax)		334.53	709.80
PROFIT AFTER TAXATION		1,022.10	1,308.54
Balance brought forward from previous year		3,250.14	
Less:- Prudent Provision for tax (refer Note No. II-3(ii) of Schedule 18)		450.00	3,825.53
		3,822.24	5,134.07
Less:- Provision for tax for earlier years (refer Note No. II-3(iii) of Schedule 18)		-	1,416.41
Less:- Share of tax expense of joint ventures for earlier years		-	68.70
PROFIT AVAILABLE FOR APPROPRIATION		3,822.24	3,648.96
Appropriations:-			
Interim Dividend		-	140.09
Final Dividend		69.83	-
Corporate Dividend Tax		11.33	23.73
Transfer to Debenture Redemption Reserve		210.00	135.00
Transfer to General Reserve		150.00	100.00
		441.16	398.82
SURPLUS CARRIED TO BALANCE SHEET		3,381.08	3,250.14
EARNING PER SHARES (BASIC & DILUTED) (₹) (refer note # 22 of schedule 18)		14.64	20.44
Notes to Accounts	18		

As per our attached Report of even date

For and on behalf of Board

For VATSARAJ & Co.
Chartered Accountants

Rupen Patel
Managing Director

Silloo Patel
Director

K.Kannan
Director

CA NITESH K. DEDHIA
Partner
Membership No. 114893
FRN. No. 111327W
Mumbai, September 10, 2011.

Shobha Shetty
Company Secretary

Mumbai, September 10, 2011.



STANDALONE FINANCIAL STATEMENTS

SCHEDULES Forming Part of The Balance Sheet As At March 31, 2011

Particulars	(₹ in million)	
	As at March 31, 2011	As at March 31, 2010
1 SHARE CAPITAL		
Authorised:		
150,000,000 Equity Shares of ₹ 1 each	150.00	150.00
Issued, Subscribed & Paid up		
69,827,151 (P.Y. 69,827,151) Equity Shares of ₹ 1 each fully paid	69.83	69.83
- Out of which 200,000 (200,000) Equity Shares were issued as fully paid up pursuant to a contract without payment received in cash & 36,153,200 (36,153,200) Equity shares fully paid up issued as a Bonus shares by way of Capitalisation of General Reserve (including bonus on ESOP Shares 3,391,124)		
- Also includes 8,507,824 (including Bonus of 3,391,124) shares issued to Patel Engineering Employees Welfare Trust under ESOP scheme over the years		
	69.83	69.83
2 RESERVES & SURPLUS		
Capital Reserve	1.51	1.51
Securities Premium Account as at beginning	7,452.41	4,089.00
Add: Transferred from Employee Stock Option Outstanding	40.64	27.10
Add: On shares issued during the year	-	3,436.01
Less: Share/Debenture Issue Expenses	4.79	99.70
	7,488.26	7,452.41
General Reserve as at beginning	1,851.97	1,751.97
Add: Transfer from Profit & Loss Account	150.00	100.00
	2,001.97	1,851.97
Employee Stock Option Outstanding as the beginning	94.84	121.94
Less: Transferred to Securities Premium Account	40.64	27.10
Less: Options Lapsed during the year	4.52	-
	49.68	94.84
Less: Employee Stock Option Compensation to be written off	6.21	27.10
	43.47	67.74
Debenture Redemption Reserve at the beginning	135.00	-
Add: Transfer from Profit & Loss Account	210.00	135.00
	345.00	135.00
Foreign Currency Monetary Item Translation Difference Reserve	8.50	30.55
Profit & Loss Account		
Surplus as per Profit & Loss Account	3,381.08	3,250.14
	13,269.79	12,789.32

SCHEDULES Forming Part of The Balance Sheet As At March 31, 2011

Particulars	(₹ in million)	
	As at March 31, 2011	As at March 31, 2010
3 SECURED LOAN:		
Banks:		
Working Capital Loans		
- Against Hypothecation of stocks, spare parts, book debts, work in progress & guarantees	3,377.83	2,721.76
Term Loan		
Secured by first charge on the specific assets acquired out of the term loan alongwith unencumbered assets & guarantees	2,214.30	3,348.20
First charge on equipment financed	448.70	249.97
Against bank guarantees	1,250.00	862.50
Others:		
From Financial and Leasing Companies first charge on equipment financed	178.72	251.14
Commercial Papers (Secured against immovable property) (Maximum Balance outstanding ₹ 495.48 mn (P.Y. ₹ 496.04 Mn))	495.48	496.04
9.8% Secured Redeemable Debentures (secured against Immovable Property and third party security, refer note no.16 of Schedule 18)	950.00	950.00
9.5% Secured Redeemable Debentures (secured against Immovable Property and third party security, refer note no.16 of Schedule 18)	1,050.00	1,050.00
9.55% Secured Redeemable Debentures (secured against Immovable Property and subservient charge on assets, refer note no.16 of Schedule 18)	1,000.00	-
10.75% Secured Redeemable Debentures (secured against Immovable Property and subservient charge on assets, refer note no. 16 of Schedule 18)	500.00	-
	11,465.03	9,929.61
4 UNSECURED LOANS		
From Banks	5,770.25	4,579.75
Commercial Paper (Maximum outstanding during the year ₹ 2,438.15 mn, P.Y. (₹ 1,477.34 mn))	1,721.93	1,477.34
	7,492.18	6,057.09



STANDALONE FINANCIAL STATEMENTS

SCHEDULES Forming Part of The Balance Sheet As At March 31, 2011

5 FIXED ASSETS

(₹ in million)

