



PATEL ENGINEERING LTD

Regd office: Patel Estate Road, Jogeshwari (W), Mumbai – 400 102

NOTICE is hereby given that the Sixty Fourth Annual General Meeting of Patel Engineering Limited will be held on Friday, September 27, 2013, at 3.30 pm at Shree Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari (West), Mumbai – 400 102, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet of the Company as at March 31, 2013 and the Profit & Loss Account of the Company for the financial year ended on that date together with Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Pravin Patel, who retires by rotation and is eligible for re-appointment.
3. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

“RESOLVED that Mr. Bhaskar Mehta, a Director liable to retire by rotation, who does not seek re-election, is not reappointed.”

“RESOLVED FURTHER that the vacancy, so created on the Board of Directors of the Company, be not filled.”

4. To appoint M/s. Vatsaraj & Co, Chartered Accountants, (Firm’s Registration no. 111327W) as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification the following resolution as a special resolution:

“RESOLVED that pursuant to the provisions of Section 269, 309, 198 and other applicable provisions, read with Schedule XIII of the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof, Mr. Pravin Patel, Director of the Company be and is hereby appointed as a Whole-time Director of the Company for a period of three (3) Years with effect from September 27, 2013 on the following terms and conditions:

Salary: ₹ 1/- per annum

RESOLVED further that Mr. Pravin Patel shall be entitled to perquisites, allowances and other benefits as set out in the explanatory statement.

RESOLVED further that where in any financial year during his tenure of appointment, the Company incurs a loss or its profits are inadequate, the Company shall pay Mr. Pravin Patel the remuneration by way of salary, perquisites, allowances and other benefits as minimum remuneration, subject to Schedule XIII to the Companies Act, 1956.

RESOLVED further that the Board of Directors of the Company based on recommendation of remuneration committee be and is hereby authorized to alter or vary the terms of appointment of the appointee including relating to remuneration, as it may at its discretion, deem fit, from time to time provided that the remuneration is within the limit laid down in the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof.”

6. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

“RESOLVED that Mr. Sharad Zalawadia who was appointed as an Additional Director and holds office up to the date of this Annual General Meeting of the Company and is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member under the provision of Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a Director to retire by rotation.”

**For and on behalf of the Board of Directors
Patel Engineering Limited**

**Shobha Shetty
Company Secretary**

Mumbai, August 14, 2013

**Registered Office
Patel Estate Road
Jogeshwari-(West)
Mumbai-400102**

NOTES

1. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business in item no. 3, 5 and 6 is annexed hereto. The details in respect of Item no. 2, 5 and 6 above, as required under Clause 49 of the Listing Agreement are annexed.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

3. Members/Proxies should bring the enclosed attendance slip duly filled in, for attending the meeting, along with the Annual Report.

4. The Register of Members and Transfer Books of the Company will remain closed from September 18, 2013 to September 27, 2013 (both days inclusive).

5. Nomination Facility

Members holding shares in physical form may obtain the Nomination forms from Company's Registrar & Share Transfer Agent.

8. Pursuant to Section 205A(5) of the Companies Act, 1956, the unpaid dividends that are due for transfer to the Investor Education and Protection Fund are as follows:

Year	Type of dividend	Date of declaration	Due for transfer	Amount as on March 31, 2013
2005-06	Final	September 18, 2006	October 25, 2013	220,699
2006-07	Interim	March 9, 2007	April 15, 2014	438,470
2007-08	Interim	October 14, 2007	November 20, 2014	395,057
2007-08	Final	August 8, 2008	September 14, 2015	321,520
2008-09	Interim	July 15, 2008	August 21, 2015	
2008-09	Final	July 31, 2009	September 6, 2016	287,576
2009-10	Interim	January 27, 2010	March 5, 2017	815,636
2010-11	Final	October 17, 2011	November 23, 2018	535,686
2011-12	Final	October 12, 2012	December 18, 2019	207,324

Members, who have not yet encashed their dividend for the financial year ended March 31, 2006 onwards, are requested to make their claims to the Company accordingly, without any delay.

9. Members are requested to send their queries to the Company's registered office at least 10 days before the date of the Annual General Meeting.

10. Kindly email your grievances to investors@pateleng.com.

Members holding shares in electronic form may obtain the Nomination forms from their respective Depository Participants.

6. Members holding shares in physical form are requested to give the following details to the Company's registered office or to the Registrar & Transfer Agents of the Company, Link Intime India Pvt.Ltd.,C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078:

i) Any change in their address/E-mail/ECS Mandate

ii) Particulars of Bank in case same has not been sent earlier.

Members having shares in dematerialized form are requested to notify all changes with respect to their change in email ID, ECS Mandate and bank details to the Depository Participant.

7. As the members, you are aware that the Company's shares are compulsorily tradable in electronic form. As on March 31, 2013, 98.45% of the Company's total paid-up share capital representing 6,87,44,751 shares are in dematerialized form. In view of the numerous advantages offered by the depository system, members holding shares in physical mode are advised to avail the facility of dematerialization form with either of the Depositories.

11. The Ministry of Corporate Affairs (“MCA”) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliance by Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, the Company has already sent a communication to all the members that various notices/documents meant for them shall be sent electronically to their respective email address as obtained from Depositories, unless specially requested to be sent in physical form.

The members, who have not registered/updated their email address so far, are requested to register/ update their email address, in respect to electronic holdings with the Depository through their concerned Depository Participant. Members who hold their shares in physical form and who are desirous of receiving the communications/documents in electronic form are requested to promptly register their email addresses with the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item no. 3

In accordance with the provisions of Section 256 of the Act and the Articles of Association of the Company, Mr. Bhaskar Mehta retires by rotation. Mr. Mehta has not sought re-election. It has been decided by the Board that the vacancy so created on the Board of Directors of the Company should not be filled.

Mr. Bhaskar Mehta is a Director of the Company since September 22, 2009. The Board has placed on record its appreciation of the contribution made by him to the Company.

Item no. 5

Mr. Pravin Patel, age 76 years, is presently the Non Executive Chairman of the Company. Mr. Pravin Patel in the past has successfully led the Company as Whole-time Director (Executive Chairman) and under his leadership the Company has emerged as one of the leader in infrastructure sector. Thereafter he opted to be the Non-Executive Chairman. In light of the prevailing adverse circumstances through which the infrastructure industry is passing through, it is deemed expedient to seek his association with the Company on a whole time basis designated as Executive Chairman of the Company, so that the Company can benefit from his extensive experience and pragmatic leadership abilities.

The appointment of Mr. Pravin Patel as a Whole-time Director is subject to approval of the members. The terms and conditions of his appointment are as follows:

1. Period of appointment – Three (3) years with effect from September 27, 2013.
2. Details of remuneration:
 - (i) Salary: ₹ 1/- per annum
 - (ii) Perquisites and allowances: In addition to salary, Mr. Pravin Patel will be entitled to perquisites and allowances like furnished accommodation or house rent allowances, medical reimbursement, coverage under medical/accident insurance, leave travel concession for himself and family, contribution to provident fund and superannuation fund, payment of gratuity and such other perquisites and allowance in accordance with the Company’s rules or as may be agreed by the Board subject to the overall ceiling stipulated in the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof. The other incentive and allowances will be subject to the ceiling of an amount not exceeding 150% of basic salary either payable at end of the year or on monthly basis.
 - (iii) Provisions of use of the Company’s car for official duty, telephone at residence including payment of local calls and distance official calls shall not be included in perquisites and allowances for the purpose of calculating the said limit.
3. Mr. Pravin Patel shall be allowed to retain any benefits received as a Director or Member of any Associate, Subsidiary and/or Joint Venture of the Company.
4. This appointment may be terminated by the Company or Mr. Pravin Patel by either party giving three months notice of such termination or Company paying three months remuneration in lieu of such notice.

Mr. Pravin Patel shall perform such duties as shall from time to time be entrusted to him, subject to the superintendence, guidance and control of the Board of Directors.

The resolution seeks approval of the members in terms of the provisions of Section 269, 309, 198 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force to the appointment of Mr. Pravin Patel as Whole-time Director for a period of three (3) years commencing from September 27, 2013.

Mr. Pravin Patel, and Mr. Rupen Patel being relative of Mr. Pravin Patel, are deemed to be interested or concerned in the resolution.

This may also be regarded as an abstract of the terms of contract of appointment of Mr. Pravin Patel and Memorandum of Interest under Section 302 of the Companies Act, 1956.

The Board of the Company in the interest of the Company recommends the resolution for the approval of members.

Item no. 6

Mr. Sharad Zalawadia was appointed as an additional Director with effect from August 14, 2013.

Mr. Sharad Zalawadia, age 61 years, a US citizen, has been a serial entrepreneur in the United States for over 35 years. He began his career in Silicon Valley soon after completing his MBA from the University of Santa Clara in 1976. His work revolved around information management. His work experience spans across small business through to large conglomerate organizations. He spent the last 5 years of his career as VP - Information Management in a US fortune 20 company and retired in 2012.

In terms of the provisions of Section 260 of the Companies Act 1956, Mr. Sharad Zalawadia will hold office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing

from a member under the provisions of Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Sharad Zalawadia for the office of a Director of the Company.

None of the Director except Mr. Sharad Zalawadia, is interested or concerned in the resolution.

The Board recommends the resolution for the approval of members.

**For and on behalf of the Board of Directors
Patel Engineering Limited**

**Shobha Shetty
Company Secretary**

Mumbai, August 14, 2013

**Registered Office
Patel Estate Road
Jogeshwari-(West),
Mumbai-400102.**

Details of Directors seeking appointment/re-appointment at the Annual General Meeting (In pursuance of clause 49 of the Listing Agreement)

Name of Director	Mr. Pravin Patel	Mr. Sharad Zalawadia
Age	76 Years	61 Years
Qualifications	B.A.	Bsc
Expertise	Graduate in Town Planning from USA, Graduate in Financial Management from London School of Economics.	MBA from the University of Santa Clara, USA
Directorships held in other public Companies (excluding foreign and private companies)	1. Patel Engineering Ltd 2. ASI RCC India Ltd. 3. Patel Patron Pvt. Ltd. 4. Michigan Engineers Pvt. Ltd. 5. PEL Power Ltd. 6. Phedra Projects Pvt. Ltd. 7. Patel Realty (India) Ltd. 8. Azra Land Projects Pvt. Ltd. 9. Saskang Rong Energy Pvt. Ltd. 10. Patel Engineering Infrastructure Ltd. 11. Bhooma Realities Pvt. Ltd. 12. Pandora Infra Pvt. Ltd. 13. Vismaya Constructions Pvt. Ltd. 14. PAN Realtors Pvt. Ltd.	
Memberships/Chairmanships of committees across public Companies	NIL	NIL
Shareholding in PEL as on March 31, 2013	3,21,379 (0.44%)	NIL



PATEL ENGINEERING LTD

Regd Office: Patel Estate Road, Jogeshwari (West), Mumbai – 400 102.

PROXY

I/We.....
of.....in the district.....
being a Member/Members of **Patel Engineering Limited**, hereby appoint
of..... in the district of or failing him
of in the district of as my/our proxy to vote for me/us on my/our
behalf at the **64th Annual General Meeting** of the Company to be held on Friday, September 27, 2013 at 3.30 p.m.
and at any adjournment thereof.

Signed this.....day of, 2013.

Folio No.	
DP ID No.	
Client ID No.	
No. of shares held	

Affix a 1 Rupee Revenue stamp
--

Signature.....

NOTE:

The duly completed Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.



PATEL ENGINEERING LTD

Regd. Office: Patel Estate, Jogeshwari (West), Mumbai 400 102.

ATTENDANCE SLIP

(To be filled in and handed over at the entrance of the meeting hall)

I certify that I am a *registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the **64th Annual General Meeting** of the Company at Shree Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari (West), Mumbai 400 102 on Friday, September 27, 2013.

Full name of the *Member/Proxy:

(in Block Letters)

Folio No.	
DP ID No.	
Client ID No.	
No. of shares held	

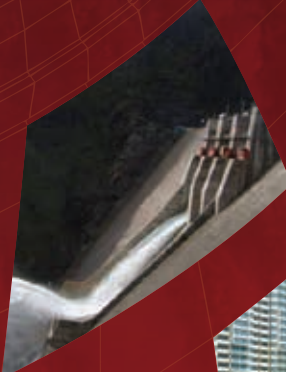
Signature of *Member/Proxy

* Strike out whichever is not applicable

Note: Please complete this and hand it over at the entrance of the hall.

Annual
Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

REGISTERED OFFICE

Patel Estate Rd, Jogeshwari (West),
Mumbai - 400 102.
Email: 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: 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
Mr. Srinivasa Jambunathan

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
Standard Chartered Bank
Bank of Maharashtra
DBS Bank Ltd

MESSAGE FROM THE MANAGING DIRECTOR



Rupen Patel
Managing Director

Dear Shareholders,

In the world suffering due to sustained periods of low growth, economic instability, and fiscal deficits, economies need financial stimulus and generation of employment. Spending on infrastructure which is the foundation for continues growth of a country serves both of these requirements, and if prudently guided, such investment delivers improved quality of life for citizens by creating and maintaining the infrastructure that enables 21st century civilizations to function effectively. India is the tenth-largest economy in the world in terms of the GDP. Economic growth rate has slowed to about 5.0% for the Fiscal Year 2012-13 which was 6.2% in the Fiscal Year 2011-2012. It is pertinent to note that India's GDP had grown by an astounding 9.3% in Fiscal Year 2010-11. Thus, the growth rate has nearly halved in just three years. GDP growth went up marginally to 4.8% during the quarter through March 2013, from about 4.7% in the previous quarter. The government has predicted the GDP growth of 6.1%- 6.7% for the Fiscal Year 2013-14, whilst the RBI expects the same to be at 5.7%.

The stress in infrastructure industry in India has remained static during the Fiscal Year 2012-13 which is also reflected in the overall slowdown of the economy. The factors dampening infrastructure activity are non-conducive monetary conditions, policy inertia, and lackluster infrastructure impetus. As such, any substantial improvement in the business environment for India's infrastructure sector is becoming increasingly unlikely, particularly in light of the union government not being politically stable, and impending Parliamentary elections. Procrastination by the instrumentalities of the State/Central and the corporations owned by them in resolution of pending disputes with organizations executing contracts of in infrastructure development coupled with lack

of efficient and expeditious arbitration mechanism has adversely impacted the financial health of the infrastructure industry. Inflation at 10%, is worse than in any other large economy. The conjoined effect of these factors has dragged down the rupee to about ₹ 65 against USD, and this has further added to the chaos.

FINANCIALS

Against the backdrop of this bleak and challenging environment, we have been able to increase the revenue by 14.02% i.e. to ₹ 41, 966.21 million as against ₹ 36,831.83 million in the previous year. The net profit stood at ₹ 650.04 million as against ₹ 665.88 million in the previous year, as a result the EPS has marginally come down to ₹ 9.31 from ₹ 9.54 in the previous year. This has mainly occurred due to elongation in working capital cycle and increase in interest rate, consequently the finance cost has increased to ₹ 4,378.12 million in the financial year 2012-13 from ₹ 3,332.92 million in the previous year.

BUSINESS

The order backlog from engineering & construction business as on March 31, 2013 stood at around ₹ 133,500 million. The Company has been declared lowest bidder for projects worth ₹ 13,270 million in India and Srilanka.

The Company continues to scale up its asset-ownership business.

- Construction of the road projects viz KNT – 1 & AP – 7 in the State of Karnataka and Andhra Pradesh has been completed and receipt of annuities from both these projects are on track.
- Construction of Four lanes with paved shoulder of Varanasi-Shaktinagar Road of SH-SA from km 0.00 to km.117.65 in the State of Uttar Pradesh

on Design, Build, Finance, Operate basis awarded by Uttar Pradesh State Highways with joint venture partners have commenced operations.

- Transmission project under the JV Company “Raichur Sholapur Transmission Company Ltd.” have commenced the project development.
- The financial closure of the 144 MW Gongri Hydro power project in Arunachal Pradesh has been achieved and the construction of the project has commenced.

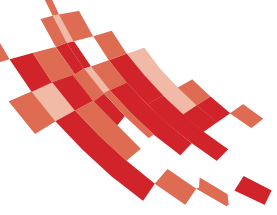
The recessionary trends in the infrastructure sector continue in the current financial year 2013-2014. The Company has majorly shifted to long term loans from short term loans reducing the interest costs. The Company has taken steps for improving its fund flow, including divesting its non-core assets including investments. The Company has taken up few redevelopments of societies in Mumbai to support the business of the Company.

The Company is working hard to maintain stability in these challenging times by delivering the best facilities in the swiftest, stable, and least disruptive manner. Being an integral part of infrastructure development in India, the Company will meet the challenges with perseverance and determination.

I thank you for your support and urge you to continue to do so in the future.

I take this opportunity to thank all our directors for their effort and advice and our employees for their commitment during such challenging times.





OUR GLOBAL PRESENCE



COMPARATIVE CONSOLIDATED FINANCIALS

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
A. FINANCIAL POSITION										
Share Capital	69.83	69.83	69.83	69.83	59.66	59.66	59.66	50.00	48.60	24.30
Reserves & Surplus	16,205.76	15,497.55	14,739.93	13,557.69	10,112.63	8,399.33	7,014.48	1,956.99	1,282.36	986.64
Shareholders Funds	16,275.59	15,567.38	14,809.76	13,627.52	10,172.29	8,458.99	7,074.14	2,006.99	1,330.96	1,010.94
Minority Interest	988.98	834.06	704.27	615.24	215.77	405.41	74.02	254.36	315.35	314.48
Deferred Tax Liability	113.32	216.03	131.95	114.88	148.36	150.94	118.40	167.53	174.53	145.46
Loan Funds	34,754.22	28,379.91	24,744.88	18,300.18	12,812.62	9,764.01	3,419.72	3,577.75	2,075.65	1,571.77
Contractee advances	-	-	-	-	4,654.30	2,178.00	1,491.85	1,975.71	1,887.49	1,152.97
Total Funds Employed	52,132.11	44,997.38	40,390.86	32,657.82	28,003.34	20,957.35	12,178.13	7,982.34	5,783.98	4,195.62
Fixed Assets (Net)	12,509.61	10,532.09	8,530.20	7,591.16	5,700.97	6,702.43	2,535.80	2,430.10	2,039.87	1,889.35
Investments	1,131.07	985.88	780.35	698.17	504.65	360.81	1,714.02	283.64	322.24	124.98
Deferred Income Tax	-	-	-	-	-	-	-	14.32	9.68	13.07
Net Current Assets & Non Current Assets	38,491.43	33,679.41	30,997.87	24,301.52	21,738.32	13,871.26	7,901.26	5,222.04	3,411.17	2,165.58
Miscellaneous Expenditure (To the extent not written off or adjusted)	-	-	82.44	66.97	59.40	22.85	27.05	32.26	1.02	2.64
Total Application of Funds	52,132.11	44,997.38	40,390.86	32,657.82	28,003.34	20,957.35	12,178.13	7,982.36	5,783.98	4,195.62
B. OPERATING RESULTS										
Income from Operations	41,148.74	35,920.91	34,759.09	31,909.33	24,598.45	18,596.43	12,900.12	10,223.34	7,912.01	7,625.97
Other Income	817.47	910.92	229.75	630.12	144.59	36.87	97.51	59.68	77.13	211.29
Total Income	41,966.21	36,831.83	34,988.84	32,539.45	24,743.04	18,633.30	12,997.63	10,283.02	7,989.14	7,837.26
Total Expenditure	40,707.37	35,532.45	33,141.67	29,489.55	22,372.74	16,778.20	11,685.50	9,475.29	7,500.11	7,480.40
Profit before Tax	1,258.84	1,299.38	1,847.17	3,049.90	2,370.30	1,855.10	1,312.13	807.73	489.03	356.86
Profit after Tax	742.30	701.87	1,307.26	2,120.57	1,934.02	1,628.12	1,171.33	741.90	421.23	284.96
Minority Interest and other adjustments	92.27	35.99	81.21	138.96	129.24	109.07	26.62	8.80	5.70	6.32
Net Profit	650.03	665.88	1,226.05	1,981.61	1,804.78	1,519.05	1,130.11	733.10	415.53	278.63
C. EQUITY SHARE DATA										
Earning per share (₹)	9.31	9.54	17.56	30.96	30.25	24.74	18.90	14.80	8.55	57.33
Number of Shares	69,827,151	69,827,151	69,827,151	69,827,151	59,659,090	59,659,090	59,659,090	50,000,000	48,600,000	4,860,000
Dividend %	-	30%	100%	200%	175%	150%	130%	130%	100%	100%

DIRECTORS' REPORT

To the Members of Patel Engineering Limited,

The Directors hereby present the 64th Annual Report of the Company along with the audited financial statements for the year ended March 31, 2013.