Fixed Assets	Gross Block (At Cost)				Depreciation			Net Block			
	As At April 1, 2010	Additions During The Year	Sub Total	Deductions/ Adjustments During The Year	Gross Block As At March 31, 2011	As At April 1, 2010	For The Year	Sub Total	Total As At March 31, 2011	Block As At March 31, 2010	Block As At March 31, 2011
Land	97.89	0.04	97.93	• 0.02	97.91	-	-	-	-	97.91	97.89
Building * # &	276.26	0.60	276.86	• 52.92	223.94	22.19	4.56	26.75	1.54	198.73	254.07
Factory Building	141.32	0.81	142.13	-	142.13	8.55	5.07	13.62		128.51	132.77
Machinery # □ &	3,788.37	225.22	4,013.59	36.44	3,977.15	1,667.94	412.54	2,080.48	11.90	1,908.57	2,120.43
Motor Car □	206.61	31.04	237.65	21.09	216.56	69.83	20.66	90.49	10.36	136.43	136.78
Motor Truck # □	643.73	1.59	645.32	24.48	620.84	308.03	65.73	373.76	19.90	266.98	335.70
Ship	4.04	-	4.04	-	4.04	2.69	0.48	3.17		0.87	1.35
Furniture	30.58	1.61	32.19	2.07	30.12	18.39	3.52	21.91	2.07	10.28	12.19
Office Equipments #	30.36	5.14	35.50	2.07	33.43	21.40	3.83	25.23	1.99	10.19	8.96
Computers/Software	37.44	9.88	47.32	5.44	41.88	31.45	5.11	36.56	5.17	10.49	5.99
Electric Equipment	29.21	1.66	30.87	1.84	29.03	14.68	4.13	18.81	1.84	12.06	14.53
Motor Cycle	0.90	-	0.90	-	0.90	0.60	0.08	0.68	-	0.22	0.30
Rails & Trolley	25.94	-	25.94	-	25.94	6.75	3.71	10.46	0.00	15.48	19.19
GROSS TOTAL	5,312.65	277.59	5,590.24	146.37	5,443.87	2,172.50	529.42	2,701.92	54.77	2,796.72	3,140.15
Less: Trfd To Capital Wip							1.66				
GROSS TOTAL	5,312.65	277.59	5,590.24	146.37	5,443.87	2,172.50	527.76	2,701.92	54.77	2,796.72	3,140.15
Previous Year	4,860.96	525.87	5,386.82	74.17	5,312.65	1,694.28	501.73	2,196.05	23.55	3,140.15	3,166.68
Capital Work in Progress										601.07	173.87

Notes:

1. Land includes ₹19.45 mn held in the name of Directors, relatives of Directors and employees for and on behalf of the Company (P.Y. ₹ 19.42mn).
2. * Includes ₹ 0.02 mn being the value of 30 shares and share deposits in Co - operative Societies (P.Y. 0.02 mn).
3. # Includes Assets costing ₹ 29.89 mn (P.Y. ₹ 94 mn) not commissioned/erected/put to use.
4. □ Includes ₹ Nil (P.Y. ₹ 16.34 mn) on account of Exchange Rate Difference.
5. • Includes ₹ 51.64 mn transferred to Project Development Expenses (P.Y. Nil).

SCHEDULES Forming Part of The Balance Sheet As At March 31, 2011

Particulars	(₹ in million)	
	As at March 31, 2011	As at March 31, 2010
6 INVESTMENTS - AT COST		
In Government Securities:		
National Saving Certificates *	0.12	0.12
In Equity Shares (Long Term): Quoted		
i. Nil shares (P.Y. 25) of Gammon India Ltd, F.V. ₹ 2 per share	-	0.01
ii. 66,640 shares (P.Y. 66,640) of Kingfisher Airlines Ltd, F.V. ₹ 10 per share	9.86	9.86
iii. Nil shares (P.Y. 1,100) of Jai Prakash Power Ventures Ltd, F.V. ₹ 10 per share	-	0.04
iv. 19,42,574 shares (P.Y. 19,42,574) of KNR Construction Ltd, F.V. ₹ 10 per share	330.24	330.24
v. Nil shares (P.Y. 25) of IVRCL Infra & Projects Ltd, F.V. ₹ 2 per share	-	0.01
vi. Nil shares (P.Y. 37) of Jai Prakash Associates Ltd, F.V. ₹ 10 per share	-	0.01
vii. Nil shares (P.Y. 25) of Nagarjuna Construction Co Ltd, F.V. ₹ 2 per share	-	0.01
viii. Nil shares (P.Y. 125) of ERA Construction Ltd, F.V. ₹ 2 per share	-	0.01
ix. Nil shares (P.Y. 100) of GVK Power & Infrastructure Ltd, F.V. ₹ 1 per share	-	0
x. Nil shares (P.Y. 25) of Hindustan Constrction Co.Ltd, F.V. ₹ 1 per share	-	0
xi. Nil shares (P.Y. 20) of Larsen & Toubro Ltd, F.V. ₹ 2 per share	-	0.03
xii. Nil shares (P.Y. 50) of Madhucon Projects Ltd, F.V. ₹ 1 per share	-	0.01
xiii. Nil shares (P.Y. 25) of Punj Lloyd Ltd, F.V. ₹ 2 per share	-	0.01
xiv. Nil shares (P.Y. 25) of ITD Cementation Ltd, F.V. ₹ 10 per share	-	0.01
xv. Nil shares (P.Y. 37) of Valecha Engineering Ltd, F.V. ₹ 10 per share	-	0
xvi. Nil shares (P.Y. 2,557) of NHPC Ltd, F.V. ₹ 10 per share	-	0.09
In Equity Shares (Long Term): Unquoted		
- Subsidiaries		
i. 4,91,400 shares (P.Y. 4,91,400) of Patel Engineering Inc of par value USD 0.001 per share	459.02	459.02
ii. 8,85,220 shares (P.Y. 8,85,220) of Michigan Engineers Pvt Ltd, F.V. ₹ 10 per share	111.86	111.86
iii. 60,000 shares (P.Y. 60,000) of Zeus Land Projects Developers Pvt Ltd, F.V. ₹ 10 per share	0.60	0.60
iv. 10,00,00,000 shares (P.Y. 10,00,00,000) of Patel Realty (India) Ltd, F.V. ₹ 10 per share	1,000.00	960.00
v. 20,207 shares (P.Y. 20,207) of ASI Inc par value USD 0.0099 per share	170.54	170.54