FINANCIAL HIGHLIGHTS

(₹ million)

	Consolidated		Standalone	
	2012-13	2011-12	2012-13	2011-12
Total Income	41,966.21	36,831.83	32,111.84	26,434.75
Profit before depreciation	2,033.45	2,191.63	1,292.74	1,483.87
Less: Depreciation	774.61	892.25	525.48	528.21
Profit before tax	1,258.84	1,299.38	767.26	955.61
Tax & minority interest	608.81	633.50	275.07	351.31
Net Profit	650.03	665.88	492.19	604.30
Add: Opening Balance in Profit & Loss A/c	4,206.33	4,201.68	3,601.04	3,381.09
Amount available for appropriation	4,856.36	4,867.56	4,093.23	3,985.39
APPROPRIATIONS:				
a. Proposed Dividend	-	20.95	-	20.95
b. Tax on Dividend	-	3.40	-	3.40
c. General Reserve	100.50	351.88	-	75.00
d. Debenture Redemption Reserve	(3.75)	285.00	(3.75)	285.00
Surplus carried to the Balance sheet	4,759.61	4,206.33	4,096.98	3,676.04
Earnings per equity shares (face value ₹ 1)				
Basic (₹)	9.31	9.54	7.05	8.65
Diluted (₹)	9.31	9.54	7.05	8.65

The consolidated total income which stood at ₹ 41,966.21 million grew by 14.02 % as against ₹ 36,831.83 million for the previous year. The profit before depreciation was lower by 7.22% at ₹ 2,033.45 million as against ₹ 2,191.63 million for the previous year. The net profit was lower by 2.38% at ₹ 650.03 million as against ₹ 665.88 million for the previous year.

On standalone basis, the total income was higher at ₹ 32,111.84 million as against ₹ 26,434.75 million for

the previous year, thereby recording a growth of 21.47 %. The profit before depreciation was lower by 12.89% at ₹ 1,292.74 million as against ₹ 1,483.87 million for the previous year. The net profit was lower by 18.55% at ₹ 492.19 million as against ₹ 604.31 million for the previous year.

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

DIVIDEND

To conserve funds, the Board of Directors has not recommended any dividend for the financial year 2012-13.

PUBLIC DEPOSITS

The Company has not accepted any public deposits.

FINANCE

During the year under review, Company issued 11.30% Non Convertible Redeemable Secured Debentures (NCD) aggregating ₹ 1,500 million on private placement basis.

The Company has ₹ 5,450 million outstanding NCDs repayable over period of 3 to 10 years. The NCDs are listed on National Stock Exchange of India Limited.

The Company had raised money through bank borrowings (long and short terms) from time to time, and the total

amount outstanding as on March 31, 2013 is ₹ 27,353.52 million.

The credit ratings from Credit Analysis & Research Ltd are CARE A1 and CARE A for short term and long term borrowings respectively.

AUDITORS' REPORT

With respect to point no. IX of the Annexure to Auditors' Report pertaining to delay in payment of statutory dues amounting to ₹ 86.78 million, the members are requested to refer to note no. 26 of Notes to standalone Financial Statement for the year ended March 31, 2013.

SUBSIDIARIES

As on March 31, 2013, the Company had 87 subsidiaries.

The following companies became subsidiary/step down subsidiary companies during the year 2012- 2013.

No	Name of Subsidiary	Date of becoming subsidiary	% of holding	Description
1	PBSR Developers Pvt. Ltd, Hyderabad, Andhra Pradesh.	March 30, 2013	100	Acquired as a subsidiary of Patel Realty (India) Ltd (PRIL). The Company holds 100% stake in PRIL.
2	Capacite Infracore Pvt. Ltd, Mumbai, Maharashtra.	November 6, 2012	51	Acquired as a subsidiary of Patel Realty (India) Ltd (PRIL). The Company holds 100% stake in PRIL.
3	Capacite Engineering Pvt. Ltd, Mumbai, Maharashtra.	November 12, 2012	61.90	Acquired as a subsidiary of Capacite Infracore Pvt. Ltd. (CIPL). Patel Realty (India) Ltd (PRIL) holds 51% stake in CIPL. The Company holds 100% stake in PRIL.
4	Nirmal Capacite Construction Pvt. Ltd, Mumbai, Maharashtra.	November 6, 2012	74	Incorporated on June 11, 2012, as a subsidiary of Capacite Infracore Pvt. Ltd. (CIPL). Patel Realty (India) Ltd (PRIL) holds 51% stake in CIPL, w.e.f November 6, 2012. The Company holds 100% stake in PRIL.



No	Name of Subsidiary	Date of becoming subsidiary	% of holding	Description
5	Saskang Rong Energy Pvt. Ltd., Mumbai, Maharashtra.	July 27, 2012	100	Acquired as a subsidiary of Patel Hydro Power Pvt. Ltd. (PHPPL). Patel Energy Resources Ltd.(PERL) holds 100% stake in PHPPL. The Company holds 100% stake in PERL.
6	Patel Urjaa Vyapaar Pvt. Ltd, Noida, Uttar Pradesh.	June 26, 2012	100	Incorporated as a subsidiary of Patel Energy Resources Ltd.(PERL). The Company holds 100% stake in PERL.

The following Companies ceased to be subsidiary/step down subsidiary of the Company during the year 2012-13

No	Name of Subsidiary	Date of ceasing to be subsidiary	% of holding	Description
1	Shreeanant Construction Pvt. Ltd, Mumbai, Maharashtra.	March 12, 2013	49	Ceased to be a subsidiary of the Company.
2	Patel Energy Trading Pvt. Ltd, Mumbai, Maharashtra.	March 28, 2013	100	Ceased to be a subsidiary of Patel Energy Resources Ltd (PERL). (Under process of strike off from Register of Companies.) The Company holds 100% stake in PERL.

The Ministry of Corporate Affairs (MCA) vide its circular No. 2/2011 dated February 8, 2011, has granted general exemption under Section 212(8) of the Companies Act, 1956, subject to certain conditions being fulfilled by the Company. As required by the circular, the Board of Directors of the Company has passed a resolution giving consent for not attaching the Balance Sheet of the subsidiary companies.

Pursuant to the said circular, a statement containing brief financial details of subsidiary companies 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 written request and is also available for inspection at the registered office of the Company, on any working day during business hours.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company

pursuant to Clause 32 of the Listing Agreement entered into with Stock Exchanges is attached and prepared in accordance with Accounting Standards prescribed by Institute of Chartered Accountants of India.

DIRECTORS

During the year under review, Mr. Pravin Patel and Mr. Bhaskar Mehta, Directors of the Company retire by rotation at the ensuing Annual General Meeting.

Mr. Pravin Patel has offered himself for re-appointment. The Board in the interest of the Company recommended appointment of Mr. Pravin Patel as a Whole-time Director (Executive Chairman), subject to the approval of members at the ensuing Annual General Meeting.

Mr. Bhaskar Mehta has expressed the desire to retire at the ensuing Annual General Meeting. The Board places on record its sincere appreciation of the services rendered by Mr. Mehta.

Mr. Sharad Zalawadia was appointed as an Additional Director with effect from August 14, 2013. Mr. Zalawadia holds office up to the date of the ensuing Annual General Meeting and is eligible for appointment.

The notice convening the Annual General Meeting includes the proposal for the above.

As a good governance principle, Mr. Rupen Patel, Managing Director, Ms. Silloo Patel and Mr. Nimish Patel, Whole-time Directors of the Company have decided not to avail any increment in remuneration for the financial year 2013-14.

EMPLOYEES STOCK OPTION

The disclosure in compliance with Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 is not applicable as no Stock Options has been granted, vested or exercised during the year 2012-13.

The Patel Engineering Employees Welfare Trust, ("the Trust") holds 60,45,000 shares of the Company and issues stock options to employees on behalf of the Company.

In addition to this, the Trust conducted various programs for the welfare of the employees of the Company viz. physical training and yoga at head office, routine health check up for employees benefitting about 865 employees. The Trust installed Reverse Osmosis Plants at Tuirial site in Mizoram to provide safe drinking water for employees and their family members residing at the site, improved hygienic conditions of kitchen and mess area at Tuirial site. The Trust also provided loans/grants to employees for purposes such as house repairs, children's higher education, and serious ailments. The total amount spent during the year for the welfare of the employees is ₹ 35.50 lacs.

The 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 (FRN no. 111327W), who are the statutory auditors of the Company, hold office, in accordance with the provisions of the Act up to the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

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

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

The information on foreign Exchange Earnings and outgo is as follows:

Foreign Exchange Earned - ₹ 156.99 million.

Foreign Exchange used - ₹ 138.89 million.

PARTICULARS OF EMPLOYEES

The information as per Section 217(2A) of the Companies Act, 1956 and the Rules made there under, is provided in Annexure B forming part of this report.

SECRETARIAL AUDIT REPORT

As a measure of good governance practice, the Company has appointed Dr. K. R. Chandratre, Practicing Company Secretary, to conduct Secretarial Audit of the Company. The Secretarial Audit Report for the financial year ended March 31, 2013 form part of this report.

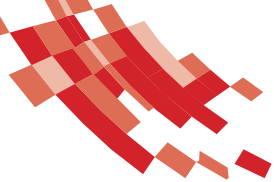
CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY

In addition to the regular ongoing charitable donations as the need arises, the Company focus on three main key areas to make a positive impact on the communities through the support of select programs, outreach efforts and initiatives that improve and enhance the quality of life. This year the Company selected the following three key areas: Education, Support for the Women, Elderly, and Children, and finally Social Inclusion.

To support these causes the Company extended its support to Magic Bus, Kripa foundation and St. Catherine's Home. Magic Bus is a non-profit organization that works towards creating equal opportunities for children and youth from vulnerable sectors of the society. Over the past 12 years, Magic Bus has used its unique "sport for development" approach to empower children and youth in making effective life choices



in the areas of education, livelihood and leadership, health, and gender equality. Kripa foundation is a Non-Governmental Organization affiliated with the Union Ministry of Social Justice & Empowerment, working among people afflicted with chemical dependency & HIV Infection. St. Catherine's Home provides a home to helpless, abandoned / relinquished babies, toddlers, orphans, children with HIV; girls are placed with the home for protection from abuse, children from abusive unsafe life situations, abused minor girls, unmarried mothers and adivasi girls. Presently there are around 400 residents. The home provides education, rehabilitation and training for young girls to be confident, qualified, responsible, value based citizens of our country.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. In the preparation of annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- b. The selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so

as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit and loss account of the Company for the year ended on that date.

- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

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

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

On behalf of the Board of Directors,

Mumbai
August 14, 2013

Pravin Patel
Chairman

ANNEXURE A TO THE DIRECTORS' REPORT

Information as per section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 for the financial year ended March 31, 2013.

ENERGY CONSERVATION MEASURES

- Company is constantly taking energy saving measures.
- VFD is continued to be used on all ventilation fans which has given a good saving on power

consumption. Apart from this, Company has started optimum design for ventilation system in which a larger diameter of duct is opted for.

- Centralized & synchronized DG with high voltage transmission is also adopted for load sharing and efficient power utilization.
- Company is also exploring the use of high voltage LED lamps for economical site lighting.
- Other energy saving measures adopted earlier are continued and are found effective.

- Inside the tunnel Company has decided to take HT line thereby eliminating voltage drop and in turn save power.
- Use of capacitor bank ie., installation of capacitors of various capacities improves power factor and save energy.
- Use of CFL bulbs in place of ordinary bulbs thereby saving in power consumption.

NEW TECHNOLOGY & INNOVATIONS

- For the project comprising of Water Supply Tunnel at Mumbai, instead of using blasting process, we have used Tunnel Boring Machine (TBM), and instead of acquiring a new machine, the Company has replaced certain parts of the existing TBM including change of the Cutter Head, modification of the Gripper Shield and we have successfully completed the project and as such, have saved considerable expenses in terms of foreign exchange.
- For the Rail Tunnel job, we have devised Elliptical Ventilation Duct, thereby allowing larger vertical

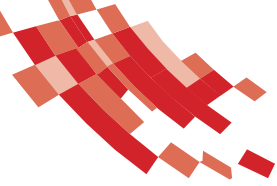
space for unobstructed movement of the Rolling stock. The de-watering pumps flanking the tracks have been interconnected to meet the exigencies involving excessive seepage. In addition, three independent de-watering circuits have been provided which can be used independently or in conjunction.

- For probe drilling for TBM independent power pack has been provided thus the probe drilling can be operated without starting TBM power.
- We have been using crushed sand instead of natural sand at several projects as an initiative to eliminate use of natural sand in the interest of environment protection.
- Use of Lake Topping technology, the concept of mortar lining on steel pipes to be used in Tunnels, Lattice Grinder with shortcrete, case of Jet Grouting, use of crushed sand stands fully absorbed are the techniques adopted by the Company for improvement of the quality of the product on reduced costs.

ANNEXURE B TO THE DIRECTORS' REPORT

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

S.No	Name	Designation	Nature of employment	Remuneration received (₹)	Qualification	Exp In Yrs	Date of Commencement	Age (Yrs)	Last Employment
A) Employed throughout the financial year and in receipt of remuneration aggregating not less than ₹ 60,00,000/- for the year.									
1	Rupen P Patel	Managing Director	contractual	1,32,76,850	B,Com, M.B.A(Fin,USA)	22	September 1, 1996	46	Appointed as a Director of the Company since October 26,1995
2	Nimish R Patel	Whole-time Director	contractual	98,89,060	B.S.(USA)	15	September 1, 1999	42	M/s Kewit Construction Co.USA
3	Silloo Y Patel	Whole-time Director	contractual	78,92,560	B.A.	42	September 1, 1999	65	Appointed as a Director of the Company since October 19, 1992
B) Employed for a part of the year and in receipt of remuneration aggregating not less than ₹ 5,00,000/- per month									
Not applicable									



SECRETARIAL AUDIT REPORT

The Board of Directors

Patel Engineering Ltd

Patel Estate Road
Jogeshwari (West)
Mumbai 400 012

I have examined the registers, records and documents of Patel Engineering Limited (“the Company”) for the financial year ended on March 31, 2013 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, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - The Securities Contracts (Regulation) Act, 1956 (‘SCRA’), the Rules made under that Act; and
 - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - The Equity Listing Agreements with Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Debt Listing Agreements with National Stock Exchange of India Limited.
1. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the

Company has, in my opinion, complied with the provisions of the Companies Act, 1956 (“the Act”) and the Rules made under the Act and the Memorandum and Articles of Association of the Company, with regard to:

- a. maintenance of various statutory registers and documents and making necessary entries therein;
- b. closure of the Register of Members / Debenture holders;
- c. forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
- d. service of documents by the Company on its Members, Debenture holders, Debenture Trustees, Auditors and the Registrar of Companies;
- e. notice of Board meetings and Committee meetings of Directors;
- f. the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
- g. the 63rd Annual General Meeting held on October 12, 2012;
- h. minutes of proceedings of General Meetings and of Board and its Committee meetings;
- i. approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
- j. constitution of the Board of Directors / Committee(s) of Directors and retirement of Directors; and there was no appointment or re-appointment of Managing Director or Whole-time Directors during the financial year 2012-13;
- 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 of the Act and requirement 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 Sections 58A and 58AA and Rules framed thereunder are not applicable to the Company.
2. I further report that:
- a. the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, 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 the Company has complied with the provisions of the Securities Contracts (Regulations) Act, 1956 and the Rules made under the Act, with regard to maintenance of minimum public shareholding.
5. I further report that:
- a. the Company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and the Debt Listing Agreements with National Stock Exchange of India Limited;
 - b. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as was required during the year 2012-13 and has also complied provisions with regard to disclosures and maintenance of records required under the Regulations;
 - c. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations;
 - d. the Company has complied with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employee Stock Option Scheme, grant, vesting and exercise of Options to employees of the Company; and
 - e. the Company has complied with the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

Dr K R Chandratre

Practising Company Secretary

Certificate of Practice No. 5144

June 27, 2013



REPORT ON CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Introduction

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

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

II. BOARD OF DIRECTORS

The Board comprises of 8 Directors as on March 31, 2013. Of the 8 Directors, 5 are Non – Executive Directors of which 4 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 May 15, 2012, July 1, 2012, August 13, 2012, September 4, 2012, September 7, 2012, November 12, 2012, February 14, 2013 and March 12, 2013. 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, directorship held in Private Limited Companies, Section 25 Companies and Companies incorporated outside India.

Name	Category	No. of Board Meetings attended during the year 2012-2013	Whether attended AGM dated October 12, 2012	No. of directorships in other Public Limited Companies as on March 31, 2013	No. of committee positions held in other Public Limited Companies as on March 31, 2013	
					Chairman of the Committee	Member of the Committee
Mr. Pravin Patel, Chairman	Promoter, Non Executive Director	8	Yes	14	-	-
Mr. Rupen Patel	Promoter, Managing Director	8	Yes	8	-	-
Mr. K. Kannan	Independent Non Executive Director	8	No	6	3	5
Mr. Khizer Ahmed	Independent Non Executive Director	7	Yes	1	-	2
Mr. S. Jambunathan	Independent Non Executive Director	6	Yes	3	-	-
Ms. Silloo Patel	Executive Director	6	Yes	4	-	-
Mr. Nimish Patel	Executive Director	4	Yes	14	-	-
Mr. P. C. Purohit *	Independent Non Executive Director	-	Yes	-	-	-
Mr. Bhasker Mehta	Independent Non Executive Director	8	Yes	2	-	-

*retired by rotation as Director of the Company at Annual General Meeting dated October 12, 2012.

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.

III. COMMITTEES OF THE BOARD

A. 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:

- 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 meetings during the year 2012-13	
		Held	Attended
Mr. K. Kannan, Chairman	Independent, Non-Executive Director	6	6
Mr. Khizer Ahmed	Independent, Non-Executive Director	6	5
Mr. Pravin Patel	Promoter, Non-Executive Director	6	6

- (iii) The Audit Committee met 6 times on May 15, 2012, August 13, 2012, September 4, 2012, September 7, 2012, November 12, 2012 and February 14, 2013.

B. 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 meetings during the year 2012-13	
		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 on September 4, 2012 .The necessary quorum was present for the meeting.

- (iv) Details of Remuneration for the year ended March 31, 2013:

a. Non-Executive Directors:

Name	Sitting fees paid (₹)
Mr. Pravin Patel, Chairman	3,00,000
Mr. K. Kannan	3,80,000
Mr. Khizer Ahmed	3,20,000
Mr. S. Jambunathan	1,40,000
Mr. Bhasker Mehta	1,60,000

b. Managing Director and Executive Directors

Name	Salary (₹)
Mr. Rupen Patel, Managing Director	1,32,76,850
Ms. Silloo Patel	78,92,560
Mr. Nimish Patel	98,89,060

(v) Number of equity shares held by Directors as on March 31, 2013

Name	Number of equity shares
Mr. Pravin Patel, Chairman	40,800
Mr. Rupen Patel, Managing Director	13,52,600
Mr. K. Kannan	25,000
Mr. Khizer Ahmed	26,500
Ms. Silloo Patel	3,21,379
Mr. Nimish Patel	2,42,500
Mr. S. Jambunathan	50

C. 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 matters of shareholders/investors viz transfer/ credit of shares to their demat account, non receipt of dividend/ notices/ annual Reports etc.

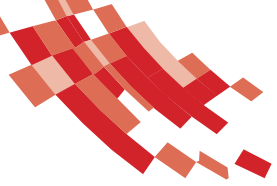
The two member subcommittee comprises of Ms. Silloo Patel, Whole time Director and Ms. Shobha Shetty, Company Secretary to expedite the processing

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.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent, Link Intime India Private Limited attend to all grievances of the shareholders received directly or through SEBI (SCORES), Stock Exchanges. The Minutes of the Shareholder and Investor Grievance Committee meetings are circulated to the Board and noted by the Board of Directors at the Board meeting.

(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 meetings during the year 2012-13	
		Held	Attended
Mr. K. Kannan, Chairman	Independent, Non-Executive Director	4	4
Mr. Khizer Ahmed	Independent, Non-Executive Director	4	3
Mr. Jambunathan	Independent, Non-Executive Director	4	1



Mr. Jambunathan was co-opted as a member of the Shareholder and Investor Grievance Committee by the Board of Directors vide its meeting dated November 12, 2012.

Shareholder and Investor Grievance Committee met 4 times on May 15, 2012, August 13, 2012, November 12, 2012 and February 14, 2013. The necessary quorum was present for all the meetings of the Committee.

iii) Name, designation and address of Compliance Officer:

Ms. Shobha Shetty

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

iv) Details of investors complaints received and resolved during the year 2012-13 are as follows:

Opening balance	Received during the year	Resolved during the year	Closing Balance
-	36	36	-

D. Other Committees

i. Finance Committee

The Company as on March 31, 2013, have a Finance Committee comprising of Mr. Pravin Patel as Chairman, Mr. Rupen Patel, Ms. Silloo Patel and Mr. Nimish Patel as members. The Board of Directors enhanced the powers of the Finance Committee which includes taking decisions on borrowing from any banks or financial institutions, invest funds of the Company within delegated limits, enter into any Joint Venture Agreements, Memorandum of Understandings, acquisitions, divestments and any other item as decided by the Board.

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.

ii. 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 met at regular intervals and the minutes were placed at the meeting of the Board of Directors.

IV. GENERAL BODY MEETINGS

i) General Meeting

a) Annual General Meeting:

	Details	Date	Time	Venue
1	61st Annual General Meeting 2009-10	August 20, 2010	4.00 p.m	Shree Saurashtra Patel
2	62nd Annual General Meeting 2010-11	October 17, 2011	11.00 a.m.	Samaj, Patel Estate
3	63rd Annual General Meeting 2011-12	October 12,2012	3.30 p.m.	Road, Jogeshwari (W),. Mumbai-400102

b) Extraordinary General Meeting:

No Extraordinary General Meeting of the Members was held during the year 2012-13.

ii) Postal Ballot

Postal Ballot was not conducted during the financial year 2012-13.

iii) Special Resolutions

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.

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

At the 63rd Annual General Meeting of the Company held on October 12, 2012 and following special resolutions were passed:-

1. Alteration of Article 143 of the Articles of Association of the Company
2. Raising of Funds through Qualified Institutions Placement (QIP) / Foreign Currency Convertible Bonds (FCCBs)/ American Depository Receipts (ADRs) / Gobar Depository Receipts (GDRs)/ Follow-on Public Offer (FPO)/ Optionally

or Compulsorily Convertible Redeemable Preference Shares (OCPS / CCPS) etc. pursuant to Section 81 of the Companies Act, 1956.

V. MEANS OF COMMUNICATION

The quarterly, half yearly and annual results of the Company are published in newspapers viz Free Press Journal (English) and Navshakti (Marathi).The results are also displayed on the Company's website www.pateleng.com.

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.

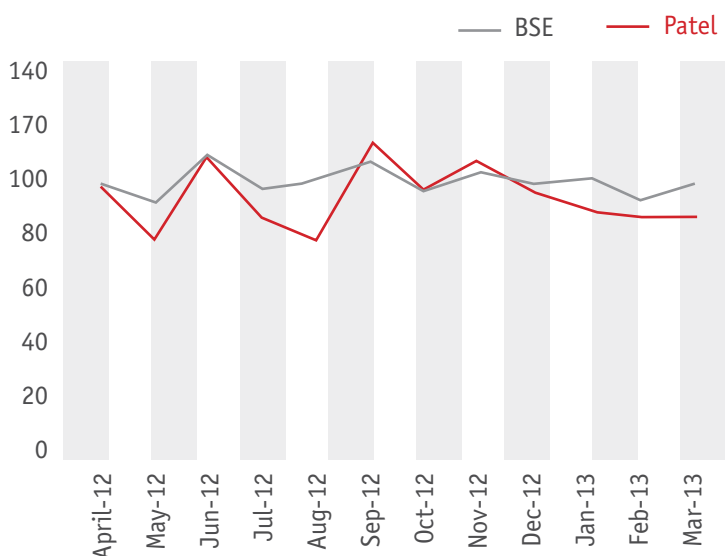


VI. GENERAL SHAREHOLDER INFORMATION

i)	Annual General Meeting:	
	Date	September 27, 2013
	Time	3.30 pm
	Venue	Shri Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari(West), Mumbai – 400 102.
ii)	Financial Calendar year ending	March 31
iii)	Date of Book Closure	
iv)	Listing on Stock Exchanges	Bombay Stock Exchange Limited, P. J Towers, Dalal Street, Mumbai 400 001.
		National Stock Exchange Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.
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 2012-2013 on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited:	

Month	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Total No. of Shares Traded	High (₹)	Low (₹)	Total No. of Shares Traded
APR- 2012	124.60	102.50	25,53,167	124.65	102.20	1,20,77,541
MAY- 2012	108.55	81.20	16,52,198	108.70	81.15	83,13,670
JUN- 2012	95.55	81.65	14,25,305	95.25	81.55	54,54,525
JUL - 2012	102.40	75.25	16,89,599	102.25	77.45	88,15,450
AUG- 2012	86.00	65.05	10,64,013	86.00	65.15	66,51,666
SEP- 2012	79.15	62.75	29,34,630	79.20	62.50	1,28,33,331
OCT- 2012	89.60	75.50	20,36,111	89.70	75.40	83,32,806
NOV- 2012	83.45	72.60	8,90,897	84.10	72.55	39,17,748
DEC- 2012	88.80	79.50	11,64,053	88.65	79.60	35,30,646
JAN- 2013	90.25	71.80	10,22,870	90.20	71.75	38,20,176
FEB- 2013	73.95	64.00	5,91,905	90.20	71.75	38,20,176
MAR -2013	68.20	53.00	13,58,632	68.25	53.00	23,50,510

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

Phone Number

+91 22 25946970

Fax Number

+91 22 85946969

Email

rnt.helpdesk@linkintime.co.in

website

www.linkintime.com

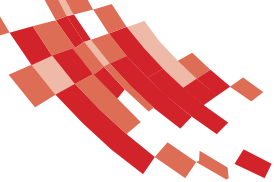
viii) Places for Acceptance of documents

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

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

ix) Share Transfer System

98.45% of the shares of the Company are in the electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. As regards transfer of shares in physical form, the same is normally processed within 15 days by the Registrar from the date of receipt if the documents are complete in all respects. The two member sub-committee constituted by the Board approves the transfers and report to the Board each quarter.



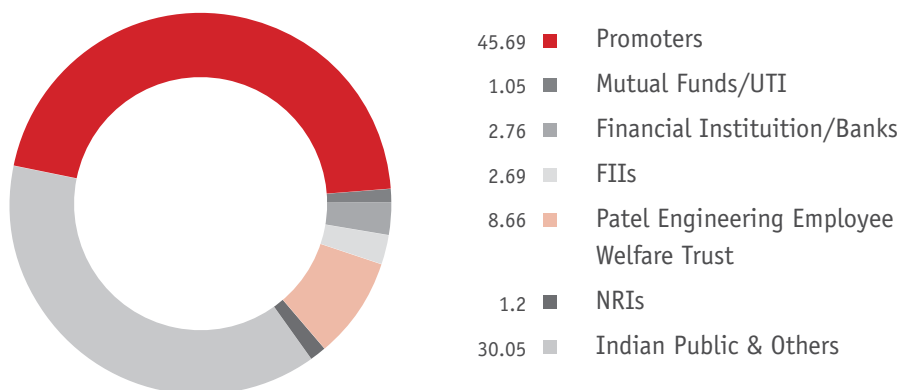
x) Distribution of shareholding as on March 31, 2013:

No. of shares	Holdings	% to Capital	No. of Accounts	% to Total Accounts
1-500	50,82,652	7.27	61,943	93.03
501-1,000	17,90,535	2.56	2,269	3.40
1,001-2,000	17,78,198	2.54	1,172	1.76
2,001-3,000	11,46,651	1.64	433	0.65
3,001-4,000	6,24,624	0.89	176	0.26
4,001-5,000	6,28,745	0.90	134	0.20
5,001-10,000	14,58,282	2.08	208	0.31
Above 10,000	57,317,464	82.08	246	0.36
GRAND TOTAL	6,98,27,151	100.00	66,581	100.00

Categories of Equity shareholders as on March 31, 2013

Category	No. of Shares	%
Promoters	3,19,04,300	45.69
Mutual Funds / UTI	7,39,792	1.05
Financial Institution/ Banks	19,30,182	2.76
FII's	18,80,300	2.69
Patel Engineering Employee Welfare Trust	60,45,000	8.66
NRI's	8,47,473	1.20
Indian Public & others	2,64,80,104	38.05
GRAND TOTAL	6,98,27,151	100.00

Categories of shareholding (%)



xi) Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories in India viz National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 98.45% of the Company's share capital are dematerialized as on March 31, 2013.

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

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

xii) 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 12-13 relating to Follow on Public Issue (FPO) of 2006:

Particulars		
1	Aggregate number of shareholders at the beginning of the year	58
2	Outstanding shares in the suspense account lying at the beginning of the year	1,305
3	No of shareholders who approached the Company for transfer of shares from suspense account during the year;	0
4	Number of shareholders to whom shares were transferred from the suspense account during the year	0
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	1,305

The voting rights on the outstanding shares shall remain frozen till the rightful owner of such shares claims the shares.

xiii) Address for correspondence

Patel Engineering Limited
 Patel Estate Road,
 Jogeshwari (West),
 Mumbai – 400 102.
 Tel: +91 22 26767500 / 501
 Fax: +91 22 26782455/ 26781505
 Email: investors@pateleng.com
 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, 2013 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.

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

Yours truly,

For **Vatsaraj & Co.**

Chartered Accountants

FRN: 111327W

(CA Mayur Kishnadwala)

Partner

Membership No. 33994

Mumbai

May 30, 2013

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

To the Board of Directors of Patel Engineering Limited

Dear Sirs,

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

We have reviewed the financial statements, read with the cash flow statement of Patel Engineering Limited for the year ended March 31, 2013 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

May 30, 2013

INFORMATION ON SUBSIDIARY COMPANIES

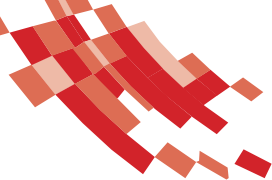
(For the Financial Year ended March 31, 2013)

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
	DIRECT SUBSIDIARIES											
1	Zeus Minerals Trading Pvt. Ltd.	0.60	(0.14)	75.42	75.42	-	-	(0.14)	-	(0.14)	-	India
2	Patel Concrete & Quarries Pvt. Ltd.	1.00	(0.11)	76.92	76.92	-	-	(0.11)	-	(0.11)	-	India
3	Friends Nirman Pvt. Ltd.	0.33	1.07	1.48	1.48	-	-	0.03	0.01	0.02	-	India
4	Energy Design Pvt. Ltd.	0.50	(21.51)	38.78	38.78	-	0.09	(0.58)	-	(0.58)	-	India
5	PAN Realtors Pvt. Ltd.	1.00	214.68	2,189.37	2,189.37	-	2,343.46	106.85	5.63	69.11	-	India
6	Patel Lands Ltd.	0.50	(0.02)	25.46	25.46	-	-	(0.02)	-	(0.02)	-	India
7	Michigan Engineers Pvt. Ltd.	17.36	705.31	2,471.38	2,471.38	0.05	2,067.80	202.21	73.08	129.71	-	India
8	Patel Engineering Infrastructure Ltd.	100.00	8.69	1,014.42	1,014.42	100.06	-	-	-	-	-	India
9	Patel Realty (India) Ltd.	1,000.00	288.91	7,902.73	7,902.73	70.77	1,730.80	199.71	44.09	85.83	-	India
10	Patel Energy Resources Ltd.	2,090.00	(152.12)	7,477.86	7,477.86	0.11	0.11	(78.49)	-	(78.49)	-	India
11	Pandora Infra Pvt. Ltd.	70.00	(0.80)	317.45	317.45	-	-	(0.04)	-	(0.04)	-	India
12	Patel Engineers Pvt. Ltd.	91.00	3.17	96.10	96.10	27.71	6.04	6.00	1.87	4.13	-	India
13	Patel Patron Pvt. Ltd.	140.70	(1.34)	173.81	173.81	-	-	(0.03)	-	(0.03)	-	India
14	Vismaya Constructions Pvt. Ltd.	55.10	(0.76)	99.59	99.59	-	-	(0.03)	-	(0.03)	-	India
15	Bhooma Realities Pvt. Ltd.	72.10	(0.88)	364.16	364.16	-	-	(0.03)	-	(0.03)	-	India
16	Shashvat Land Projects Pvt. Ltd.	78.80	(0.91)	250.62	250.62	-	-	(0.06)	-	(0.06)	-	India
17	Patel Engineering (Singapore) Pte Ltd.	128.96	290.22	1,185.49	1,185.49	66.42	6.06	(73.55)	3.68	(69.87)	-	Singapore
18	Patel Engineering (Mauritius) Ltd.	27.27	0.01	217.54	217.54	-	-	-	-	-	-	Mauritius
19	Patel Engineering Inc.	560.39	81.26	652.34	652.34	0.66	49.46	19.91	3.29	16.63	-	USA
20	ASI Constructors Inc.	589.44	1,040.45	3,406.61	3,406.61	210.15	6,121.94	101.12	17.36	83.76	-	USA
21	Patel Engineering Lanka (Pvt.) Ltd.	11.23	(0.05)	16.58	16.58	13.80	-	(0.05)	-	(0.05)	-	Sri Lanka
	SUBSIDIARY OF PATEL ENGINEERS PVT. LTD.											
22	Phedra Projects Pvt. Ltd.	27.71	1.30	42.17	42.17	-	2.90	2.87	0.90	1.97	-	India
	SUBSIDIARY OF PATEL REALTY (INDIA) LTD.											
23	Apollo Buildwell Pvt. Ltd.	0.50	(0.21)	160.58	160.58	0.05	0.00	(0.07)	-	(0.07)	-	India
24	Arsen Infra Pvt. Ltd.	0.50	1.66	57.05	57.05	-	18.68	3.06	0.88	2.18	-	India
25	Bellona Estate Developers Ltd.	2.50	(0.51)	2,779.91	2,779.91	-	-	(0.43)	-	(0.43)	-	India
26	Praval Developers Pvt. Ltd.	0.50	(0.13)	0.40	0.40	-	-	(0.04)	-	(0.04)	-	India
27	Hebe Infracon Pvt. Ltd.	0.50	(0.13)	0.74	0.74	-	-	(0.04)	-	(0.04)	-	India
28	Hera Realcon Pvt. Ltd.	0.50	(0.13)	0.95	0.95	-	-	(0.04)	-	(0.04)	-	India
29	Lucina Realtors Pvt. Ltd.	0.50	0.78	31.05	31.05	-	170.54	1.31	0.41	0.88	-	India
30	Nirman Constructions Pvt. Ltd.	172.00	(2.03)	177.09	177.09	23.12	0.44	(0.04)	-	(0.04)	-	India
31	Azra Land Projects Pvt. Ltd.	23.12	(0.52)	26.62	26.62	-	-	(0.04)	-	(0.04)	-	India
32	PBSR Developers Pvt. Ltd.	0.10	(0.36)	931.17	931.17	-	-	(0.36)	-	(0.36)	-	India
33	Capacit'e Infraprojects Pvt. Ltd.	30.00	57.03	398.63	398.63	13.74	73.64	4.36	0.83	2.03	-	India

INFORMATION ON SUBSIDIARY COMPANIES

(For the Financial Year ended March 31, 2013)