STANDALONE FINANCIAL STATEMENTS

SCHEDULES Forming Part of The Balance Sheet As At March 31, 2011

Particulars	(₹ in million)	
	As at March 31, 2011	As at March 31, 2010
6 INVESTMENTS - AT COST contd.		
vi. 5,100 shares(P.Y. 5,100) of Shreanant Construction Pvt Ltd, F.V. ₹ 10 per share	0.05	0.05
vii. 1,00,00,000 shares (P.Y. 100,00,000) of Patel Engg. Infrastructure Pvt Ltd F.V. ₹ 10 per share	100.00	100.00
viii. 100,000 shares (P.Y. 100,000) of Patel Concrete & Quarries Pvt Ltd F.V. ₹ 10 per share	1.00	1.00
ix. 23,65,000 shares (P.Y. 23,65,000) of Patel Singapore Pte. Ltd F.V. US \$ 1 per share	94.46	94.46
x. 20,90,00,000 shares (P.Y. 20,90,00,000) of Patel Energy Resources Ltd F.V. ₹ 10 per share	2,090.00	2,090.00
xi. 33,000 shares (P.Y. 33,000) of Friends Nirman Pvt Ltd F.V. ₹ 10 per share	24.15	24.15
xii. 16,51,000 shares (P.Y. 16,51,000) of Patel Engineering Mauritius Ltd F.V. Mauritius ₹ 10 per share	25.76	25.76
xiii. 45,000 shares (P.Y. NIL) of Energy Design Pvt Ltd F.V. ₹ 10 per share	0.45	0.45
xiv. 51,000 shares (P.Y. NIL) of Pan Realtors Pvt Ltd F.V. ₹ 10 per share	0.51	0.51
xv. 30,000 Shares (P.Y. NIL) of Patel Lands Ltd F.V. ₹ 10 per share	0.30	-
- Associates		
i. 1,55,40,000 shares (P.Y. 1,55,40,000) of Patel KNR Infrastructure Ltd, F.V. ₹ 10 per share	155.40	155.40
ii. 16,670 shares (P.Y. Nil) of Raichur Sholapur Transmission Company Ltd, F.V. ₹ 10 per share	0.16	-
- Others		
i. Nil shares (P.Y. 100) of Aabha Land Development Pvt Ltd, F.V. ₹ 10 per share	-	0
In Preference Shares		
- Subsidiaries		
i. 5,000,000 shares (P.Y. NIL) of ASI Inc	225.97	-
In The Capital of Partnership Firm	0.03	0.03
	4,800.48	4,534.29
Aggregate amount of quoted Investments		
- Cost	340.10	340.34
- Market Value	227.41	288.75
Aggregate amount of unquoted Investments	4,460.38	4,193.95
* In the name of Directors, lodged with Project Authorities		

SCHEDULES Forming Part of The Balance Sheet As At March 31, 2011

Particulars	(₹ in million)	
	As at March 31, 2011	As at March 31, 2010
7 INVENTORIES		
(As technically valued & certified by the Management)		
(At Cost or Net Realisable Value whichever is lower/Contract Rates)		
a. Stores, Embedded Goods and Spare Parts etc.	1,543.61	1,348.55
b. Unbilled Work in Progress	17,916.35	13,708.44
Less: Advance against Material & Works	1,389.60	235.70
	16,526.75	13,472.74
	18,070.36	14,821.29
8 SUNDRY DEBTORS		
(Unsecured, considered good)		
a. Debts outstanding for a period exceeding six months	1,104.46	2,133.52
b. Debts outstanding for a period less than six months*	5,898.88	7,003.34
* (Includes ₹ 10.46 mn receivable from subsidiary)		
	7,003.34	6,032.88
9 CASH AND BANK BALANCES		
a. Cash on hand	6.70	5.57
b. Balances with Scheduled Banks		
(i) In Current Account	711.29	603.58
(ii) In Fixed Deposits Account (refer note 2 (vi) of Schedule 18)	255.17	100.25
c. Balance with Non Scheduled Banks		
Barclays Bank	73.08	121.10
Key Bank	3.79	76.87
(refer note 2 (vi) of Schedule 18)		
	1,050.03	846.00



STANDALONE FINANCIAL STATEMENTS

SCHEDULES Forming Part of The Balance Sheet As At March 31, 2011

Particulars	(₹ in million)	
	As at March 31, 2011	As at March 31, 2010
10 LOANS AND ADVANCES		
(Unsecured, Considered Good, except where otherwise stated)		
Advances to Subsidiaries (refer note II- 2(ix) of Schedule 18)	1,330.78	1,855.60
Balance in Current Account with Partnership firm	172.32	140.29
Balance in Current Account with Joint Ventures	723.32	654.84
Advances Recoverable in Cash or in kind or for value to be received* (refer note II- 2(vii) of Schedule 18)	8,762.48	6,108.44
Service tax & Cenvat Credit	6.00	18.47
* includes share application money to Subsidiaries of ₹ NIL (P.Y. ₹ 1.97), ₹ 169.24 mn (P.Y. ₹ 152.10 mn) due from company in which Directors are Directors		
	10,994.90	8,777.64
11 CURRENT LIABILITIES		
Sundry Creditors	7,304.78	6,115.83
Other Liabilities	449.42	217.29
Unpaid Dividends	3.18	3.76
Interest Accrued but not due	199.91	148.12
Contractee Advances (recoverable against work done bills, secured against bank guarantee & machinery hypothecation)	4,475.32	3,015.16
Balance in Current Account with Joint Ventures	0.34	25.05
Balance in Current Account with Subsidiary	951.80	139.69
	13,384.75	9,664.90
12 PROVISIONS		
Proposed Dividend	69.83	-
Dividend Tax on proposed dividend	11.33	-
Retirement Benefits	21.08	14.60
Provision for tax (net of advance tax & TDS)	416.54	471.03
	518.78	485.63

SCHEDULES Forming Part of The Profit and Loss Account For The Year Ended March 31, 2011

(₹ in million)

Particulars	As at March 31, 2011	As at March 31, 2010
13 INCOME FROM OPERATIONS		
Revenue/Turnover	20,986.41	20,222.34
Add: Increase/(Decrease) in Work in Progress	4,207.90	3,876.58
TOTAL TURNOVER	25,194.31	24,098.92
Share of Profit in Joint Ventures/Partnership	123.33	93.99
Lease & Other Services (TDS ₹ 5.37 mn, P.Y. ₹ 9.21 mn)	52.90	55.34
Other Operating Income	1.51	1.74
	25,372.05	24,249.99
14 OTHER INCOME		
Dividend Income	3.89	3.89
Profit on sale of Assets (Net)	-	10.98
Profit on Sale of Investment	0.03	-
Miscellaneous Receipts	58.73	74.32
Excess credit written back	12.29	10.97
	74.94	100.16
15 COST OF CONSTRUCTION		
Stores, Embedded Goods & Spares etc. Consumed		
Stock at beginning of the year	1,348.55	907.15
Add: Purchases (Net)	1,829.49	2,940.69
	3,178.04	3,847.84
Less: Stock at close of the year	1,543.61	1,348.55
	1,634.43	2,499.29
Piece Rate Expenses (Net)	16,472.27	15,176.89
Repairs to Machinery	92.68	136.48
Transportation, Hire etc.	372.53	132.48
Power, Electricity & Water Charges	311.13	284.95
Project Development Cost	907.21	484.09
Technical Consultancy Fees	11.82	0.96
Other Construction Costs	59.39	131.11
	19,861.46	18,846.25



STANDALONE FINANCIAL STATEMENTS

SCHEDULES Forming Part of The Profit and Loss Account For The Year Ended March 31, 2011