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
34	Capacit'e Engineering Pvt. Ltd.	21.00	9.22	200.36	200.36	0.01	197.14	12.92	3.99	8.72	-	India
35	Nirmal Capacite Construction Pvt. Ltd.	1.00	-	1.02	1.02	-	-	-	-	-	-	India
36	Waterfront Developers Ltd.	0.16	(53.80)	403.99	403.99	-	1.01	(10.41)	-	(10.41)	-	Mauritius
37	Les Salines Development Ltd.	0.21	(19.07)	403.71	403.71	-	1.04	(16.95)	-	(16.95)	-	Mauritius
38	La Bourgade Development Ltd.	0.00	(0.53)	0.05	0.05	-	0.02	0.30	-	0.30	-	Mauritius
39	Ville Magnifique Development Ltd.	0.00	(0.45)	0.05	0.05	-	0.00	(0.27)	-	(0.27)	-	Mauritius
40	Sur La Plage Development Ltd.	0.00	(0.57)	0.05	0.05	-	0.00	(0.32)	-	(0.32)	-	Mauritius
	SUBSIDIARY OF PATEL ENERGY RESOURCES LTD.											
41	Patel Hydro Power Pvt. Ltd.	362.88	(10.42)	1,095.89	1,095.89	939.49	8.49	(10.29)	-	(10.29)	-	India
42	Patel Thermal Energy Pvt. Ltd.	0.50	-	23.02	23.02	-	-	-	-	-	-	India
43	Dirang Energy Pvt. Ltd.	710.00	-	2,902.15	2,902.15	-	-	-	-	-	-	India
44	West Kameng Energy Pvt. Ltd.	0.10	-	61.04	61.04	-	-	-	-	-	-	India
45	Patel Energy Assignment Pvt. Ltd.	0.10	-	23.93	23.93	-	-	-	-	-	-	India
46	Patel Energy Projects Pvt. Ltd.	0.10	-	31.70	31.70	-	-	-	-	-	-	India
47	Patel Energy Operations Pvt. Ltd.	0.73	-	36.51	36.51	-	-	-	-	-	-	India
48	Meyong Hydro Power Pvt. Ltd.	0.73	-	50.89	50.89	-	-	-	-	-	-	India
49	Dign Hydro Power Pvt. Ltd.	0.10	-	53.78	53.78	-	-	-	-	-	-	India
50	Naulo Nepal Hydro Electric Pvt. Ltd.	49.13	-	78.33	78.33	-	-	-	-	-	-	Nepal
51	PEL Power Ltd.	1,380.81	-	3,153.96	3,153.96	-	-	-	-	-	-	India
52	PEL Port Pvt. Ltd.	89.46	-	91.04	91.04	-	-	-	-	-	-	India
53	Patel Energy Ltd.	186.45	(20.96)	558.13	558.13	-	-	-	-	-	-	India
54	Laksha Infra Projects Pvt. Ltd.	0.10	-	0.84	0.84	-	-	-	-	-	-	India
55	Jayshe Gas Power Pvt. Ltd.	0.10	-	22.37	22.37	-	-	-	-	-	-	India
56	Saskang Rong Energy Pvt. Ltd.	4.78	-	49.31	49.31	-	-	-	-	-	-	India
57	Patel Urjaa Vyapaar Pvt. Ltd.	-	-	-	-	-	-	-	-	-	-	-
	SUBSIDIARY OF PATEL ENGINEERING (SINGAPORE) PTE LTD.											
58	Patel Surya (Singapore) Pte Ltd.	54.53	(216.32)	0.38	0.38	-	11.30	(228.77)	0.51	(228.26)	-	Singapore
59	PT Surya Geo Minerals	30.78	(109.48)	179.41	179.41	-	-	(15.43)	-	(15.43)	-	Indonesia
60	PT PEL Mineral Resources	16.00	(19.35)	25.17	25.17	-	-	(13.54)	-	(13.54)	-	Indonesia
61	PT Patel Engineering Indonesia	30.78	(1.37)	47.14	47.14	-	-	(1.19)	-	(1.19)	-	Indonesia
62	Patel Param Minerals Pte Ltd.	0.55	(198.44)	0.18	0.18	-	-	(196.90)	-	(196.90)	-	Singapore
63	PT Patel Surya Minerals	15.29	(67.97)	227.42	227.42	-	-	(11.09)	2.77	(8.32)	-	Indonesia
64	Mineral Resources Holding Ltd.	2.23	-	2.23	2.23	-	-	-	-	-	-	UAE
65	Patel Param Energy Pte Ltd.	27.81	(83.39)	7.80	7.80	-	-	(82.18)	-	(82.18)	-	Singapore



INFORMATION ON SUBSIDIARY COMPANIES

(For the Financial Year ended March 31, 2013)

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
66	PT Patel Surya Jaya	15.92	(29.28)	761.96	761.96	-	-	(22.73)	-	(22.73)	-	Indonesia
67	Patel Param Natural Resources Pte Ltd.	0.55	(34.24)	0.11	0.11	-	-	(33.10)	-	(33.10)	-	Singapore
68	PT Surpat Geo Minerals	31.99	(0.32)	32.08	32.08	-	-	(0.14)	-	(0.14)	-	Indonesia
	SUBSIDIARY OF PATEL ENGINEERING (MAURITIUS) LTD.											
69	Patel Mining (Mauritius) Ltd.	25.36	0.00	145.63	145.63	128.44	-	-	-	-	-	Mauritius
70	Enrich Mining Vision Lda	0.04	-	19.22	19.22	-	-	5.45	-	5.45	-	Mozambique
71	Patel Infrastructure, Lda	0.04	-	22.79	22.79	-	0.08	(2.42)	-	(2.42)	-	Mozambique
72	Trend Mining Projects Lda	0.04	-	13.90	13.90	-	-	(3.89)	-	(3.89)	-	Mozambique
73	Accord Mines Venture Lda	0.04	-	11.41	11.41	-	-	(3.99)	-	(3.99)	-	Mozambique
74	Netcore Mining Operations Lda	0.04	-	1.68	1.68	-	-	(1.10)	-	(1.10)	-	Mozambique
75	Metalline mine works Lda	0.04	-	11.80	11.80	-	-	(2.61)	-	(2.61)	-	Mozambique
76	Patel Mining Assignments Lda	0.04	-	12.08	12.08	-	-	(2.42)	-	(2.42)	-	Mozambique
77	Chivaro Mines Mozambique Lda	0.04	-	4.40	4.40	-	-	0.45	-	0.45	-	Mozambique
78	Fortune Mines Concession Lda	0.04	-	30.37	30.37	-	-	(4.11)	-	(4.11)	-	Mozambique
79	Omini Mines Enterprises Lda	0.04	-	1.72	1.72	-	-	(1.04)	-	(1.04)	-	Mozambique
80	Quest Mining Activities, Lda	0.04	-	1.72	1.72	-	-	(1.14)	-	(1.14)	-	Mozambique
81	Patel Mining Privilege, Lda	0.04	-	115.09	115.09	-	-	(35.48)	-	(35.48)	-	Mozambique
	SUBSIDIARY OF PATEL ENGINEERING INC.											
82	ASI RCC Inc.	164.88	97.80	272.52	272.52	0.66	28.29	11.18	-	11.18	-	USA
83	ASI RCC India Ltd.	0.56	(0.16)	0.42	0.42	-	-	(0.01)	-	(0.01)	-	India
84	Westcon Microtunneling Inc.	124.41	(1.93)	123.33	123.33	-	-	3.16	-	3.16	-	USA
	SUBSIDIARY OF ASI CONSTRUCTORS INC.											
85	ASI Constructors Australia Pty Ltd.	-	(8.25)	96.96	96.96	-	82.05	(13.27)	(0.08)	(13.19)	-	Australia
86	HCP Constructors Inc.	138.51	(91.37)	452.54	452.54	50.09	1,310.69	(91.89)	(22.36)	(69.53)	-	USA
87	Engineering & Construction Innovations Inc.	10.91	9.25	205.75	205.75	17.06	599.93	(18.05)	(3.98)	(8.44)	-	USA

1 USD= 54.53 INR

1 MUR = 1.67848 INR

1 NPR = 0.61667 INR

1 MZN = 1.79839 INR

1 IDR = 0.0058 INR

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUOUS DOWNFALL OF THE INDIAN ECONOMY AND GLOBAL ECONOMY AND AFFECTS THEREON

Factors like Political, Economical and Climatic uncertainties have resulted in a gloomy scenario for the global economy in the financial year 2013.

At this juncture, it is difficult to guess how and when the economic scenario would improve, particularly in the light of the economies of Euro Zone, the U.S and Japan showing negligible growth rate. This has resulted in substantial adverse impact on the economies of developing as well as emerging economies including that of India as the major foreign financial institution and lenders are withdrawing their investments from the developing and emerging economies and are investing in their own Zones.

In India, the economic scenario has been disappointing for the last two financial years and at present the growth rate has fallen to 4-5% which is half of the growth rate achieved during the years 2003 to 2005. There is an apprehension that this growth rate may even go down.

Consumer goods related inflation is alarmingly high at 10% which is the worst in emerging economies. The current account deficit has soared to about 7% of the GDP by the end of 2012, though it is expected to come down to 4-5% in the current year. The Indian Rupee has fallen by almost 13% vis-à-vis the USD in the last three months. Stock prices of major Banks have also gone down substantially.

The Union Government is perceived to be politically unstable and elections are expected in May 2014, which again adds to the situation of uncertainty.

The Infrastructure sector has been adversely affected due to uncertain Government policies, delays in conceiving and clearing infrastructure projects, uncertain regulations and policies concerning environmental clearance for infrastructure projects, high interest rates and reluctance on the part of the Central and State Governments in resolving disputes with contractors executing Infrastructure projects.

This has, in turn, resulted in substantial lowering the profitability of Infrastructure projects.

PERFORMANCE OVERVIEW

In these severe economic conditions, Company's performance too was affected in the financial year ended March 31, 2013.

On consolidated basis:

- Revenue from Operations grew by 14.02%.
- Profit before tax stood at ₹ 1,258.84 million
- Net Profit was marginally low at ₹ 650.03 million as compared to the ₹ 665.88 million for the previous year.
- The EPS (fully diluted) stood at ₹ 9.31 per share

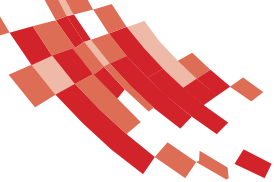
The order backlog from the engineering and construction business as on March 31, 2013 is about ₹ 133,500 million. The share in the order book stood at - power sector 34%, irrigation and water 26% and transportation, urban infrastructure and others at 40%. Apart from the same we are also lowest bidders for ₹ 13,270 million in India and Srilanka. There has been an unexpected delay in getting award letters for the said projects even after being declared as lowest bidders for the same.

Delays due to indecisiveness of various government authorities have resulted in elongated working capital cycle. The increasing ambit of indirect taxes is also not helping either, with the clients not willing to releasing such additional amounts in a timely manner.

Tender bidding for projects too remained selective in bidding for high margin projects backed by Central and State government. The focus will continue to remain on utilising the Company's niche technology to help in reducing the impact on its operating margin. Thus, the Company has stayed away from projects which were unattractive and very competitive in nature.

ENGINEERING AND CONSTRUCTION

Power - During financial year 2013, there were limited orders received due to delays in policy decisions and financing for large scale projects. The Company commenced work for 450MW Shongtong - Karcham Hydroelectric project which has a project cost of ₹ 10,400 million and has also tied up for specific this project for financing with Exim Bank.



Irrigation - Change in political environment in certain states like Andhra Pradesh and diversion of views surrounding such projects in other states including Maharashtra has adversely affected irrigation projects and therefore the Company has not taken up any new major projects in this segment in financial year 2013. However, the eleventh Five Year Plan targets to cover 16 million hectares through major, medium and minor irrigation works. With the Telangana matter seeming to be sorting out, we hope that things would begin to improve and there should be for multiple project opportunities for us in this sector.

Roads - The National Highway Authority of India (NHAI) continues to be well behind schedule. Of the 12,109 kms of four-laning as part of NHDP Phase-3 only 31.4% is completed. For the 14,799 kms NHDP Phase-4, contracts are yet to be awarded for 78% of the stretch, while 22% is under implementation. Likewise, 39% of the 6,500 kms NHDP Phase-5, 100% of the 1,000 kms NHDP Phase-6 and 94% of the 700 kms NHDP Phase-7 are yet to be awarded. In addition, to the fact that large parts of these planned developments have not yet been contracted, there are several implementation issues with many of the projects that have been contracted on BOT basis. The primary problem stems from issues related with land acquisition and non achievement of financial closure.

Urban Infrastructure - The Company has successfully completed over 33 micro tunneling projects in India and the United States. Further, the Company controls more than 90% of market share for micro tunneling in India. The Company is currently working on various new urban infrastructure projects in Mumbai and Pune.

ASSET OWNERSHIP

During financial year 2013, the Company along with other JV partners has completed the financial closure of a BOT project from Uttar Pradesh State Highways Authority (UPSHA) for construction of four-lane highway project in Varanasi - Shaktinagar Road, an entire length of 117.65 kms with a project cost of ₹ 17,500 million. The concession period of the project is 20 years. The construction for the same is currently in full swing project is expected to be completed in next 2 years.

The proposed thermal power project of 1,050 MW (Phase I) at Nagapattinam District, Tamil Nadu continues to be kept on hold until the government policies for coal based plants are cleared of ambiguities.

In the hydro power segment, the 144 MW Gongri project in Arunachal Pradesh has seen significant progress and the financial closure is completed and the construction of the project has commenced.

REAL ESTATE

The Company has started developing its historical land bank through its realty arm. The existing projects of the Company which were launched in Bangalore and Noida are running on schedule. Due to the change in business environment and a lull in demands for commercial projects in Mumbai, the Company has decided to shelve the commercial project and have applied for conversion of the project into a residential project meant for sale. The Company has also launched a project in Hyderabad which has had an overwhelming response.

However as the Company's core business of engineering and infrastructure construction requires infusion of funds on priority basis, funding for expansion of realty business would be undertaken after such purpose is served.

INTERNAL CONTROL SYSTEM

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

INFORMATION TECHNOLOGY

Technology isn't simply a business need, it's a business driver. Information systems streamline business operations and help you do more with less. Last year the Company updated its IT infrastructure to support remote connectivity, since then we have been collecting data from all our project sites in real-time which have helped efficiency in processes, improve information accuracy and decision making capability. Even though the economy has slowed, the demands on businesses have not. Security, productivity, data storage/backup and regulatory requirements are among

the IT needs that continue to increase; the Company is investing in new and smarter technology to reduce your hardware and maintenance costs while giving increased capacity and greater scalability.

HUMAN RESOURCES

The Company presently employs more than 1,246 persons at various locations. The growth and sustained leadership of the Company is largely a function of the competence and quality of its human resource. The Company has always aimed to create a workplace where every person can achieve his optimum potential. The Company has a performance-rewarding culture throughout, enabling it to create leaders out of its own employees. The Company has also undertaken various training and development initiatives to hone the skills and expertise of its people.

RISK MANAGEMENT

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

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

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

Mitigation factors: While this risk applies to all the industry players, the mitigation lies in the economic progress of India. Infrastructure development is the only catalyst that would drive the Indian growth story in the coming years. During the 11th plan, the Government plans to spend USD 500 billion into the various verticals of infrastructure sector. The ongoing investments in infrastructure would attract greater confidence from global players and in order to facilitate the same the applicable laws have to be more liberal for such investors. This would be in the interest of Indian economy.

Competition risk: The Company operates in various industry segments having substantial competition, both

from the organised and the unorganised players.

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

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

Mitigation factors: The Company's HR department ensures identification, development and retention of talented professionals in the Company. The Company's presence across various businesses enables it to ensure holistic development of its employees by adding new skill sets. The Company also has ESOP scheme for the employees.

Forward Looking Statement

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

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



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Patel Engineering Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of **Patel Engineering Limited** ("the Company") and its subsidiaries, its joint ventures and associate companies; hereinafter referred to "the Patel Group", which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Patel Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We did not audit the financial statements of 15 subsidiaries and 1 Joint Venture included in the consolidated quarterly financial results and consolidated year to date results, whose consolidated financial statements reflect net total assets of ₹ 3,156.48 million as at March 31, 2013; as well as the total revenue of ₹ 6,371.39 million as at March 31, 2013 and 3 Associates whose Share of Loss is ₹ 24.27 million. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the quarterly financial results and the year to date results, to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

6. We have placed reliance on the unaudited financial statements as certified by the management of 3 subsidiaries included in the consolidated quarterly financial results and consolidated year to date

results, whose consolidated financial statements reflect net total assets of ₹ 2,204.42 million as at March 31, 2013; as well as the total revenue of ₹ 6,019.99 million as at March 31, 2013 and 2 Associates whose Share of Profit is ₹ Nil.

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

OPINION

8. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standard (AS) 27 – Financial Reporting of Interests in Joint Ventures notified under Section 211(3C) of the Companies Act, 1956.
9. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Patel Group as referred to in paragraph 5 above, and to the best of our

information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Patel Group as at March 31, 2013;
- b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Vatsaraj & Co.**
Chartered Accountants
FRN No. 111327W

CA Mayur Kisnadwala
Partner
Membership No. : 33994
Mumbai
June 28, 2013

CONSOLIDATED BALANCE SHEET

as at March 31, 2013

(₹ million)

	Notes	As At March 31, 2013	As At March 31, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	69.83	69.83
(b) Reserves and surplus	4	16,205.76	15,497.55
2 Minority Interest		988.98	834.06
3 Non-current liabilities			
(a) Long-term borrowings	5	13,977.42	9,505.47
(b) Deferred Tax Liability (Net)	26	113.32	216.03
(c) Other Long term liabilities	6	2,585.95	5,028.92
(d) Long-term provisions	7	36.69	14.56
4 Current liabilities			
(a) Short-term borrowings	8	17,632.16	15,685.52
(b) Trade payables	9	9,989.88	9,348.56
(c) Other current liabilities	9	8,619.04	5,668.04
(d) Short-term provisions	7	15.28	48.00
TOTAL		70,234.30	61,916.54
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	16		
i. Tangible assets		6,737.77	6,193.65
ii. Intangible assets		408.59	157.61
iii. Capital work-in-progress		5,363.26	4,180.83
		12,509.61	10,532.09
(b) Non-current investments	10	1,131.07	985.88
(c) Long-term loans and advances	11	5,335.62	7,998.59
(d) Non Current Bank Deposits	15	27.29	14.06
(e) Non Current Trade Receivables	13	686.98	327.24
(f) Other Non current asset	14	204.68	122.23
2 Current assets			
(a) Investments- current	10	0.05	-
(b) Inventories	12	24,826.49	18,715.76
(c) Trade receivables	13	10,426.67	10,272.34
(d) Cash and cash equivalents	15	3,404.86	3,334.71
(e) Short-term loans and advances	11	11,680.95	9,613.64
(f) Other current assets	14	0.03	-
TOTAL		70,234.30	61,916.54
Summary of Significant Accounting Policies	2		-

The Notes referred to above form an integral part of the Balance Sheet
As per our report of even date

For and on behalf of Board

For Vatsaraj & Co
FRN. No:111327W
Chartered Accountants

(Rupen Patel)
Managing Director

(Silloo Patel)
Director

(K.Kannan)
Director

CA Mayur Kisnadwala
Partner
Membership No. 33994

(Shobha Shetty)
Company Secretary

Mumbai
June 28, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2013

		(₹ million)	
	Notes	2013	2012
I. REVENUE FROM OPERATIONS	17	41,148.74	35,920.91
II. OTHER INCOME	18	817.47	910.92
III. TOTAL REVENUE (I + II)		41,966.21	36,831.83
IV. EXPENSES:			
Cost of Construction	19	32,721.59	28,778.55
Employee benefits expense	20	1,163.67	1,174.13
Finance costs	21	4,369.28	3,332.92
Depreciation and amortization expense		774.61	892.25
Other expenses	22	1,678.22	1,354.60
TOTAL EXPENSES		40,707.37	35,532.45
V. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)		1,258.84	1,299.38
VI. Exceptional items		-	-
VII. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V - VI)		1,258.84	1,299.38
VIII. Extraordinary Items		-	-
IX. PROFIT BEFORE TAX (VII- VIII)		1,258.84	1,299.38
X. TAX EXPENSE:			
(1) Current tax		581.92	625.11
(2) Deferred tax		(65.38)	(27.60)
XI. PROFIT/(LOSS) FOR THE PERIOD (IX-X)		742.30	701.87
XII. MINORITY INTEREST		92.27	35.99
XIII. NET PROFIT (XI- XII)		650.03	665.88
XIV. EARNINGS PER EQUITY SHARE:	28		
(1) Basic		9.31	9.54
(2) Diluted		9.31	9.54
Summary of Significant Accounting Policies	2		