Particulars	(₹ in million)	
	As at March 31, 2011	As at March 31, 2010
16 ADMINISTRATIVE & OTHER EXPENSES		
Telephone, Postage, Stationery, Travelling, Conveyance & Advertisement	100.96	108.77
Rent	22.90	19.84
Insurance	160.37	102.00
Rates & Taxes	85.97	60.36
Repairs & Renovations to Building	11.03	11.05
Salaries, Wages, Gratuity, Bonus etc.	670.69	603.72
Contribution to Provident fund and other fund	36.31	31.64
Workmen and staff Welfare Expenses*	44.72	62.89
Director's Fees	1.46	1.02
Auditor's Remuneration	9.85	8.06
Consultancy Fees	145.54	189.94
Loss on assets sold/discarded/written off (Net)	10.23	-
Miscellaneous Expenses	482.09	318.94
Irrecoverable Debts & Advances Written Off	135.39	7.24
Translation difference (Net)	43.05	74.87
Share of Loss in Joint Ventures	1.14	5.33
* includes ESOP Compensation of ₹ 16.37 mn (P.Y. 33.87 mn)		
	1,961.70	1,605.67
17 INTEREST		
Bank & Others (Gross)	2,376.90	1,820.32
Debentures	289.89	148.12
	2,666.79	1,968.44
Less: Interest capitalised (refer note II-8 of Schedule 18)	197.08	202.02
	2,469.71	1,766.42
Less: Interest Received (Gross) (TDS. ₹ 18.12 mn P.Y. ₹ 16.64 mn)	730.27	388.26
	1,739.44	1,378.16

SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011**I. Significant Accounting Policies:**

- a. **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.
- 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. **Fixed Assets and Depreciation:** 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. 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 - 8½ years, Motor Cars - 10 years, Motor Truck - 8½ years, Furniture - 6 years, Office equipments - 6 years, Computer/Software - 3 years, Electrical Equipments - 6 years, Cycle - 2 years, Motorcycle - 7 years, Rails and Trolley - 7 years and Ship - 8½ years. Depreciation on additions and deletions to assets during the year is provided pro-rata.
- d. **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.
- e. **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.
- f. **Retirement 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.
- g. **Foreign Currency Transactions/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.



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SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

- h.** In respect of Derivative Contracts, gain/loss on settlement are recognized and charged to Profit and Loss Accounts.
- i. Investments:** are stated at cost. Permanent diminution, if any, is provided for.
- j. 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.
- k. Borrowing Costs:** 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.
- l. 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.
- m.**
 - 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.
- n. 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.
- o. 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.

II. Notes To Accounts:

1. Contingent Liabilities:

- a. Commitment for capital expenditure is ₹ 480.89 mn (P.Y. ₹ 320.74 mn), advance paid ₹ 15.74 mn (P.Y. ₹ 8.95 mn).

SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

- 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 ₹ 6,420.35 mn (P.Y. ₹ 3,875.15 mn) (including Customs ₹ 347.57 mn (P.Y. ₹ 248.71 mn) for the current year includes guarantees given in USD 7.50 mn (P.Y. US\$ 7.50 mn). Corporate guarantees on behalf of subsidiaries and others is ₹ 8,079.52 mn (P.Y. ₹ 7,799.52 mn) (against which the Company has obtained counter guarantee for ₹ 105.00 mn (P.Y. 1,760 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 favor. 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 ₹ 50.25 mn (P.Y. ₹ 189.94 mn).
 - e. Sales tax ₹ 33.51 mn (P.Y. ₹ 20.18 mn) (Advance paid ₹ 18.52 mn (P.Y. ₹ 10.51 mn)). Cess ₹ 7.46 mn (P.Y. ₹ 16.17 mn).
 - f. Custom liability that may arise on matter in appeal ₹ 7.61 mn (P.Y. ₹ 7.61 mn).
 - g. Client withheld to the extent of ₹ 1,565.90 mn (P.Y. ₹ Nil) 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 ₹ 1.86 mn (P.Y. ₹ Nil). The same will be paid to the employees who continue to be on the payrolls upto October 1, 2011.
2.
 - i. Turnover includes, construction of multi purpose projects, water supply projects, Irrigation projects, building projects, road and railway projects, on item rate and EPC basis. It also includes duty drawback and entitlement etc but excludes vat, service tax etc.
 - ii. Stores, embedded goods and Spares etc., consumed include materials issued to Sub Contractors.
 - iii. Auditors Remuneration comprises of Statutory Audit Fees (including Consolidation) ₹ 3.27 mn (P.Y. ₹ 3.27 mn); Tax Audit Fees ₹ 0.87 mn (P.Y. ₹ 0.88 mn); Taxation Matters ₹ 3.39 mn (P.Y. ₹ 1.65 mn); Other Capacity ₹ 1.10 mn (P.Y. ₹ 1.10 mn); Certification ₹ 1.10 mn (P.Y. ₹ 1.10 mn) and out of pocket expenses ₹ 0.12 mn (P.Y. ₹ 0.06 mn).
 - iv. Miscellaneous expenses includes Other Repairs ₹ 57.92 mn (P.Y. ₹ 46.96 mn), Tender fees, office and General Charges, Entertainment and rebate to clients, Bank charges and Bank Guarantee Charges (Net) etc., Donation of ₹ Nil (P.Y. 2.50 mn) to trusts in which Director is trustee and Donation to CPI (M) is ₹ 0.20 mn (P.Y.Nil) and to BJP ₹ Nil (P.Y. ₹ 0.25 mn).
 - v. Stores, embedded goods and Spare Parts include ₹ 67.87 mn (P.Y. ₹ 17.14 mn) in transit.
 - vi. Maximum Balance held in current account with non-scheduled banks viz. 1. Key Bank (USA) ₹ 15.73 mn (P.Y. ₹ 15.50 mn) 2. Barclays Bank (Mauritius) ₹ 159.45 mn (P.Y. ₹ 121.10 mn) 3. Balances with Scheduled banks in current account include ₹ 31.76 mn in transit/in hand (P.Y. ₹ 48.16 mn). Balances with Scheduled Banks in Fixed Deposits Account include ₹ 14.53 mn, lying with various government authorities/banks (P.Y. ₹ 16.65 mn).