The Notes referred to above form an integral part of the Profit and Loss Account

As per our report of even date

For and on behalf of Board

For Vatsaraj & Co
FRN. No:111327W
Chartered Accountants

(Rupen Patel)
Managing Director

(Silloo Patel)
Director

(K.Kannan)
Director

CA Mayur Kisnadwala
Partner
Membership No. 33994
Mumbai
June 28, 2013

(Shobha Shetty)
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2013

(₹ million)

	2013	2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS	1,258.84	1,299.38
Adjustment for:		
Depreciation	774.61	892.25
Interest charged	4,369.28	3,332.92
Interest received	(586.62)	(783.16)
Dividend received	-	(3.89)
Foreign Exchange Loss/ (Gain)	163.08	4.07
Consolidation Adjustment	(15.07)	-
Provision for Leave Salary	(10.84)	13.42
Provision for Gratuity	24.60	-
Loss of Assets exhausted / sold	16.69	-
Profit on sale of Assets	(55.29)	(26.10)
Excess Credit written back	(58.38)	(14.38)
Irrecoverable debts & advances written off	294.02	35.17
ESOP compensation expenses	-	6.21
Preliminary Expenses Written off	2.32	4.78
Preparatory Work Expenses Written off	2.00	2.20
Loss/(Profit) on sale of Investment	9.86	-
Operating Profit Before Working Capital Changes	6,189.10	4,762.87
Adjustment for changes in:		
Trade & other receivables	(1,087.86)	(4,633.53)
Inventories	(6,224.36)	1,669.34
Trade payable, Liabilities and Provisions (excluding Proposed Dividend & Income tax)	1,667.27	4,755.39
Cash generated from operations	544.14	6,554.07
Direct tax paid	(549.88)	(1,067.61)
Net Cash From Operating Activities	(5.74)	5,486.46
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,940.71)	(3,466.86)
Sale of Fixed Assets	285.86	692.74
Investments made	(155.10)	(205.53)
(Increase)/Decrease in Capital Advances & Creditors	711.18	262.02
Change in Minority Interest	62.65	93.80
Dividend Received	-	3.89
Investments in / Loans to Subsidiaries/ JV/ Associates	350.88	(514.90)
Change in Foreign Fluctuation Translation Reserve	67.69	
Interest received	99.79	862.05
Net Cash Used In Investing Activities	(1,517.76)	(2,272.79)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2013

	(₹ million)	
	2013	2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Shares	-	-
Share/Debenture issue expenses	-	(26.87)
Increase in Borrowings	6,374.33	1,348.23
Dividend Paid	(24.35)	(81.16)
Interest Paid	(4,580.03)	(3,536.11)
Net Cash Used In Financing Activities	1,769.95	(2,295.91)
Net Increase/Decrease in Cash & Cash Equivalent (A+B+C)	246.46	917.76
Opening Balance of Cash & Cash Equivalents	3,348.77	2,435.08
Balance of Cash & Cash Equivalents	3,595.23	3,352.84
Notes to Cash flow Statement		
1. Cash and Cash Equivalents		
Cash on hand & Balance with banks	3,432.15	3,348.77
Effect of exchange rate changes	163.08	4.07
Closing Cash and Cash Equivalents as restated	3,595.23	3,352.84

As per our report of even date

For and on behalf of Board

For Vatsaraj & Co

FRN. No:111327W

Chartered Accountants

(Rupen Patel)

Managing Director

(Silloo Patel)

Director

(K.Kannan)

Director

CA Mayur Kisnadwala

Partner

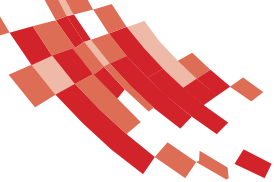
Membership No. 33994

Mumbai

June 28, 2013

(Shobha Shetty)

Company Secretary



NOTES to consolidated financial statement for the year ended March 31, 2013

1 BASIS OF PREPARATION

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

2 SIGNIFICANT ACCOUNTING POLICY

a) Principles of Consolidation

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

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

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

b) Use of Estimates

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

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

c) Method of Accounting

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

d) Fixed Asset

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

e) Depreciation

Depreciation is provided using straight-line method based on useful lives as estimated by the management. Michigan Engineers Pvt. Ltd. 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.

f) Investments

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

NOTES to consolidated financial statement for the year ended March 31, 2013

g) 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.

h) Recognition of Income and Expenditure

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

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

i) Foreign Currency Transaction/Translations

Transactions in foreign currency including acquisition of fixed assets are recorded at the prevailing exchange rates on the date of the transaction. All monetary assets and monetary liabilities in foreign currencies are translated

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

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

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

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

j) Retirement and Other Employee benefits

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

k) Taxation

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



NOTES to consolidated financial statement for the year ended March 31, 2013

l) Provisions and Contingent Liabilities

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

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

m) Employees Stock Option Plan

Compensation expenses under "Employee Stock Option Plan" representing excess of market price of the shares on the date of grant of

option over the exercise price of option is amortized on a straight-line basis over the vesting period.

n) Preparatory Works Expenses

In respect of Joint Ventures in India, preparatory work expenses are written off in profit & loss A/c. on deferred basis in proportion of construction.

o) Borrowing Cost

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

p) Derivative Contracts

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

3 SHARE CAPITAL

	2013		2012	
	No. of Shares	₹ million	No. of Shares	₹ million
a) Authorized				
Equity shares of ₹ 1 each	250,000,000	250.00	250,000,000	250.00
b) Issued, subscribed and fully paid up				
Equity shares of ₹ 1 each	69,827,151	69.83	69,827,151	69.83
	69,827,151	69.83	69,827,151	69.83
c) Reconciliation of Equity Shares outstanding at the beginning and at end of the year	No. of Shares	₹ million	No. of Shares	₹ million
Outstanding at the beginning of the year	69,827,151	69.83	69,827,151	69.83
Add :- Issued during the year	-	-	-	-
Outstanding at the end of the year	69,827,151	69.83	69,827,151	69.83
d) Share held by each shareholder more than 5%				
Name of the shareholder	No. of Shares	% holding	No. of Shares	% holding
i) Patel Engineering Employees Welfare Trust	6,045,000	8.66	6,045,000	8.66
ii) Praham India LLP	14,037,000	20.10	14,037,000	20.10
iii) Patel Corporation LLP	14,303,300	20.48	14,303,300	20.48

NOTES to consolidated financial statement for the year ended March 31, 2013

4 RESERVES & SURPLUS	(₹ million)	
	2013	2012
Reserves		
Capital Reserve		
As per the last Balance sheet	320.55	29.05
Less: Adjustment on Consolidation	(15.07)	-
Add/Less : Share in valuation of Partnership firm (55%)	(26.50)	291.50
Closing Balance	278.98	320.55
Foreign Currency Translation Reserve	460.54	334.18
General Reserve		
As per the last Balance sheet	2,534.09	2182.21
Transfer from Profit and Loss Account during the period	100.50	351.88
Closing Balance	2,634.59	2,534.09
Securities Premium Reserve		
As per the last Balance sheet	7,511.06	7,488.26
Add: Transferred from Employee Stock Option Outstanding	-	49.68
Less: Share/Debenture Issue Expenses	-	26.87
Closing Balance	7,511.06	7,511.06
Debenture Redemption Reserve		
As per the last Balance sheet	630.00	345.00
Transfer from Profit and Loss Account during the period	(3.75)	285.00
Closing Balance	626.25	630.00
Share Options outstanding Account		
As per the last Balance sheet	-	49.68
Less :Transferred to Securities Premium Reserve	-	49.68
Less: Options Lapsed during the year	-	-
Less: Employee Stock Option Compensation to be written off	-	-
Closing Balance	-	-
Foreign Currency Monetary Item Translation Difference	(65.27)	(38.66)
Surplus in the statement of profit and loss		
As per the last Balancesheet	4,206.33	4,201.68
Less: Consolidation Adjustment for earlier years	-	-
Add : Net Profit for the year	650.03	665.88
	4,856.36	4,867.56
b) Appropriations for :		
i) Final Dividend	-	20.95
ii) Corporate Dividend Tax	-	3.40
iii) Transfer to Debenture Redemption Reserve	(3.75)	285.00
vi) Transfer to General Reserve	100.50	351.88
Closing Balance	4,759.61	4,206.33
Total Reserve & Surplus	16,205.76	15,497.55

NOTES to consolidated financial statement for the year ended March 31, 2013

5 LONG TERM BORROWINGS		(₹ million)			
		Non-Current Portion		Current Maturities	
		2013	2012	2013	2012
I	Secured Loans				
a)	Debentures ¹	6,150.00	3,950.00	450.00	1,050.00
b)	Term Loans				
	- From Bank ²	6,143.85	2,152.02	821.73	514.65
	- From Others ³	989.32	498.84	872.92	296.71
c)	Working capital loan ⁵	693.81	656.97	-	606.04
II	Unsecured Loans				
c)	From Banks ⁴	-	1,009.01	1,000.00	-
d)	- From Others	0.44	1,238.63	-	721.52
	Amount disclosed under "Other Current Liabilities" in Note No 9	-	-	(3,144.65)	(3,188.92)
		13,977.42	9,505.47	-	-

¹Debentures

- a) 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 million each aggregating to ₹ 900 million (P.Y. ₹ 950 million) and are to be redeemed on July 20, 2016 in a single installment, with a put / call option available and exercisable at par at the end of 5th year from the date of allotment i.e. July 20, 2014. The same is secured against immovable property of the Company.
- b) 9.55% Secured Redeemable Non-Convertible Debentures was allotted on April 26, 2010 for a period of 5 years. These debentures have a face value of ₹ 1.0 million each aggregating to ₹ 1,000.00 million. These Debentures will be redeemed as follows -April 26, 2013 - ₹ 300 million, April 26, 2014- ₹ 300 million, and April 26, 2015- ₹ 400 million. The same is secured against immovable property and subservient charge on all the fixed assets of the Company.
- c) 9.5% Secured Redeemable Non-Convertible Debentures was allotted on June 1, 2009 for a period of 3 years. These debentures have a face value of ₹ 1.0 million each aggregating to ₹ 1,050.00 million and has been redeemed on June 1, 2012. The same is secured against immovable property of the Company and third party Security.
- d) 10.75% Secured Redeemable Non-Convertible Debentures was allotted on March 3, 2011 for a period of 5 years. These debentures have a face value of ₹ 0.10 million each aggregating to ₹ 500.00 million. These Debentures will be redeemed as follows: March 3, 2014 - ₹ 150 million, March 3, 2015- ₹ 150 million and March 3, 2016- ₹ 200 million. The same is secured against immovable property and subservient charge on all the fixed asset of the Company.
- e) 11.40% Secured Redeemable Non-Convertible Debentures was allotted on July 11, 2011 for a period of 5 years. These debentures have a face value of ₹ 0.10 million each aggregating

NOTES to consolidated financial statement for the year ended March 31, 2013

to ₹ 1,500.00 million. These Debentures will be redeemed as follows- July 11, 2014 - ₹ 500 million, July 11, 2015 ₹ 500 million and July 11, 2016 ₹ 500 million. The same is secured against immovable property of the Company and its subsidiaries.

- f) 11.30% Secured Redeemable Non-Convertible Debentures was allotted on September 17, 2012 for a period of 10 years. These debentures have a face value of ₹ 1.0 million each aggregating to ₹ 1,500.00 million and are to be redeemed in September 17, 2022. The same is secured against charge on immovable assets of the Company and of its subsidiaries.
- g) 14.00% Secured Redeemable Non-Convertible Debentures was allotted on October 18, 2012 for a period of 4 years. These debentures have a face value of ₹ 1.0 million each aggregating to ₹ 1,200.0 million and are to be redeemed in October 17, 2016. The same is secured against charge on immovable asset of the Company and third party security.

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.

²Term Loans - From Banks

- a) The term loans are secured by first charge on the specific assets acquired out of the term loan alongwith unencumbered assets & guarantees. The rate of interest for these loans vary between 10%- 14% on an average, with a repayment period of 3-5 years respectively.
- b) includes term loans of ₹ 85.32 million (P.Y. ₹ 81.33 million) are secured by Hypothecation of machinery & vehicles. Interest rate ranging between 8.5% to 15%, and repayable in 2014.

- c) includes term loans of ₹ 0.72 million (P.Y. ₹ Nil) which carries interest @ BPLR + 4% p.a. It will be repaid within 35 equated monthly Instalments. it is secured by way of hypothecation of computer system and personal gurantee of Directors of Capacite Infra Project Private Limited.
- d) includes ₹ 21.59 million (P.Y. ₹ Nil) which carries interest which ranging between 12% to 12.02% p.a. It consist of 10 separate loans that will be repaid in 58 equated instalments. It is secured against hypothecation of equipment & exclusive charge on inventory cum book debts/other current assets.
- e) includes ₹ 693.81 million (USD 12,723,376) (P.Y. ₹ 606.97 million (USD 11,778,897)) which carries interest which ranging between LIBOR rate plus 3% to LIBOR rate plus 4.75%.It is secured against hypothecation of equipment.

³Term Loans - From Others

- a) Includes funds from Financial Institutions on Equipments, secured against the said Equipments. These loans carry an interest rate ranging between 10%- 12% on an average, with a repayment period of 3-5 years respectively.
- b) Includes ₹ 359.72 million (P.Y. ₹ 6.12 million) secured by hypothecation of vehicles acquired from these loans. Interest rate ranging between 8.5% to 13.5% (P.Y. 11% to 15%) and repayable between 2014 and 2015.

⁴Unsecured Loans -From Bank

Includes ₹ 1,000 million (P.Y. ₹ 1,009.01 million) Loans repayable over a period of 2 years carrying an Interest rate of 10.50%.

⁵Working Capital Loan

- a) Includes loans of ₹ 693.81 million (P.Y. ₹ 606.97 million), the Loan of USD 9,731,628 (P.Y.- USD 8,305,057) i.e. ₹ 530.63 million (P.Y. 427.96 million), secured by a account

NOTES to consolidated financial statement for the year ended March 31, 2013

receivable and equipment, interest is charged at LIBOR plus 3% due July 2014 and the Loan of USD 2,991,748 (P.Y. USD 3,473,840) i.e. ₹ 163.18 million (P.Y. 179.00 million), secured by a account receivable and equipment, interest is charged at LIBOR plus 4.75%.

b) Working Capital Demand loan Includes ₹ NIL (P.Y. 50 million) secured by equitable mortgage of office premises and hypothecation of movable assets, Interest rate is 14%, repayable in 2013.

6 (A) OTHER LONG TERM LIABILITY		(₹ million)	
	2013	2012	
Trade Payables	378.24	826.23	
Capital Creditors	1.25	92.16	
Other			
Contractee Advances	1,581.64	3,113.79	
Deposits	81.07	801.54	
Other Liability	543.75	195.20	
	2,585.95	5,028.92	

7 PROVISIONS		(₹ million)			
	Long term		Short term		
	2013	2012	2013	2012	
Provision for Employee Benefits (Note 24)					
Provision for Gratuity	19.95	-	4.65	-	
Provision for Leave Salaries	16.74	14.56	10.63	23.65	
Provision -Others *	-	-	-	24.35	
	36.69	14.56	15.28	48.00	

* Includes Provision for Tax which is Net of Advance Tax and TDS- ₹ 18.28 million (₹ NIL) and Proposed Dividend ₹ Nil (₹ 20.95 million) and Corporate Dividend Tax - ₹ Nil (₹ 3.40 million)

8 SHORT TERM BORROWINGS		(₹ million)	
	2013		2012
I Secured Loans			
Short Term Loans			
- From Bank ¹	2,924.13	2,905.65	
- From Others	264.00		
Working Capital loan ¹	1,491.51	674.62	
Loans Repayable on Demand			
- From Bank ²	11,100.51	6,006.63	

NOTES to consolidated financial statement for the year ended March 31, 2013

8 SHORT TERM BORROWINGS	(₹ million)	
	2013	2012
II Unsecured Loans		
- From Bank ³	1,450.00	3,363.48
- From Others ³	402.00	
- Commercial Papers ⁴		
From Bank	-	1,950.50
From Others	-	784.64
	17,632.15	15,685.52

Short Term Loan**¹From Bank**

- a) Includes Loans against equipments financed and by earmarking from bank guarantee limits, at interest rate of 12.25% p.a. (P.Y. 12.25% p.a.) payable within a year.
- b) Includes ₹ 50 million (P.Y. ₹ 20 million) secured by UDC/PDC from the Company for repayment of the facility amount. Interest Rate 14.5% p.a.
- c) Company has taken Loan from Indusind Bank which carries interest rates BPLR+3.25% p.a.. It is secured by value of stock after excluding advance payment guarantees, sundry creditors & stock aquired under usance LC, Buyer's Credit and procured on credit under Stand by LC's.
- d) Loan against term deposits from Corporation bank secured by term deposits amounting to ₹ 46.07 million (P.Y. nil) which carries interest ranging between 8% to 10% (P.Y. nil).
- e) Working Capital Demand loan includes ₹ 210 million (P.Y. ₹ 150 million) secured by first pari-passu charges on the movable & immovable assets of the Company excepts the assets specially charged for project/lease based finance. Interest rate 14% p.a.
- f) Loan From Development Bank of Singapore ₹ 545.30 million (USD 10,000,000) {P.Y. ₹ 515.30 million (USD 10,000,000)} is secured by a Standby Letter of Credit issued by Industrial Development Bank of India Limited. Interest is charged at 4.41% to 5.58% (P.Y. 4.41% to 5.58%) p.a.

²Loans Repayable on Demand

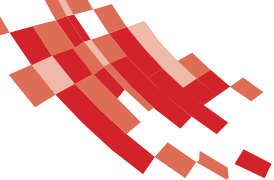
Includes Cash Credit and Working Capital Demand Loan from various banks. These loans have been given against hypothecation of stocks, spare parts, book debts, work in progress & guarantees;

Terms of Repayment :

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

Rate of Interest- Ranges between 11% to 14% (P.Y. 9.75% to 13.75%) p.a.

Includes overdraft from Bank of Baroda ₹ 49.46 million (P.Y. Nil) is secured by fixed deposit pledged with the bank.



NOTES to consolidated financial statement for the year ended March 31, 2013

³Unsecured Loan

- From Bank

- a) Includes loans from banks which are payable at yearly, rests with an average Interest cost ranging between 11% to 12% (P.Y. 8.50%- 10.25%) p.a.
- b) Includes ₹ NIL (P.Y. 549.61 million) related to overdraft which is taken from Standard Chartered Bank.

- From Others

Includes loans from related parties carrying nil interest rates, which are payable on demand.

⁴Commercial Paper

Includes Commercial Papers from bank of ₹ Nil (P.Y. ₹ 1,950.50 million from Banks with a maturity period of 364 days with an average interest rate ranging between 7.60%-10.15% p.a.)

9 OTHER CURRENT LIABILITIES	(₹ million)	
	2013	2012
(a) Trade Payable¹	9,989.87	9,348.56
(b) Other Liabilities		
Current maturities of long-term debt	3,144.65	3,188.92
Interest accrued but not due on borrowings	170.64	
Contractee Advances	1,611.19	1,669.46
Unpaid Dividend	3.36	3.52
Other Payables		
Deposits	189.88	116.87
Payable to Employees	136.34	156.13
Other Liabilities ¹	1,857.85	443.62
(c) Balance in Current Account		
(i) With Subsidiaries	353.44	9.61
(ii) With Joint Ventures	1,151.68	79.91
	8,619.03	5,668.04
	18,608.90	15,016.60

¹Includes ₹ 87.13 million (₹ 87.13 million) against lease of office premises.

NOTES to consolidated financial statement for the year ended March 31, 2013

10 NON CURRENT INVESTMENT	(₹ million)	
	2013	2012
Investment in Equity Instruments		
Other Investments- Quoted		
66,640 shares (P.Y. 66,640 Shares) of Kingfisher Airlines Ltd., Face Value ₹ 10/- per share	-	9.86
Trade Investments - Quoted		
19,42,574 shares (P.Y. 19,42,574) of KNR Construction Ltd., Face Value ₹ 10/- per share	330.24	330.24
Other Investments- Unquoted		
In Subsidiaries	0.60	0.62
In Joint Ventures	13.88	-
In Others	70.72	70.24
In Associates		
Other Investments (Accounted Under Equity method)		
23,66,820 Shares (16,03,200) of ACP Tollways Pvt. Ltd., Face Value ₹ 100/- per share	236.68	160.32
1,60,03,200 shares (69,79,786) of Raichur Sholapur Transmission Company Ltd., Face Value ₹ 10/- per share	157.72	69.80
24,665 Shares (24,665) of Terra Land Developers Ltd., Face Value ₹ 10/- per share	0.25	0.25
1,00,06,000 shares (1,00,06,000) of Patel KNR Heavy Infrastructures Ltd., F.V. ₹ 10/- per share	166.62	181.26
1,55,40,000 shares (1,55,40,000) of Patel KNR Infrastructures Ltd., F.V. ₹ 10/- per share	154.11	163.12
	715.38	574.75
Investment in Redeemable Preference Shares		
Other Investments		
Investment in Government Securities ^{III}	0.12	0.14
Investment in Partnership Firms ^{IV}	0.13	0.03
	1,131.07	985.88
Current Investments		
Other Investments- Unquoted		
In Subsidiaries	0.05	-
	0.05	-

- I. Aggregated amount of Unquoted Investments as at March 31, 2013 ₹ 786.75 million (₹ 645.78 million)
- II. Aggregated amount of Quoted Investments as at March 31, 2013 ₹ 330.24 million, Market value ₹ 176.77 million (P.Y. ₹ 340.10 million, Market Value- 238.87 million)
- III. Includes Investment in National Saving Certificates, in the name of Directors, lodged with Project Authorities
- IV. A firm AHCL - PEL having fixed capital of ₹ 75,000 (P.Y. ₹ 50,000), profit sharing has been reconstituted as follows :- the Company 5% (P.Y. 55%), Ace Housing & Const. Ltd. 45% (P.Y. 45%) & P.Patel 50% (P.Y. nil). A firm Patel Advance JV having nil fixed capital, profit sharing has been reconstituted as follows : the Company 27% (P.Y.74%), Advance Const. Co. Pvt. Ltd. 26% (P.Y. 26%) Patel Realty (I) Ltd. 26% (P.Y. Nil) & Apollo Buildwell Pvt. Ltd. 21% (P.Y. nil)



NOTES to consolidated financial statement for the year ended March 31, 2013

11 LOANS & ADVANCES

(₹ million)

	Non-Current		Current	
	2013	2012	2013	2012
Capital Advance				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	17.72	12.59	-	807.22
Security Deposit				
Unsecured, Considered Good	819.85	1,677.54	785.37	321.74
Balance in Current Account with Subsidiaries/ Associates/Joint Ventures/Partnership				
Unsecured, Considered Good	164.02	514.90	2,140.33	2,042.70
Advance Recoverable in cash or in Kind				
Unsecured, Considered Good	3,112.20	4,865.08	7,850.07	6,195.08
Other Loans & Advances				
Prepaid Expenses	64.28	78.15	163.73	167.84
VAT Input Credit	94.58	-	56.43	4.77
Service Tax and Cenvat Credit	2.68	-	400.30	-
Advance Tax (Net)	14.89	97.83	13.57	-
Accrued Interest	1,042.91	740.83	242.75	58.00
Advances to Employees	2.49	11.67	28.40	16.28
	1,221.83	928.48	905.18	246.89
	5,335.62	7,998.59	11,680.95	9,613.63

12 INVENTORIES *

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

(₹ million)

	Current	
	2013	2012
Stores, Embedded Goods and Spare Parts etc. (Includes Stores in Transit ₹ 61.07 million (P.Y. ₹ 5.53 million))	2,035.96	2,305.65
Work in Progress	26,056.29	19,180.85
Less : Advance against Material & Works	3,265.76	2,770.74
	22,790.53	16,410.11
	24,826.49	18,715.76

*(As technically valued and certified by the management)

NOTES to consolidated financial statement for the year ended March 31, 2013**13 TRADE RECEIVABLES**

(₹ million)

	Non-Current		Current	
	2013	2012	2013	2012
Unsecured, Considered Good unless otherwise stated				
Receivables outstanding for a period exceeding six months				
Considered good	499.67	272.42	4,602.16	3,066.06
(A)	499.67	272.42	4,602.16	3,066.06
Other Receivables				
Considered good	187.31	54.82	5,824.51	7,206.28
(A+B)	686.98	327.24	10,426.67	10,272.34

(refer Note no. 38 (f))

14 OTHER CURRENT ASSETS

(₹ million)

	Non-Current		Current	
	2013	2012	2013	2012
Preoperative & Preliminary Expenses	204.68	122.23	0.03	-
	-	-	-	-
	204.68	122.23	0.03	-

15 CASH AND BANK BALANCES

(₹ million)

	Non-Current		Current	
	2013	2012	2013	2012
Cash & Cash Equivalents				
Balance with Banks				
- On current accounts with Scheduled Banks	-	-	1,994.45	1,372.91
- On Fixed Deposits accounts with Scheduled Banks	27.29	14.06	696.75	858.96
- Balances with Non Scheduled Banks			690.35	806.31
Cheques in hand	-	-	3.16	6.02
Cash on Hand	-	-	20.15	290.51
	27.29	14.06	3,404.86	3,334.71

NOTES to consolidated financial statement for the year ended March 31, 2013

Particulars	Gross Block			Depreciation			Net Book Value	
	As at April 1, 2012	Addition	Deduction/Retirement	As at March 31, 2013	For the year April 1, 2012	Deduction	As at March 31, 2013	As at March 31, 2012
Tangible Assets								
Land ¹	2,017.74	140.59	75.87	2,085.67	0.85	0.85	(0.00)	2,085.67
Building ²	615.27	24.38	18.69	626.56	89.77	2.05	110.82	515.74
Plant & Equipment	5,864.54	1,000.77	274.48	6,663.10	2,839.00	180.78	3,285.91	3,377.19
Furniture & Fixtures	101.13	14.58	2.59	113.04	47.08	1.57	(1.13)	54.54
Vehicles ³	997.01	306.20	82.37	1,221.56	538.45	53.60	589.39	632.17
Office Equipments	58.56	3.08	2.33	59.36	35.26	1.61	40.24	19.12
Others ⁴	30.05	-	1.30	28.76	17.49	0.74	20.59	8.16
Electric equipment	53.78	5.38	7.29	51.87	31.11	5.17	33.04	18.83
Computer Equipments	79.53	12.19	4.71	87.39	54.81	3.53	66.01	21.38
Container	11.50	-	0.84	10.66	5.53	0.84	5.69	4.97
Establishment Cost	126.45	-	126.45	0.00	102.56	102.56	(0.00)	0.00
TOTAL	9,955.56	1,507.17	596.92	10,947.96	3,761.91	353.30	24.21	4,210.19
Intangible Assets								
Computer Software	56.13	2.37	0.03	58.47	5.93	0.02	23.27	35.20
Goodwill	107.41	268.87	0.26	373.39	-	-	-	373.39
TOTAL	163.54	271.24	0.29	431.86	5.93	0.02	23.27	408.59
Less : Trfd to Capital WIP					20.13			
GROSS TOTAL	10,119.10	1,778.41	597.21	11,379.82	3,767.84	353.32	24.21	4,233.46
Previous Year	10,077.90	1,044.80	1,161.74	10,119.10	3,642.38	831.54	41.55	3,744.64
Capital Work-In-Progress	4,180.83	2,055.57	881.82	5,363.26	-	-	-	5,363.26
Previous Year	2,091.38	2,422.05	336.43	4,180.83	-	-	-	4,180.83

Notes

- Land includes ₹ 9.04 million (P.Y. ₹ 15.68 million) held in the name of Directors, relatives of Directors and employees for and on behalf of the Company
- a) Building includes Building [Gross Block - ₹ 472.12 million (P.Y. ₹ 467.15 million), Accumulated Depreciation ₹ 86.20 million (P.Y. ₹ 70.49 million)] and Factory Building [Gross Block - ₹ 154.44 million (P.Y. ₹ 148.12 million), Accumulated Depreciation ₹ 24.62 million (P.Y. ₹ 19.28 million)]
b) Includes ₹ 0.02 million (P.Y. ₹ 0.02 million) being the value of 30 shares and share deposits in Co - operative Societies.

Vehicles includes	Gross Block		Acc Dep.	
	2012-13	2011-12	2012-13	2011-12
Motor Car	276.74	267.33	120.36	107.48
Motor Truck	943.04	727.80	468.13	429.88
Motor Cycle	1.78	1.88	0.90	1.09
Others includes				
	Gross Block	Gross Block	Acc Dep.	Acc Dep.
	2012-13	2011-12	2012-13	2011-12
Ship	2.82	4.10	2.76	3.34
Rails and Trolley	25.94	25.94	17.83	14.15

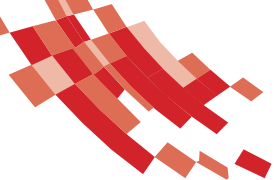
- Includes assets costing ₹ 398.76 million (₹ 84.68 million) not commissioned/erected/put to use.
- Deductions to Land and Building includes ₹ 35.86 million (P.Y. ₹ Nil) transferred to Project Development Expenses.

NOTES to consolidated financial statement for the year ended March 31, 2013

17 REVENUE FROM OPERATIONS		(₹ million)	
	2013	2012	
(a) Revenue/Turnover (refer note 35 b)	36,802.71	38,871.08	
Add: Increase/(Decrease) in Work in Progress	3,879.55	(3,303.36)	
TOTAL TURNOVER	40,682.26	35,567.72	
(b) Other Operating Income			
Lease and Service Charges [TDS. ₹ 0.19 million (P.Y. ₹ 0.38 million)]	2.89	2.11	
Share of profit from JV /Partnership	7.83	100.31	
Other Income	455.76	250.77	
	41,148.74	35,920.91	
18 OTHER INCOME		(₹ million)	
	2013	2012	
Dividend Income	-	3.89	
Net Gain on Sale of Assets	55.29	26.10	
Interest Income (Gross) [TDS. ₹ 6.11 million (P.Y. ₹ 35.42 million)]	586.62	783.16	
Miscellaneous Income	117.18	83.39	
Excess Credit written back	58.38	14.38	
	817.47	910.92	
19 COST OF CONSTRUCTION		(₹ million)	
	2013	2012	
Stores, Embedded goods and Spare Parts *			
Inventories at the Beginning of the year #	1,887.38	2,273.32	
Add:Purchase (Net)	5,027.06	5,940.37	
	6,914.44	8,213.69	
Inventories at the end of the year	2,035.96	2,305.65	
Consumption of Stores and Spares	4,878.48	5,908.04	
Piece Rate Expenses (Net)	21,244.22	18,839.13	
Repairs to Machinery	14.64	51.13	
Transportation, Hire etc.	1,300.23	1,467.16	
Power, Electricity & Water Charges	339.65	379.19	
Material At Site	-		
Project Development Cost	3,290.31	1,853.61	
Technical Consultancy Fees	123.73	37.17	
Other Construction Costs	1,530.33	243.12	
	32,721.59	28,778.55	

* Stores, embedded goods and Spares etc., consumed include materials issued to Sub Contractors. It also includes materials of ₹ 61.07 million (P.Y. ₹ 5.53 million) in transit.

Opening Balance of stores has been restated excluding of Shreeanant construction Pvt. Ltd. and Patel KNR JV.



NOTES to consolidated financial statement for the year ended March 31, 2013

20 EMPLOYEE BENEFITS EXPENSE	(₹ million)	
	2013	2012
Salaries, Wages, and Bonus	1,062.63	1,061.85
Contribution to Provident and Other Funds	53.02	49.44
Employee Stock Option (ESOP)	-	6.21
Staff Welfare Expenses	48.02	56.63
	1,163.67	1,174.13
21 FINANCE COSTS	(₹ million)	
	2013	2012
Interest Expense	4,364.82	3,304.64
Other Borrowing Costs	4.46	28.28
	4,369.28	3,332.92
22 OTHER EXPENSES	(₹ million)	
	2013	2012
Other Administrative Costs		
Rent	43.76	35.09
Repairs and Maintenance - Building	1.41	10.24
Insurance	134.79	170.94
Rates and taxes	212.19	165.82
Advertisement and Selling Expenses	20.91	
Travelling and Conveyance	81.70	
Directors Fees	2.04	1.51
Auditor's remuneration		
Audit fees	7.31	3.93
Tax Audit fees	1.25	1.12
Taxation Matters	2.10	1.97
Other Capacity	1.42	1.12
Certification	1.70	1.40
Reimbursement of Expenses	0.39	0.16
	14.17	9.70
Communication expenses	32.51	145.84
Printing and Stationery	31.97	-
Legal and consultancy charges	243.24	320.52
Loss on Sale/ Discard of fixed assets (net)	16.69	-
Loss on Sale of Investments (net)	9.86	-
Irrecoverable Debts written off	294.02	35.17
Net loss on foreign currency translation	163.08	4.07

NOTES to consolidated financial statement for the year ended March 31, 2013

22 OTHER EXPENSES (Contd.)	(₹ million)	
	2013	2012
Preliminary Expenses W/off	2.32	4.78
Preparatory Works Expenses	2.00	2.20
Share of loss from joint venture	24.27	43.99
Other Expenses ¹	347.29	404.73
	1,678.22	1,354.60

1 Includes Donation to CPI (M) is ₹ Nil (₹ 0.65 million) and ₹ 0.30 million (P.Y. Nil) to trust in which the Director is trustee.

24 DETAILS OF SUBSIDIARIES & JOINT VENTURES, WHICH ARE CONSOLIDATED:

A) Wholly owned (100%) Subsidiaries:

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

B) Other Subsidiaries:

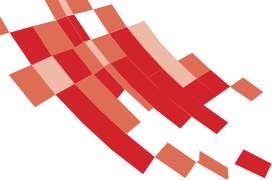
Name of Subsidiaries	% holding
1. Michigan Engineers Pvt. Limited	51.00%
2. ASI Constructors Inc.	65.20%
3. Pan Realtors Pvt. Limited	51.00%

C) Joint Ventures:

Name of Joint Ventures	% of share
1. Patel Michigan JV	10%

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

Shreeanant Constructions Pvt. Ltd ceases to be as subsidiary as investments are held as temporary in nature and hence not been considered for consolidation in the current year.



NOTES to consolidated financial statement for the year ended March 31, 2013

Company has not consolidated the financial statement of subsidiary Nirmal Capacit'e Construction P. Ltd. which acquired during financial year 2012-13. since there are no transaction in company as intimated by the management. This acquisition is therefore accounted as Investment.

- 25 (i) Income-tax assessments are completed up to assessment year 2011-2012. Several appeals for the earlier assessment years are pending before the Appellate Authorities and the aggregate demand for the same amounting to ₹ 692.49 million has been already adjusted / paid. The Company has made a provision for tax of ₹ 330.50 million (P.Y. ₹ 320.00 million) including liability of ₹ 100.50 million (P.Y. ₹ Nil) of previous year under all proceeding under the Income Tax Act, 1961 , and Deferred Tax Liability (Assets) of ₹ (56.58) million (P.Y. 31.31 million). The Company has been advised that it is not liable to Wealth-Tax except on Motor Cars. Accordingly, Wealth Tax of ₹ 1.15 million (P.Y. ₹ 1.50 million) has been provided.
- (ii) 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 million 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. Interest liability of ₹ 732 million has not been provided considering 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.
- (iii) During the year, Company has provided for the tax liability of ₹ 16.67 million and interest of ₹ 5.71 million as per the assessment order received pertaining to earlier assessment years.