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SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

- vii. Advances Recoverable in Cash or in kind or for value to be received includes ₹ 7.67 mn (P.Y. ₹ 25.75 mn) due from officers of the Company. Maximum amount due during the year ₹ 26.65 mn (P.Y. ₹ 33.88 mn). Also includes secured advance to piece workers ₹ 10.32 mn (P.Y. ₹ 10.34 mn).
- viii. Sundry Creditors includes ₹ Nil book over draft in current account with bank (P.Y. ₹ 4.08 mn), Includes ₹ 11.83 mn against lease of office premises (P.Y. ₹ 125.08 mn).
- ix. Loans/Advances Given/(Taken)

Subsidiary Companies	(₹ in million)			
	As at March 31, 2011	As at March 31, 2010	Maximum Amount outstanding (2010 - 11)	Maximum Amount outstanding (2009 - 10)
1 Shreanant Construction Pvt Ltd	13.00	13.00	13.00	13.00
2 Michigan Engineers Pvt Ltd	38.44	47.50	38.44	47.64
3 Patel Patron Pvt Ltd	3.63	0.61	3.63	0.61
4 PEL Power Ltd	19.82	42.66	42.86	74.55
5 Patel Realty (India) Ltd	40.79	299.95	327.02	358.59
6 Patel Energy Ltd	1.39	0.52	2.02	8.69
7 Water Front Developers Ltd	0.11	0.11	0.11	0.11
8 Patel Engineering (Mauritius) Ltd	3.15	2.82	3.15	2.82
9 Patel Eng. Infrastructure Ltd	236.59	696.95	2,324.34	696.95
10 PAN Realtors Pvt Ltd	3.21	2.90	3.34	190.52
11 Nirman Constructions Pvt Ltd	0.50	0.50	0.50	0.50
12 Phedra Projects Pvt Ltd	6.15	-	6.15	-
13 Vismaya Constructions Pvt Ltd	0.47	0.47	0.47	0.47
14 Shashvat Land Projects Pvt Ltd	34.58	34.50	34.58	34.50
15 Bhooma Realtors Pvt Ltd	140.82	34.50	140.82	34.50
16 Pandora Infra Pvt Ltd	46.05	46.00	46.05	46.00
17 Friends Nirman Pvt Ltd	0.04	(0.01)	0.11	(0.01)
18 Patel Eng. (Singapore) Pte. Ltd	115.53	57.77	115.53	57.77
19 Dirang Energy Pvt Ltd	15.35	304.79	312.35	304.79
20 Patel Mining Divn. Lda,	5.01	2.38	5.01	2.66
21 Patel Engineering Inc	6.68	0.60	9.13	12.29
22 Patel Energy Resources Ltd	494.96	-	856.24	1.97
23 Patel Mining (Mauritius) Ltd	51.00	3.75	51.00	3.75
24 Energy Design Pvt Ltd	48.04	44.48	48.04	44.48
25 West Kameng Energy Pvt Ltd	-	-	-	0.02
26 Laksha Infra Projects Pvt Ltd	-	-	-	0.01
27 PEL Port Pvt Ltd	-	-	-	0.01
28 ASI RCC India Pvt Ltd	0.01	0.01	0.01	0.01
29 Azra Land Projects Pvt Ltd	0.00	0.01	0.00	0.01
30 PT Patel Surya Minerals	3.76	1.41	3.76	1.41
31 ASI Inc	1.77	-	1.77	-
32 Patel Lands Ltd	0.02	-	0.32	-
TOTAL	1,330.89	1,638.18	4,430.55	1,938.62

SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

3. 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 ₹ 363.50 mn (P.Y. ₹ 740.00 mn), and reversed Deferred Tax Liability of ₹ 30.46 mn (P.Y. reversed ₹ 31.40 mn). The Company has been advised that it is not liable to Wealth-Tax except on Motor Cars. Accordingly, Wealth Tax of ₹ 1.50 mn (P.Y. ₹ 1.20 mn) has been provided.

- ii. 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.

- iv. 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:

	(₹ in million)	
	As at March 31, 2011	As at March 31, 2010
a. Deferred Tax Liability		
Related to depreciation on fixed assets	44.30	81.74
	(a) 44.30	81.74
b. Deferred Tax Assets		
Disallowances under the Income Tax Act	9.52	16.49
	(b) 9.52	16.49
c. Liability for Deferred Tax (net)	(a-b) 34.78	65.25

4. Income consisting of Construction income of ₹ 35.66 mn (P.Y. ₹ Nil) and other income of ₹ Nil (P.Y. ₹ 3.40 mn) and Expenses consisting of Piece Rate Expenses ₹ 24.93 mn (P.Y. ₹ 24.12 mn) and other expenses ₹ 7.19 mn (P.Y. ₹ 12.68 mn) pertaining to prior periods credited and debited respectively to Profit and Loss Accounts under various heads of accounts.



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SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

5. 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 ₹ 493.04 mn (P.Y. ₹ 258.37 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.
6. 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 ₹ 8.50 mn (P.Y. ₹ 30.55 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 ₹ Nil (P.Y. ₹ 16.34 mn) has been added to the cost of the respective fixed asset.
7. 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).
8. In accordance with AS 16 – "Borrowing Costs", ₹ 197.08 mn (P.Y. ₹ 202.02 mn) interest has been capitalized on project development cost incurred.
9. Debit and Credit Balances are subject to confirmation from creditors, debtors and sub contractors.
10. Additional information pursuant to the provision of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, (wherever applicable).

	(₹ in million)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
a. Value of Imports on CIF basis:		
i. Stores materials	189.63	279.34
ii. Components and Spare Parts	2.25	14.30
iii. Capital Goods	106.85	122.54
	298.73	416.18

	(₹ in million)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
b. Expenditure in Foreign Currency:		
i. At USA Office	6.48	5.19
ii. Interest Paid	28.67	29.08
iii. Consultancy fees	17.23	5.74
iv. Directors Fees	0.01	0.04
v. Traveling Expenses	9.45	3.33
vi. Subscription and Other Expenses	0.18	0.06

SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

	(₹ in million)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
vii. Bank Charges	0.41	0.71
viii. P.W. Wages	15.40	33.43
ix. Mauritius Office	60.19	168.97
x. Electricity Expenses	-	3.02
xi. Tender Fees	0.04	-
	138.06	249.57

c. Value of imported and indigenous Stores material, Spare Parts and Components Consumed:

	(₹ in million)			
	Year Ended March 31, 2011		Year Ended March 31, 2010	
	Amount	%	Amount	%
i. Imported	17.79	1.09	291.50	11.66
ii. Indigenous	1,616.64	98.91	2,207.79	88.34
	1,634.43	100.00	2,499.29	100.00

d. Earnings in Foreign Exchange:

	(₹ in million)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
i. Contract Receipts	601.55	940.56
ii. At USA Office	0.02	0.02
iii. Interest Income	15.49	3.54
iv. Other Income	0.32	0.35
	601.56	947.34

11. Managerial Remuneration:

	(₹ in million)			
	Managing Director		Whole Time Directors	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
i. Salary	15.44	11.69	21.18	18.69
ii. Cont. to PF and Other Fund	0.59	0.63	0.87	1.07
iii. Perquisites	0.03	0.03	24.62*	22.45*
	16.05	12.35	46.67	42.21

* includes ₹ 24.57 mn (P.Y. ₹ 21.07 mn) on exercise of ESOP option treated as Perquisites as per Income Tax Act, 1961.