26 DEFERRED TAX

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

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

	(₹ million)	
	2013	2012
Deferred Tax Liability (DTL)		
Related to depreciation on fixed assets and other timing difference	237.36	304.98
(a)	237.36	304.98
Deferred Tax Assets (DTA)		
i. Relating to depreciation on fixed assets	118.79	
ii. Disallowances under the Income Tax Act	5.24	88.95
(b)	124.03	88.95
Liability for Deferred Tax (net)	(a-b) 113.33	216.03

NOTES to consolidated financial statement for the year ended March 31, 2013

27 LEASE

The Company and its subsidiary companies has taken various construction equipments and vehicles under non cancelable operating leases. The future minimum lease payment in respect of these as at March 31, 2013 are as follows:

	(₹ million)	
	2013	2012
Minimum lease obligation payable as at March 31,		
a) within one year of the Balance Sheet date	70.63	84.08
b) due in a period between one year and five years	72.03	133.25
c) due after five years	-	-

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

28 EARNING PER SHARE

	(₹ million)	
	2013	2012
Net profit as per profit and Loss Account available for shareholders for both Basic and diluted Earnings Per Shares of ₹ 1 Each	650.03	665.88
Weighted Average Number of Equity shares for earning per share	69,827,151	69,827,151
Earning Per Share (Basic and Diluted) ₹	9.31	9.54

29 RELATED PARTY DISCLOSURE

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

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

Associates:

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

Joint Ventures & Consortium:

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



NOTES to consolidated financial statement for the year ended March 31, 2013

Partnership

1	AHCL PEL
2	Patel Advance JV

Others

1	Praham India LLP
2	Patel corporation LLP

B. Key Management Personnel (KMP)

Mr. Pravin Patel	Non-Executive Chairman & Director of Michigan Engineers Pvt. Ltd.
Mr. Rupen Patel	Managing Director & Director of Michigan Engineers Pvt. Ltd.
Ms. Silloo Patel	Whole Time Director
Mr. Nimish Patel	Whole Time Director
Ms. Sonal Patel	} Relative of KMP
Mr. Shiraz Patel	
Mr. Bhim Batra	
Mr. K.Jalandhar Reddy	Key Management Person of Patel KNR JV
Mr. J.V.Paninder Reddy	Key Management Person of Patel KNR JV
Dr. Manubhai Patel	} Director of Michigan Engineers Pvt. Ltd.
Mr. Ashwin Parmar	
Mr. Saurin Patel	
Ms. Romana Parvi	} Key Management Person of PAN Realtors Pvt. Ltd
Mr. Suresh Kumar Garg	
Mr. Shitul Patel	
Mr. Anil Kumar Sharma	
Mr. Pravin Malkani	Director of Patel Realty (India) Ltd

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

Particular	(₹ million)			
	Subsidiary Companies		Associates/ Joint Ventures / Partnership/Others	
	2012-13	2011-12	2012-13	2011-12
- Revenue/Turnover	-	-	1,299.73	1,874.83
- Piece Rate Expenses	-	-	-	-
- Investment in Equity / Purchase of Shares	-	-	355.63	230.20
- Sale of Investment	-	-	0.00	-
- Share Application Money	-	-	-	51.33
- Advances received	-	-	200.16	1,350.15
- Advances recovered/repaid	-	-	96.85	695.19

NOTES to consolidated financial statement for the year ended March 31, 2013

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

(₹ million)

Particular	Subsidiary Companies		Associates/ Joint Ventures / Partnership/Others	
	2012-13	2011-12	2012-13	2011-12
- Inter company deposit received	-	-	459.09	-
- Inter company deposit repaid	-	-	420.07	-
- Share of Profit	-	-	23.54	84.27
- Share of loss	-	-	18.21	-
- Miscellaneous Receipts	-	-	10.58	0.54
- Loans/Advances given	-	-	181.20	1,552.20
- Loan/ Advances returned	-	-	1,114.26	852.93
- Purchase of Assets	-	-	63.23	-
- Sale of Assets	-	-	-	-
- Corporate Guarantee outstanding as at the end of the year	-	-	1,209.70	-
- Bank Guarantee outstanding as at the end of the year	-	103.70	998.51	992.33
- Outstanding Balance included in Current / Non Current Assets	-	2,403.03	1,139.66	1,812.21
- Outstanding Balance included in Current / Non Current Liabilities	-	-	2,500.80	2,398.54
- Purchase / Receipt of Stores	-	-	0.75	-
- Issue of Stores	-	-	-	-
- Reimbursement of Expenses	-	-	1.92	1.79
- Consultancy Fees paid	-	-	0.00	-
- Rent Income	-	-	0.06	0.05
- Rent paid	-	-	-	-
- Hire Charges received	-	-	0.00	-
- Interest Income	-	-	54.67	11.67

NOTES to consolidated financial statement for the year ended March 31, 2013

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

Particular	(₹ million)	
	2012-13	2011-12
Managerial Remuneration	58.59	51.41
Consultancy Income	-	7.94
Salary and contribution to provident fund	1.49	1.46
Rent Income	0.92	0.97
Deposit outstanding	0.40	0.40
Rent Paid	1.91	1.75
Director's Seating fees	0.30	0.24
Loan Taken (since re-paid)	-	4.40
Purchase of Shares	38.96	-
Sale of Assets	-	5.03

30 SEGMENT REPORTING

Primary Segment

Particulars	As at March 31, 2013			
	Business Segments			
	Construction	Real Estate	Others	Total
Segment Revenue	35,877.46	5,185.64	85.64	41,148.74
Segment Results	3,891.10	1,223.57	17.38	5,132.05
Carrying Amount of Segment Assets	47,264.94	11,969.64	6,904.26	66,138.84
Segment Liabilities	14,768.85	6,046.87	234.22	21,049.94
Addition to Fixed Assets	1,307.50	127.26	1,391.08	2,825.84
Segment Depreciation	759.21	15.86	23.14	798.21

Geographical Segment

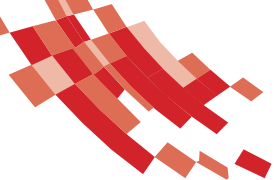
Particulars	As at March 31, 2013		
	Domestic Operation	International Operation	Total
Segment Revenue	35,185.99	5,962.75	41,148.74
Carrying Amount of Segment Assets	61,878.46	4,260.38	66,138.84
Addition to Fixed & Intangible Assets	2,580.07	245.77	2,825.84

NOTES to consolidated financial statement for the year ended March 31, 2013

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

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

BALANCE SHEET	(₹ million)	
	As at March 31, 2013	As at March 31, 2012
I. EQUITY AND LIABILITIES		
Shareholder's Funds		
Reserve and Surplus	18.04	83.67
Non-current liabilities		
(a) Long-term borrowings	-	12.86
(b) Deferred Tax Liability (Net)	-	-
(c) Other Long term liabilities	7.74	78.14
(d) Long-term provisions	7.56	-
Current liabilities		
(a) Short-term borrowings	-	-
(b) Trade payables	69.44	93.36
(c) Other current liabilities	16.53	34.76
(d) Short-term provisions	-	126.54
TOTAL	119.31	429.33
II. ASSETS		
Non-current assets		
(a) Fixed assets	2.84	108.64
(b) Non-current investments	-	0.03
(c) Long-term loans and advances	2.68	23.13
(d) Deferred Tax Assets (Net)	-	7.52
(e) Other Non current assets	21.08	43.61
Current assets		
(a) Inventories	70.08	169.59
(b) Trade receivables	4.93	20.65
(c) Cash and cash equivalents	4.65	21.55
(d) Short-term loans and advances	13.05	139.85
(e) Other current assets	-	3.40
	119.31	429.33



NOTES to consolidated financial statement for the year ended March 31, 2013

(₹ million)

	As at March 31, 2013	As at March 31, 2012
STATEMENT OF PROFIT AND LOSS ACCOUNT		
Revenue from operation	214.35	502.92
Other Income	0.14	55.57
	214.49	558.49
EXPENSES		
Cost of Construction	193.41	428.20
Employee benefits expense	0.05	32.30
Finance costs	-	9.96
Depreciation and Amortization expense	1.07	45.45
Other expenses	0.06	49.16
Total Expenses	194.59	565.07
Profit / (Loss) before Tax	19.90	(6.58)
Tax expense		
Provision for Current Tax	6.60	3.44
Provision for Deferred Tax	-	(8.28)
Profit / (Loss) After Tax	13.30	1.74

32 Income consisting of Construction income of ₹ 3.43 million (P.Y. ₹ 153.69 million) and Other Income of ₹ 14.10 million (P.Y. ₹ 65.92 million) and Expenses consisting of Piece Rate Expenses ₹ Nil (P.Y. ₹ 72.36 million) and Other Expenses ₹ 49.47 million (P.Y. ₹ 8.83 million) pertaining to prior periods credited and debited respectively to Profit and Loss Accounts under various heads of accounts.

33 In accordance with "The Companies (Accounting Standards) Amendment Rules 2009, where in the provisions pertaining to AS-11 relating to "The Effects of the changes in Foreign Exchange Rates", vide notification dated March 31, 2009 and further amended on May 13, 2011, the Company has carried over exchange (gain)/loss of ₹ 2.95 million (P.Y. ₹ 5.90 million) through "Foreign Currency Monetary Items Translation Difference Account", to be amortized over the balance period of the long term asset/liability, in respect of which such exchange gain/loss has arisen, but not beyond March 31, 2012. Further exchange loss (net) of ₹ 1.69 million (P.Y. ₹ 1.59 million) has been added to the cost of the respective fixed asset.

34 Debit and Credit Balances are subject to confirmation from creditors, debtors and sub contractors. The management does not expect

any material difference affecting the financial statements for the year.

- 35 a) Unbilled Work in Progress includes stock of land under development (including held in the name of Directors/relatives of Directors/employees, as nominees of the Company).
- b) Turnover includes, construction of multi purpose projects, water supply projects, irrigation projects, building projects, road and railway projects, on item rate or EPC basis and sale of development rights net of rebates. It also includes duty drawback and entitlement etc but excludes VAT, Service Tax etc.
- c) During the Financial year 2010-11, two of Company's hydropower projects in Loharinagpala, in the state of Uttarakhand, awarded by NTPC, were prematurely terminated by Government of India. NTPC has sought details of expenditure incurred, committed costs, anticipated expenditure on safety and stabilization measures, other recurring site expenses and interest costs, as well as other claims of various packages of contractors / vendors for further submission to the government after compiling all the details of expenses incurred by various contractors

NOTES to consolidated financial statement for the year ended March 31, 2013

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, 2013 ₹ 1,865.38 million (P.Y. ₹ 1,965.63 million) (including hedging cost of ₹ 458.71 million (P.Y. ₹ 458.71 million)) are considered recoverable and billable to the client and hence included under work in progress.

- d) Arbitration awards received in favour of the Company amounting to ₹ 778.52 million (P.Y. ₹ 2,514.76 million) is accounted for as Construction Receipts.

36 The Company and Patel Realty (India) Ltd. (PRIL), a subsidiary, have entered into definitive agreements with a foreign investor and the promoters of the Company for investment in shares of PRIL. The investments are subject to certain conditions precedent and required consents to be complied by the promoters and PRIL. The promoters have fulfilled their obligation. Presently, the foreign investor is expected to invest ₹ 800 million including ₹ 300 million in the Company as initial advance towards purchase 30 million shares of PRIL. The remaining consideration by the foreign investor will be based on the future performance of PRIL.

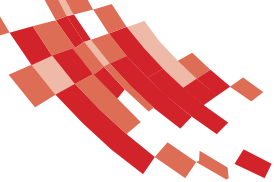
37 During the current year, company has changed the method of valuation of Stores, embedded goods and spares parts using weighted average method from erstwhile FIFO method. Due to this changes, consumption of stores and spares is lower by ₹ 8.13 million and the profit for the current year and closing value of Stores and Spares inventory is higher by ₹ 8.13 million.

38 CONTINGENT LIABILITIES

- (a) Commitment for capital expenditure is ₹ 1,733.13 million (P.Y. ₹ 2,125.16 million), advance paid ₹ 17.59 million (P.Y. ₹ 12.59 million)
- (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 ₹ 8,823.23 million (P.Y. ₹ 8,401.54 million) (including Customs ₹ 285.75 million (P.Y. ₹ 286.02 million) for the current year includes

guarantees given in US\$ 10.00 million (P.Y. US\$ 12 million). Corporate guarantees on behalf of subsidiaries and others is ₹ 10,397.29 million (P.Y. ₹ 9,552.09 million) (against which the Company has obtained counter indemnities for ₹ 3,002.69 million (P.Y. ₹ Nil) and towards Custom Duty ₹ 71.62 million (P.Y. ₹ 71.62 million).

- (c) The Company has received an amount of ₹ 12.74 million in 1997 against arbitration award in its favour. The client has preferred an appeal against above award claiming an amount of ₹ 213.32 million (P.Y. ₹ 213.32 million) 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 ₹ 1,029.08 million (P.Y. ₹ 251.11 million)
- (e) Sales tax ₹ 33.51 million (P.Y. ₹ 33.51 million (Advance paid ₹ 18.51 million (P.Y. ₹ 18.51 million)). Cess ₹ 7.46 million (P.Y. ₹ 7.46 million).
- (f) Trade Receivables/ Client retention to the extent of ₹ 475 million (₹ 1,568.39 million) have been discounted with bank on recourse basis.
- (g) Allowances due to employees in remote areas (Arunachal Pradesh) may accrue in future maximum to the extent of ₹ 2.30 million (P.Y. ₹ 2.66 million). The same will be paid to the employees who continue to be on the payrolls upto October 1, 2013.
- (h) Provident Fund liability that may arise on matter in appeal ₹ 9.52 million (P.Y. ₹ 9.52 million) and advance Paid ₹ 2.38 million (P.Y. Nil)
- (i) There is undertaking given to the bank against purchase of receivables deposits of ₹ NIL (₹ 86.80 million) by the bank from the Company ₹ NIL (₹ 73.80 million), Service Tax ₹ 105.74 million (₹ NIL), Income Tax ₹ 6.69 million (₹ NIL)
- (j) Sales Tax due to Commercial Tax Tribunal (Noida) ₹ 36.30 million (₹ 35.55 million), due under Building and Other Construction Worker Welfare Cess Act ₹ 55 million (₹ NIL).



NOTES to consolidated financial statement for the year ended March 31, 2013

- (k) Proceedings u/s 271 (1) (c) of the Income Tax Act, 1961 for the past assessment years initiated, quantum currently not ascertainable, as being contested by Patel Realty (India) Limited.
- (l) The Company is involved in a claim for additional reimbursement for fees costs as result of unforeseen site conditions, contractual obligation, and weather damages. The Company has requested an equitable adjustment of ₹ 196.67 million (\$ 3.61 million). As a result of the cost and the risk of collectability of the claim, management has elected to record the claim at ₹ 98.08 million (\$ 1.80 million) and ₹ 96.69 million (\$ 1.77 million) for the financial statement ending March 31, 2013 and 2012 respectively.
- (m) The Company has not reconciled the final profit split and effects of credits issued with their joint venture partners in the amount of ₹ 75.35 million (\$ 1.38 million). Due to the language in the Joint Venture agreement and the relationship with the joint venture partner, Management expects to resolve the issue positively and expeditiously. As a result of the un-reconciled difference, Management has elected to record a ₹ 10.91 million (\$ 0.2 million) reserve against the investment in joint venture.
- (n) A part of the immovable property belonging to the Company shown under inventories has been offered as security in favour of a bank against credit facilities availed by the Company.
- (o) Company is under commitment to construct specific area for land owners.
- (p) The Company has obliged to provide the construction to land owners under the development agreement.
- (q) Claims from contractors and customers - Amount unascertainable.
- 39 The applicability of Karnataka Value Added Tax (KVAT) and Service Tax on sale of flats is being challenged before the larger bench of Honourable Supreme Court by various Tax payers. The Company has been legally advised that the levy is not payable considering that the sale of flats is a composite agreement and not in the nature of works contract. Pending outcome of the decision by the Honourable Supreme court, some of the buyers of the flat have deposited an amount aggregating ₹ 184.19 million (P.Y. ₹ 44.02 million) with Company, as and by way of deposit and such amounts based on the final judgement will be either refunded to the customers or deposited with the Government/s. In the event, the said levy is held to be applicable, the corresponding amount will be collected from the other buyers of the flat prior to handover / registration of the flat and consequently no liability will devolve on the Company. Interest liability (if any) will be accounted in the year in which the matter is resolved.
- 40 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.
- 41 Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

As per our report of even date

For and on behalf of Board

For Vatsaraj & Co

FRN. No:111327W

Chartered Accountants

CA Mayur Kisnadwala

Partner

Membership No. 33994

Mumbai

June 28, 2013

(Rupen Patel)

Managing Director

(Shobha Shetty)

Company Secretary

(Silloo Patel)

Director

(K.Kannan)

Director

AUDITORS' REPORT

To The Members of Patel Engineering Limited

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of Patel Engineering Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or

error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. 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.
8. Further to our comments in the Annexure referred to above, we report that:



AUDITORS' REPORT

To The Members of Patel Engineering Limited

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) in our opinion, proper books of accounts as required by Law have been kept by the Company so far, as appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss Account and the Cash Flow Statement of the Company dealt with by this report are in agreement with the books of accounts of the Company;
- (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss Account and the 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, 2013 and taken on record by the Board of Directors, we report that none of the Director is disqualified as on March 31, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For **Vatsaraj & Co.**
Chartered Accountants
FRN No. 111327W

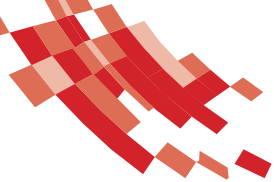
Mumbai
May 30, 2013

CA Mayur Kisnadwala
Partner
Membership No.: 33994

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph I of the Auditors Report of the even date to the members of Patel Engineering Ltd. on the accounts for the year ended March 31, 2013), 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 ₹ 265.08 million during the year and ₹ 164.52 million outstanding at the year end.
 - b) In our opinion, the rate of interest and other terms & conditions are prima facie not prejudicial to the interest of the Company.
- c) The receipt of principal amounts and interest are at call.
- d) There is no overdue amount in respect of the above loan.
- e) The Company has taken interest free unsecured loans from a Company and two LLP Firms covered in the register maintained under section 301 of the Companies Act 1956, aggregating to a maximum outstanding of ₹ 1,899.09 million during the year and ₹ 399.09 million outstanding at the year end.
- f) In our opinion, other terms & conditions are prima facie not prejudicial to the interest of the Company.
- g) The principal amounts have been paid during the year.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for work executed and we have not observed any continuing failure to correct major weakness in such internal control system
- v.
 - a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act 1956, have been entered in the register required to-be maintained under that section.
 - b) As explained to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ 5,00,000/- in respect of any party during the year are at a negotiated price, fixed at reasonable levels, having regard to the technical requirements/ quality consideration and alternate source of availability. There are no comparable transactions with the Company of similar nature.



ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph I of the Auditors Report of the even date to the members of Patel Engineering Ltd. on the accounts for the year ended March 31, 2013), we report that:

- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public and consequently, the directives issued by the Reserve Bank of India and the provision of section 58(A), 58(AA) or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
- vii. The internal audit function is carried out by a firm of independent Chartered Accountants appointed by the management and is commensurate with the size of the Company and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government of India, regarding the maintenance of cost records under clause (d) of subsection (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. a) As per information and explanation given to us, the Company is generally regular in depositing undisputed statutory dues, in respect of Provident Fund, Investor Education and Protection Fund, Income tax, sales tax, service tax, Wealth Tax, Excise Duty, Cess and other statutory dues with the appropriate authorities. Though there has been delay of ₹ 86.78 million of statutory dues outstanding beyond six months, pending expert opinion. (Refer note # 26).