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SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

Computation of Net Profit as per Section 349 of the Companies Act, 1956

	(₹ in million)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
Profit before Taxation and Extra Ordinary Items	1,356.43	2,018.34
Add:-		
Managerial Remuneration	62.72	54.56
	1,419.15	2,072.90
Less:-		
Profit/(Loss) on sale of assets (net) (as per accounts)	(10.23)	(10.98)
Net Profit as per Section 349 of the Companies Act	1,408.92	2,061.92
Remuneration payable restricted to 10% of Net Profit calculated as per Section 349 of the Companies Act, 1956	140.89	206.19
TOTAL MANAGERIAL REMUNERATION	62.72	54.56

The total remuneration is paid/payable to Managing Directors and Whole time Directors is within the permissible limit of 10%.

The above figure does not include provision for encashable leave and gratuity as separate actuarial valuation is not available.

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

Sr. No.	Name of the Joint Venture/ Consortium	Name of the J.V./Consortium Member	Patel's Share
a.	LGE&C-PATEL J.V.	L.G. Engineering and Construction, Korea	100%(25%+75%)
b.	PATEL –KNR J.V.	KNR Constructions Ltd	50%
c.	KNR – PATEL J.V.	KNR Constructions Ltd	49%
d.	PATEL – SOMA J.V	Soma Enterprises Ltd	50%
e.	SOMA – PATEL – ASI JV	Soma Enterprises Ltd	50%
f.	PATEL – MICHIGAN JV	Michigan Engineers Pvt Ltd	10%
g.	PATEL-SA JV	Sandeep Associates	75%
h.	PATEL L & T JV	Larsen & Toubro Ltd	60%
i.	Patel Sew JV	Sew Constructions Ltd	60%
j.	Era Patel Advance JV	Era Infra Engineering Ltd, Advance Construction Company Pvt Ltd,	30%
k.	Era Patel Advance Kiran JV	Era Infra Engineering Ltd, Advance Construction Company Pvt Ltd, Kiran Udhyog	47.06%
l.	Patel Sotravic JV	Sotravic, Mauritius	75%
m.	Patel ARSS JV	ARSS Infrastructures Projects Ltd	51%
n.	Patel – Siddhivinayak JV	Siddhivinayak Constructions	51%
o.	Patel – V Arks JV	V Arks Engineers Pvt Ltd	65%
p.	Navyuga – Patel – BHEL	Navyuga Engineering Co. Ltd	42.2274%
q.	Patel – Avantika – Deepika – BHEL	Avantika ContractorsIndia Pvt Ltd	52.8293%
r.	Patel – V Arks - Precision	V ArksEngineers Pvt Ltd	60%
s.	Patel Advance JV	Advance Constructions Co. Pvt Ltd	60%

SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

- 13.** The Company had entered into a partnership with ACE Housing and Construction Ltd in name of AHCL – PEL for development and construction of residential buildings. The share of profit/loss of each partner are as under:

Partners	% of Share
Patel Engineering Ltd	55%
ACE Housing and Construction Ltd	45%

Company's share in profit/loss is accounted for as and when determined. The fixed capital of the firm is ₹ 0.05 mn. Company's contribution towards the capital is ₹ 0.025 mn.

- 14.** Disclosure required in accordance with Accounting Standard – 7 (Revised). In respect of contracts entered into on or after 1st April 2003, contract revenue recognized as construction ₹ 22,089.94 mn contract costs incurred and recognized profit (less recognized losses) ₹ 82,293.59 mn advance received ₹ 428.52 mn retention deposit ₹ 965.21 mn and gross amount due from clients for contract works included under current assets ₹ 10,329.66 mn.
- 15.** During the year, 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, 2011 are considered recoverable and billable to the client and hence included under work in progress.

Arbitration award in case of four projects amounting to ₹ 2,330.36 mn (P.Y. ₹ 2,296.91 mn) represented as work in progress will be accounted for as construction receipts as and when received.

- 16.** The Company has following outstanding Debentures as on March 31, 2011:
- 9.5% Secured Redeemable Non Convertible Debentures was allotted on June 01, 2009 for a period of 3 years. 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.
 - 9.8% Secured Redeemable Non Convertible Debentures was allotted on July 20, 2009 for a period of 7 years. These debentures have a face value of ₹ 1.0 mn each 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.
 - 9.55% Secured Redeemable Non Convertible Debentures was allotted on April 26, 2010 for a period of 3 years. These debentures have a face value of ₹ 1.0 mn each aggregating to ₹ 1,000.00 mn. Out of which ₹ 300 mn, ₹ 300 mn and ₹ 400 mn are to be redeemed on April 26, 2013, April 26, 2014 and April 26, 2015 respectively.
 - 10.75% Secured Redeemable Non Convertible Debentures was allotted on March 3, 2011 for a period of 3 years. These debentures have a face value of ₹ 1.0 mn each aggregating to ₹ 500.00 mn Out of which ₹ 150 mn, ₹ 150 mn and ₹ 200 mn are to be redeemed on March 3, 2014, March 3, 2015 and March 3, 2016 respectively.



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SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

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.

17. Related Party Disclosures:

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

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

Sr. No.	Name of the Related Parties
Direct Subsidiaries	
1	Patel Realty (India) Ltd
2	Patel Energy Resources Ltd
3	Michigan Engineers Pvt Ltd
4	ASI Inc
5	Patel Engineering (Singapore) Pte. Ltd
6	Shreeanant Construction Pvt Ltd
7	Pan Realtors Pvt Ltd
8	Patel Engineering Inc
9	Patel Engineering (Mauritius) Ltd
10	Patel Engineering Infrastructure Ltd
11	Zeus Land Projects Pvt Ltd
12	Patel Concrete and Quarries Pvt Ltd
13	Friends Nirman Pvt Ltd
14	Energy Design Pvt Ltd
15	Patel Lands Ltd
Subsidiaries of Patel Realty (India) Ltd	
1	Bellona Estate Developers Pvt Ltd
2	Hebe Infracon Pvt Ltd
3	Hera Realcon Pvt Ltd
4	Terminus Realcon Pvt Ltd
5	Ares Infradevelopers Pvt Ltd
6	Lucina Realtors Pvt Ltd
7	Apollo Buildwell Pvt Ltd
8	Arsen Infra Pvt Ltd
9	Praval Developers Pvt Ltd
10	Pandora Infra Pvt Ltd
11	Patel Engineers Pvt Ltd
12	Phedra Projects Pvt Ltd
13	Patel Patron Pvt Ltd
14	Vismaya Constructions Pvt Ltd

SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

Sr. No.	Name of the Related Parties
15	Nirman Constructions Pvt Ltd
16	Azra Land Projects Pvt Ltd
17	Bhooma Realties Pvt Ltd
18	Shashvat Land Projects Pvt Ltd
19	Waterfront Developers Ltd
20	Les Salines Development Ltd
21	La Bourade Development Ltd
22	Ville Magnifique Development Ltd
23	Sur La Plage Development Ltd
Subsidiaries of Patel Energy Resources Ltd	
1	Dirang Energy Pvt Ltd
2	West Kameng Energy Pvt Ltd
3	Patel Energy Assignment Pvt Ltd
4	Patel Energy Projects Pvt Ltd
5	Patel Energy Operations Pvt Ltd
6	Digin Hydro Power Pvt Ltd (Previously known as Patel Energy Ventures Pvt Ltd)
7	Meyong Hydro Power Pvt Ltd (Previously known as Patel Energy Works Pvt Ltd)
8	Shree Balaji Power Services Pvt Ltd
9	Naulo Nepal Hydro Electric Pvt Ltd
10	PEL Power Ltd
11	PEL Port Pvt Ltd
12	Patel Energy Ltd
13	Laksha Infra Projects Pvt Ltd
14	Patel Hydro Power Pvt Ltd
15	Patel Thermal Energy Pvt Ltd
16	Jayshe Gas Power Pvt Ltd
Subsidiaries of ASI Inc	
1	ASI Australia Pty Ltd
2	HCP Inc
3	Eng & Const Inc
Subsidiaries of Patel Engineering (Singapore) Pte Ltd	
1	Patel Surya (Singapore) Pte. Ltd
2	PT PEL Minerals Resources
3	Patel Param Minerals Pte Ltd
4	PT Patel Surya Minerals
5	Patel Param Energy Pte Ltd
6	PT Patel Surya Jaya
7	Patel Param Natural Resources Pte Ltd
8	Mineral Resources Holding Ltd



STANDALONE FINANCIAL STATEMENTS

SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

Sr. No.	Name of the Related Parties
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Subsidiaries of Patel Engineering Inc

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

Subsidiaries of Patel Engineering (Mauritius) Ltd

1	Patel Mining (Mauritius) Ltd
2	Patel Mining Vision, Lda
3	Patel Mining Division, Lda
4	Patel Mining Privilege, Lda
5	Patel Mining Projects, Lda
6	Patel Mining Ventures, Lda
7	Patel Mining Operations, Lda
8	Patel Mining Works, Lda
9	Patel Mining Assignments, Lda
10	Patel Mining Mozambique, Lda
11	Patel Mining Concession, Lda
12	Patel Mining Enterprise, Lda
13	Patel Mining Activities, Lda

Associates:		Joint Ventures	Partnership
1	Enpro Ltd		
2	Patel KNR Infrastructure Ltd	(refer note 12)	AHCL PEL
3	Patel KNR Heavy Infrastructure Ltd		
4	Raichur Sholapur Transmission Company Ltd		

B. Key Management Personnel:

1	Mr. Pravin A Patel	Non-Executive Chairman
2	Mr. Rupen Patel	Managing Director
3	Ms. Silloo Patel	Whole Time Director
4	Ms. Sonal Patel	Whole Time Director (resigned w.e.f. March 16, 2011)
5	Mr. Nimish Patel	Whole Time Director
6	Mr. Shiraz Patel	Relative of Key Management Personnel
7	Mr. Bhim Batra	Relative of Key Management Personnel

SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

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

Nature of Transaction	(₹ in million)			
	Subsidiary		Associates/Joint	
	Companies		Ventures/Partnership	
	2010-11	2009-10	2010-11	2009-10
- Revenue/Turnover	418.12	924.39	504.52	3,799.54
- Piece Rate Expenses	896.61	844.54	-	-
- Investment in Equity	40.30	1,636.76	0.17	-
- Investment in Preference shares	225.98	-	-	-
- Advances received	2,161.80	139.69	317.93	127.59
- Advances recovered/repaid	139.69	-	27.38	495.33
- Share of Profit	-	-	123.33	93.99
- Share of loss	-	-	1.15	5.33
- Miscellaneous Receipts	10.69	7.44	12.12	21.21
- Loans/Advances given	7,152.02	2,083.47	85.80	615.01
- Loan/Advances returned	7,451.83	608.71	662.35	319.76
- Purchase of Land	-	-	-	2.28
- Bank Guarantee outstanding as at the end of the year	880.92	926.01	2,013.22	2,180.79
- Outstanding Balance included in Current Assets	1,849.57	1,855.60	1,450.03	1,586.58
- Outstanding Balance included in Current Liabilities	1,268.86	139.69	1,069.13	34.97
- Share Application Money	-	1.97	-	-
- Issue of Stores	3.46	0.02	-	-
- Purchase of Stores	0.63	-	-	-
- Consultancy Fees paid	-	1.21	-	-
- Rent Income	5.19	5.82	0.04	0.02
- Rent paid	4.12	0.11	-	-
- Hire Charges received	1.08	-	-	-
- Interest Income	137.86	58.81	19.20	14.33
- Development Expenses	180.00	-	-	-

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

Nature of transaction	(₹ in million)	
	Amount 2010-11	Amount 2009-10
Managerial Remuneration	62.72	54.56
Salary and contribution to provident fund	1.18	0.81
Rent Income	0.92	0.15
Deposit	0.40	-
Rent Paid	1.63	1.73



STANDALONE FINANCIAL STATEMENTS

SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

18. 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, for which shortfall has been provided for as at the Balance Sheet date.

II. In accordance with the Accounting Standard (AS 15) (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions:

	Year Ended March 31, 2011	Year Ended March 31, 2010
a. Discount rate	8.25%	8.00%
b. Rate of increase in Compensation Levels	5.00%	5.00%
c. Expected Rate of Return on Plan Assets	8.00%	8.00%
d. Attrition rate	2.00%	2.00%
e. Average Age of retirement (years)	60	60

Disclosures for defined benefit plan based on actuarial reports as on March 31, 2011 and March 31, 2010:

A. Changes in Defined Benefit Obligation (Gratuity Funded Plan)

	Year Ended March 31, 2011	Year Ended March 31, 2010
		(₹ in million)
a. Liability at the beginning of the year	16.14	11.23
b. Interest Cost	1.29	0.87
c. Current Service Cost	8.83	5.81
d. Benefit Paid	(0.01)	(0.01)
e. Actuarial (gain)/loss on obligations	(5.53)	(1.76)
f. Liability at the end of the year	20.70	16.14

SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

B. Changes in the Fair value of Plan Assets:

	(₹ in million)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
a. Fair Value of Plan Assets at the beginning of the year	13.86	12.05
b. Expected Return on Plan Assets	1.11	0.96
c. Contributions	0.21	0.52
d. Benefit Paid	(0.01)	(0.01)
e. Actuarial Gain/(Loss) on Plan Assets	0.16	0.17
f. Fair Value of Plan Assets at the end of the year	15.32	13.68
g. Total Actuarial Gain/(Loss) to be recognized	5.70	1.92

**C. Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets
(Amount recognized in Balance Sheet):**

	(₹ in million)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
a. Present Value of Funded Obligation as at year end	20.70	16.14
b. Fair Value of Plan Assets as at year end	15.32	13.68
c. Funded (Asset)/Liability recognized in the Balance Sheet	(5.38)	(2.46)

D. Expenses recognized in the Profit and Loss Account:

	(₹ in million)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
a. Current Service Cost	8.83	5.81
b. Interest Cost	1.29	0.87
c. Expected Return on Plan Assets	(1.11)	(0.96)
d. Net actuarial Gain	(5.70)	(1.92)
e. Total Expenses recognized in the Profit and Loss Account	3.32	3.79

E. Actual return on Plan Assets:

	(₹ in million)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
a. Expected Return on Plan Assets	1.11	0.96
b. Actuarial Gain on Plan Assets	0.16	0.17
c. Actual Return on Plan Assets	1.27	1.13

**F. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2011:
Insurer Managed Funds 100%**



STANDALONE FINANCIAL STATEMENTS

SCHEDULES 18 Notes Forming Part of The Financial Statements For The Year Ended March 31, 2011

G. Experience Adjustments

	(₹ in million)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
a. On Plan Obligation (Gain)/Loss	(4.50)	(1 .43)
b. On Plan Asset (Loss)/Gain	0.16	0.17

H. The expected contribution in the next year is ₹ 2.33 mn.

19. 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.

20. The Company has no amounts due to suppliers under the Micro Small and Medium Enterprise Development Act, 2006, as at March 31, 2011.

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

21. The Company has main reportable business segment namely "Civil Construction".

22. Earning per Share:

	(₹ in million)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
I. Net profit as per profit and Loss Account available for shareholders for both Basic and diluted Earnings Per Shares of ₹ 1 Each	1,022.10	1,308.54
II. Weighted Average Number of Equity shares for earning per share	69,827,151	64,008,503
III. Earning Per Share (Basic and Diluted) ₹	14.64	20.44

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.

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

As per our attached Report of even date

For VATSARAJ & Co.
Chartered Accountants

CA NITESH K. DEDHIA
Partner
Membership No. 114893
FRN. No. 111327W
Mumbai, September 10, 2011.

For and on behalf of Board

Rupen Patel
Managing Director

Silloo Patel
Director

K.Kannan
Director

Shobha Shetty
Company Secretary

Mumbai, September 10, 2011.

CASH FLOW STATEMENT for the year ended March 31, 2011

(₹ in million)

	As at March 31, 2011	As at March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extra-Ordinary Items	1,356.63	2,018.34
Adjustment for:		
Depreciation	527.76	501.73
Interest charged	2,272.63	1,564.40
Interest received	-533.19	-186.24
Foreign Exchange Loss/(Gain)	43.05	74.87
Provision for Leave Salary	6.48	2.76
Provision for Bonus	7.92	4.99
Loss of Assets exhausted/sold	10.23	-
Profit on sale of Assets	-	-10.98
Excess Credit written back	-12.29	-10.97
Irrecoverable debts & advances written off	135.39	7.24
ESOP compensation expenses	16.37	33.87
Profit on sale of Investment	-0.03	-
Operating Profit Before Working Capital Changes	3,830.95	4,000.01
Adjustment for changes in:		
Trade & other receivables	-3,474.08	-2,747.66
Inventories	-4,205.89	-4,115.96
Trade payable, Liabilities and Provisions (excluding Proposed Dividend & Income tax)	4,826.91	870.64
<i>Cash generated from operations</i>	977.89	-1,992.97
Direct tax paid	-869.49	-796.72
Net Cash From Operating Activities	108.40	-2,789.69
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-704.80	-435.79
Loans (given)/returned	126.95	-1,744.17
Share Application Money (given)/returned	1.97	-1.97
Sale of Fixed Assets	83.04	45.30
Investments made in Subsidiaries	-266.43	-1,636.85
Disinvestment in Subsidiaries	0.27	-
Interest received	350.46	-22.18
Net Cash Used In Investing Activities	-408.55	-3,795.66
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Shares	-	3,446.18
Share/Debenture issue expenses	-4.79	-99.70
Increase in Borrowings	2,970.52	4,452.58
Dividend Paid	-0.58	-228.35
Interest Paid	-2,417.92	-1,618.30
Net Cash Used In Financing Activities	547.23	5,952.41



STANDALONE FINANCIAL STATEMENTS

CASH FLOW STATEMENT (Contd.) for the year ended March 31, 2011

	(₹ in million)	
	As at March 31, 2011	As at March 31, 2010
Net Increase/Decrease in Cash & Cash Equivalent (A+B+C)	247.08	-632.94
Opening Balance of Cash & Cash Equivalents	846.00	1,553.81
Closing Balance of Cash & Cash Equivalents	1,093.08	920.87
Notes to Cash flow Statement		
1. Cash and Cash Equivalents		
Cash on hand & Balance with banks	1,050.03	846.00
Effect of exchange rate changes	43.05	74.87
Closing Cash and Cash Equivalents as restated	1,093.08	920.87

As per our attached Report of even date

For VATSARAJ & Co.
Chartered Accountants

CA NITESH K. DEDHIA
Partner
Membership No. 114893
FRN. No. 111327W
Mumbai, September 10, 2011.

For and on behalf of Board

Rupen Patel
Managing Director

Silloo Patel
Director

K.Kannan
Director

Shobha Shetty
Company Secretary

Mumbai, September 10, 2011.

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
I REGISTRATION DETAILS

Registration No. State Code
Balance Sheet Date

II CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ THOUSANDS)

Public Issue Right Issue
Bonus Issue Private Placement

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ₹ THOUSANDS)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves and Surplus

Deferred Tax Liability Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets Investment

Net Current Assets Miscellaneous Expenditure

Accumulated Losses

IV PERFORMANCE OF COMPANY (AMOUNT IN ₹ THOUSANDS)

Turnover* Total Expenditure

Profit/(Loss) Before Tax Profit/(Loss) After Tax

Earning per share (In ₹) Dividend Rate (%)

V GENERIC NAMES OF TWO PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No
Product Description
Item Code No.
Product Description
Item Code No.
Product Description

For and on behalf of Board

Rupen Patel
Managing Director

Silloo Patel
Director

K.Kannan
Director

Mumbai, September 10, 2011.





Patel Engineering Ltd.
Patel Estate, Jogeshwari (W)
Mumbai 400 102
Maharashtra, India



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