- B) According to the information and explanations given to us, details of dues of sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited as on March 31, 2013 on account of disputes are given below:

Particulars	Financial year to which amount relates	Forum where dispute is pending	Amount in million
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
Entry Tax	2010-2011	High Court	11.35
Income Tax	2004-2005 to 2010-2011	Commissioner of appeal	732.00

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph I of the Auditors Report of the even date to the members of Patel Engineering Ltd. on the accounts for the year ended March 31, 2013), we report that:

- 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 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 No. 111327W

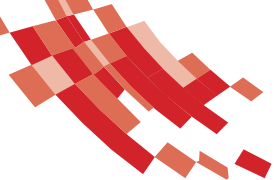
CA Mayur Kisnadwala

Partner

Membership No.: 33994

Mumbai

May 30, 2013



BALANCE SHEET

as at March 31, 2013

(₹ million)

	Notes	As At March 31, 2013	As At March 31, 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	69.83	69.83
(b) Reserves and surplus	4	14,512.51	14,073.23
2 Non-current liabilities			
(a) Long-term borrowings	5	11,401.23	7,517.92
(b) Deferred Tax Liability (Net)	27	9.51	66.09
(c) Other Long term liabilities	6	3,729.77	4,840.91
(d) Long-term provisions	7	41.83	14.56
3 Current liabilities			
(a) Short-term borrowings	8	13,449.60	11,341.50
(b) Trade payables	9	6,260.07	6,249.46
(c) Other current liabilities	9	6,121.76	5,252.05
(d) Short-term provisions	7	22.75	31.53
TOTAL		55,618.86	49,457.08
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	16		
i. Tangible assets		2,938.22	2,517.84
ii. Intangible assets		33.78	50.04
iii. Capital work-in-progress		183.57	1,035.56
		3,155.57	3,603.44
(b) Non-current investments	10	5,711.64	5,538.64
(c) Long-term loans and advances	11	8,094.98	7,468.83
(d) Non Current Bank Deposits	15	12.54	14.04
(e) Non Current Trade Receivables	14	686.98	327.24
2 Current assets			
(a) Investments- current	10	0.05	-
(b) Inventories	12	19,145.15	14,794.53
(c) Trade receivables	13	8,008.61	8,420.76
(d) Cash and cash equivalents	15	1,825.50	1,503.35
(e) Short-term loans and advances	11	8,968.32	7,692.24
(f) Other current assets	14	9.53	94.01
TOTAL		55,618.86	49,457.08
Summary of Significant Accounting Policies	2		

The Notes referred to above form an integral part of the Balance Sheet

As per our report of even date

For and on behalf of Board

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

(Rupen Patel)
Managing Director

(Silloo Patel)
Director

(K.Kannan)
Director

CA Mayur Kisnadwala
Partner
Membership No. 33994
Mumbai
May 30, 2013

(Shobha Shetty)
Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2013

		(₹ million)	
	Notes	As on March 31, 2013	As on March 31, 2012
I.	REVENUE FROM OPERATIONS	31,032.11	25,496.42
II.	OTHER INCOME	1,079.73	938.33
III.	TOTAL REVENUE (I+II)	32,111.84	26,434.75
IV.	EXPENSES:		
	Cost of Construction	24,670.02	20,609.91
	Employee benefits expense	795.72	681.00
	Finance costs	4,201.11	2,880.82
	Depreciation and amortization expense	525.48	528.21
	Other expenses	1,152.25	779.20
	TOTAL EXPENSES	31,344.58	25,479.14
V.	PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)	767.26	955.61
VI.	Exceptional items	-	-
VII.	PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)	767.26	955.61
VIII.	Extraordinary Items	-	-
IX.	PROFIT BEFORE TAX (VII- VIII)	767.26	955.61
X.	TAX EXPENSE:		
	(1) Current tax	331.65	320.00
	(2) Deferred tax	(56.58)	31.31
XI.	PROFIT/(LOSS) FOR THE PERIOD (IX-X)	492.19	604.30
XII.	EARNINGS PER EQUITY SHARE:		
	(1) Basic	7.05	8.65
	(2) Diluted	7.05	8.65
	Summary of Significant Accounting Policies	2	

The Notes referred to above form an integral part of the Profit and Loss Account
As per our report of even date **For and on behalf of Board**

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

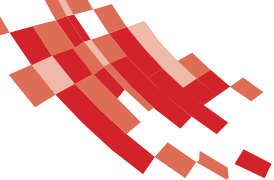
(Rupen Patel)
Managing Director

(Silloo Patel)
Director

(K.Kannan)
Director

CA Mayur Kisnadwala
Partner
Membership No. 33994
Mumbai
May 30, 2013

(Shobha Shetty)
Company Secretary



CASH FLOW STATEMENT for the year ending March 31, 2013

(₹ million)

	2013	2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS	767.26	955.61
Adjustment for:		
Depreciation	525.48	528.21
Interest charged	4,201.11	2,880.82
Interest and Dividend received	(867.33)	(833.79)
Foreign Exchange Loss/ (Gain)	123.12	(3.42)
Provision for Leave Salary	2.60	0.66
Provision for Gratuity	9.55	-
Loss of Assets exhausted / sold	17.65	-
Loss on Investment/Written off	9.86	-
Profit on sale of Assets	(48.60)	(26.10)
Excess Credit written back	(58.38)	(13.73)
Irrecoverable debts & advances written off	173.82	33.93
ESOP compensation expenses	-	6.21
Operating Profit Before Working Capital Changes	4,856.14	3,528.40
Adjustment for changes in:		
Trade & other receivables	1,117.92	(4,923.67)
Inventories	(4,799.11)	3,219.00
Trade payable, Liabilities and Provisions (excluding Proposed Dividend & Income tax)	(113.26)	1,140.41
Cash generated from operations	1,061.69	2,964.14
Direct tax paid	(381.05)	(786.21)
Net Cash From Operating Activities	680.64	2,177.93
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(163.73)	(923.62)
Share Application Money (given) / returned	-	-
(Increase)/Decrease in Capital Advances & Creditors	(96.04)	3.15
Sale of Fixed Assets	117.07	214.09
Investments in / Loans to Subsidiaries/ JV/ Associates	(2,520.28)	(763.17)
Interest and Dividend received	179.77	954.36
Net Cash Used in Investing Activities	(2,483.21)	(515.18)

CASH FLOW STATEMENT for the year ending March 31, 2013

	(₹ million)	
	2013	2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share/Debenture issue expenses	-	(26.87)
Increase in Borrowings	6,555.53	1,840.79
Dividend Paid	(27.66)	(80.82)
Interest Paid	(4,281.53)	(2,931.91)
Net Cash Used In Financing Activities	2,246.34	(1,198.81)
Net Increase/Decrease in Cash & Cash Equivalent (A+B+C)	443.77	463.94
Opening Balance of Cash & Cash Equivalents	1,517.39	1,050.03
Balance of Cash & Cash Equivalents	1,961.16	1,513.97
Notes to Cash flow Statement		
1. Cash and Cash Equivalents		
Cash on hand & Balance with banks	1,838.04	1,517.39
Effect of exchange rate changes	123.12	(3.42)
Closing Cash and Cash Equivalents as restated	1,961.16	1,513.97

As per our attached Report of even date

For and on behalf of Board

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

(Rupen Patel)
Managing Director

(Silloo Patel)
Director

(K.Kannan)
Director

CA Mayur Kisnadwala
Partner
 Membership No. 33994

(Shobha Shetty)
Company Secretary

Mumbai
 May 30, 2013



NOTES to financial statement for the year ended March 31, 2013

1 BASIS OF PREPERATION

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.

2 SIGNIFICANT ACCOUNTING POLICY

a) Use of Estimates

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

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

b) Fixed Asset

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

c) Depreciation

Depreciation is provided using straight-line method based on useful lives as estimated by the management. The management estimate of useful lives for various assets is: Factory Building/ Building - 28/60years, Machinery- 8 ½ years, Motor Cars- 10years, Motor Truck- 8 ½ years, Furniture- 6 years, Office Equipments- 6 years, Computer / Soft-ware- 3 years, Electrical Equipments- 6 years, Cycle- 2 years, Motor cycle- 7 years, Rails and Trolley- 7 years and Ship 8½ years. Depreciation on additions and deletions to assets during the year is provided pro-rata.

d) Impairment of Assets

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

e) Investments

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

f) Inventories

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

g) Recognition of Income and Expenditure

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

Revenue from building development is recognized on the percentage completion method of accounting. Revenue is recognized, in relation to the sold areas only, on the

NOTES to financial statement for the year ended March 31, 2013

basis of percentage of actual cost incurred thereon including cost of land as against the total estimated cost of project under execution subject to such actual cost being 30% or more of the total construction / development cost. The estimates of saleable area and costs are revised periodically by the management. The effect of such changes to estimates is recognized in the period such changes are determined. However, if and when the total project cost is estimated to exceed the total revenue from the project, the loss is recognized in the same financial year.

h) Accounting for Joint Venture Contracts

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

i) Foreign Currency Transaction Translations

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

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

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

j) Retirement and Other Employee Benefits

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

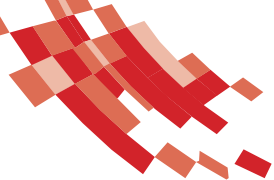
k) Taxation

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

l) Provisions and Contingent Liabilities

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

A disclosure for a contingent liability is made when there is a possible obligation or a



NOTES to financial statement for the year ended March 31, 2013

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

m) Employees Stock Option Plan

Compensation expenses under "Employee Stock Option Plan" representing excess of market price of the shares on the date of grant of option over the exercise price of option is

amortized on a straight-line basis over the vesting period.

n) Borrowing Cost

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

o) Derivative Contracts

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

3 SHARE CAPITAL

	2013		2012	
	No. of Shares	₹ million	No. of Shares	₹ million
a) Authorized				
Equity shares of ₹ 1 each	250,000,000	250.00	250,000,000	250.00
b) Issued, subscribed and fully paid up				
Equity shares of ₹ 1 each	69,827,151	69.83	69,827,151	69.83
	69,827,151	69.83	69,827,151	69.83
c) Reconciliation of Equity Shares outstanding at the beginning and at end of the year	No. of Shares	₹ million	No. of Shares	₹ million
Outstanding at the beginning of the year	69,827,151	69.83	69,827,151	69.83
Add :- Issued during the year	-	-	-	-
Outstanding at the end of the year	69,827,151	69.83	69,827,151	69.83
d) Share held by each shareholder more than 5%				
Name of the shareholder	No. of Shares	% holding	No. of Shares	% holding
i) Patel Engineering Employees Welfare Trust	6,045,000	8.66	6,045,000	8.66
ii) Prahm India LLP	14,037,000	20.10	14,037,000	20.10
iii) Patel Corporation LLP	14,303,300	20.48	14,303,300	20.48

NOTES to financial statement for the year ended March 31, 2013

4 RESERVES & SURPLUS	(₹ million)	
	2013	2012
Reserves		
Capital Reserve		
As per last Balance Sheet	293.01	1.51
Add/ (Less) : Adjustment for Share in valuation of Partnership firm	(26.50)	291.50
Closing Balance	266.51	293.01
General Reserve		
As per last Balance Sheet	2,076.97	2,001.97
Transfer from Profit and Loss Account during the period	-	(75.00)
Closing Balance	2,076.97	2,076.97
Securities Premium Reserve		
As per last Balance Sheet	7,511.07	7,488.26
Add: Transferred from Employee Stock Option Outstanding	-	49.68
Less: Share/Debenture Issue Expenses	-	26.87
Closing Balance	7,511.07	7,511.07
Debenture Redemption Reserve		
As per last Balance Sheet	630.00	345.00
Transfer (to) from Profit and Loss Account during the period (net)	(3.75)	285.00
Closing Balance	626.25	630.00
Share Options outstanding Account		
As per last Balance Sheet	-	49.68
Less :Transferred to Securities Premium Reserve	-	49.68
Less: Employee Stock Option Compensation to be written off	-	-
Closing Balance	-	-
Foreign Currency Monetary Item Translation Difference	(65.27)	(38.86)
Surplus in the statement of profit and loss		
As per last Balance Sheet	3,601.04	3,381.09
Add : Net Profit for the year	492.19	604.30
	4,093.23	3,985.39
b) Appropriations for :		
i) Final Dividend	-	20.95
ii) Corporate Dividend Tax	-	3.40
iii) Transfer to (from) Debenture Redemption Reserve	(3.75)	285.00
vi) Transfer to General Reserve	-	75.00
Closing Balance	4,096.98	3,601.04
TOTAL RESERVE & SURPLUS	14,512.51	14,073.23

NOTES to financial statement for the year ended March 31, 2013

5 LONG TERM BORROWINGS		(₹ million)			
		Non-Current Portion		Current Maturities	
		2013	2012	2013	2012
I	Secured Loans				
a)	Debentures ¹	4,950.00	3,950.00	450.00	1,050.00
b)	Term Loans				
	- From Bank ²	6,084.60	2,070.69	737.02	514.65
	- From Others ³	366.63	488.22	315.67	280.67
II	Unsecured Loans				
c)	From Banks	-	1,009.01	1,000.00	-
d)	- From Others ³	-	-	-	93.25
	Amount disclosed under "Other Current Liabilities" in Note No. 9	-	-	(2,502.69)	(1,938.57)
		11,401.23	7,517.92	-	-

¹ Debentures

- a) 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 million each aggregating to ₹ 900 million (P.Y. ₹ 950 million) and are to be redeemed on July 20, 2016 in a single installment, with a put / call option available and exercisable at par at the end of 5th year from the date of allotment i.e. July 20, 2014. The same is secured against immovable property of the Company.
- b) 9.55% Secured Redeemable Non-Convertible Debentures was allotted on April 26, 2010 for a period of 5 years. These debentures have a face value of ₹ 1.0 million each aggregating to ₹ 1,000.00 million. These Debentures will be redeemed as follows -April 26, 2013 - ₹ 300 million, April 26, 2014- ₹ 300 million, and April 26, 2015- ₹ 400 million. The same is secured against immovable property and subservient charge on all the fixed assets of the Company.
- c) 9.5% Secured Redeemable Non-Convertible Debentures was allotted on June 1, 2009 for a period of 3 years. These debentures have a face value of ₹ 1.0 million each aggregating to ₹ 1,050.00 million and has been redeemed on June 1, 2012. The same is secured against immovable property of the Company and third party Security.
- d) 10.75% Secured Redeemable Non-Convertible Debentures was allotted on March 3, 2011 for a period of 5 years. These debentures have a face value of ₹ 0.10 million each aggregating to ₹ 500.00 million. These Debentures will be redeemed as follows- March 3, 2014 - ₹ 150 million, March 3, 2015- ₹ 150 million and March 3, 2016- ₹ 200 million. The same is secured against immovable property and subservient charge on all the fixed asset of the Company.
- e) 11.40% Secured Redeemable Non-Convertible Debentures was allotted on July 11, 2011 for a period of 5 years. These debentures have a face value of ₹ 0.10 million each aggregating to ₹ 1,500.00 million. These Debentures will be redeemed as follows- July 11, 2014 - ₹ 500 million, July 11, 2015 ₹ 500 million and July 11, 2016 ₹ 500 million. The same is secured

NOTES to financial statement for the year ended March 31, 2013

against immovable property of the Company and its subsidiaries.

- f) 11.30% Secured Redeemable Non-Convertible Debentures was allotted on September 17, 2012 for a period of 10 years. These debentures have a face value of ₹ 1.0 million each aggregating to ₹ 1,500.00 million and are to be redeemed in September 17, 2022. The same is secured against charge on immovable assets of the Company and of its subsidiaries.

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 the above series of Secured Redeemable Non-Convertible Debenture issued during the year.

² Term Loans- From Banks

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

³ Term Loans- From Others

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

⁴ Unsecured Loans- From Bank

Includes ₹ 1,000 million (P.Y. 1,009.01 million) Loans repayable over a period of 2 years carrying an interest rate of 10.50%

6 OTHER LONG TERM LIABILITY

(₹ million)

	2013	2012
Trade Payables	303.53	898.63
Capital Creditors	1.25	92.16
Other		
Contractee Advances	2,775.27	3,113.79
Deposits ¹	636.59	684.06
Other Liability	13.13	52.27
	3,729.77	4,840.91

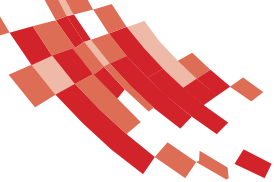
¹includes balance in current account with Associates

7 PROVISIONS

(₹ million)

	Long term		Short term	
	2013	2012	2013	2012
Provision for Employee Benefits (Note 24)				
Provision for Gratuity	9.55	-	-	-
Provision for Leave Salaries	14.00	14.56	10.34	7.18
Provision -Others *	18.28	-	12.41	24.35
	41.83	14.56	22.75	31.53

* Includes Provision for Tax which is Net of Advance Tax and TDS-₹ 18.28 million (₹ NIL) and Proposed Dividend ₹ Nil (₹ 20.95 million) and Corporate Dividend Tax -₹ Nil (₹ 3.40 million).



NOTES to financial statement for the year ended March 31, 2013

8 SHORT TERM BORROWINGS		(₹ million)	
		2013	2012
I	Secured Loans		
	Short Term Loans		
	- From Bank ¹	500.00	2,370.35
	Loans Repayable on Demand		
	- From Bank ²	11,100.51	4,756.63
II	Unsecured Loans		
	- From Bank ³	1,450.00	2,264.02
	- From Related Parties ³	399.09	-
	- Commercial Papers ⁴		
	From Bank	-	1,950.50
		13,449.60	11,341.50

Short Term Loan

¹Includes Loans against equipments Financed and by earmarking from bank gurantee limits, at interest rate of 12.25% (P.Y. 12.25%) payable within a year.

²Loans Repayable on Demand

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

Terms of Repayment :

Cash Credit- Yearly Renewal, except for an Cash Credit taken from IDBI Bank Short Term Loan - which is payable within 90 days.

Rate of Interest-Ranges between 11% to 14% (P.Y. 9.75% to 13.75%).

³Unsecured Loan

a) Inculdes loans from banks which are payable at yearly, rests with an average Interest cost ranging between 11% to 12% (P.Y. 8.50% - 10.25%).

b) Includes loans from related parties carrying nil interest rates, which are payable on demand.

⁴Commercial Paper

Includes Commercial Papers from bank of ₹ Nil (P.Y. ₹ 1,950.50 million from Banks with a maturity period of 364 days with an average Interest rate ranging between 7.60% and 10.15 % p.a.)

NOTES to financial statement for the year ended March 31, 2013

9 OTHER CURRENT LIABILITIES	(₹ million)	
	2013	2012
(a) Trade Payable¹	6,260.07	6,249.46
(b) Other Liabilities		
Current maturities of long-term debt;	2,502.69	1,938.57
Interest accrued but not due on borrowings;	68.40	148.82
Contractee Advances	1,537.72	2,735.95
Unpaid Dividend	3.36	3.52
Other Payables		
Deposits	0.35	22.20
Payable to Employees	132.77	84.75
Other Liabilities ¹	1,001.37	228.72
(c) Balance in Current Account		
(i) With Subsidiaries, associates	360.00	79.91
(ii) With Joint Ventures	515.09	9.61
	6,121.76	5,252.05
	12,381.83	11,501.51

1 a) On the basis of information compiled to the extent that they could be identified as Small Scale and Ancillary Industrial Undertaking, the Company has no such amounts payable in excess of ₹ 0.10 million and outstanding for a period of more than 30 days.

b) The Company has no amounts due to suppliers under the Micro Small and Medium Enterprise Development Act, 2006, as at March 31, 2013.

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

c) Includes ₹ 87.13 million (₹ 87.13 million) against lease of office premises.

10 INVESTMENT	(₹ million)	
	2013	2012
Non- Current Investments		
Investment in Equity Instruments		
Other Investments- Quoted		
66,640 shares (66,640) of Kingfisher Airlines Ltd., Face Value ₹ 10/- per share	-	9.86
Trade Investments - Quoted		
19,42,574 shares (19,42,574) of KNR Construction Ltd., Face Value ₹ 10/- per share	330.24	330.24
Other Investments- Unquoted		
In Subsidiaries		



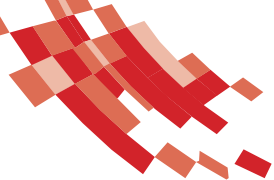
NOTES to financial statement for the year ended March 31, 2013

10 INVESTMENT (Contd.)	(₹ million)	
	2013	2012
4,91,400 shares (4,91,400) of Patel Engineering Inc. of par value US \$0.001 per share	459.02	459.02
60,000 shares (60,000) of Zeus Minerals Trading Pvt. Ltd., Face Value ₹ 10/- per share	0.60	0.60
7,210,000 shares (7,210,000) of Bhooma Realties Pvt. Ltd., Face Value ₹ 10/- per share	72.28	72.10
7,880,000 shares (7,880,000) of Shasvat Land Projects Pvt. Ltd., Face Value ₹ 10/- per share	79.00	78.80
7,000,000 shares (7,000,000) of Pandora Infra Pvt. Ltd., Face Value ₹ 10/- per share	70.18	70.00
9,100,000 shares (9,100,000) of Patel Engineers Pvt. Ltd., Face Value ₹ 10/- per share	91.23	91.00
5,510,000 shares (5,510,000) of Vismaya Constructions Pvt. Ltd., Face Value ₹ 10/- per share	55.24	55.10
14,070,000 shares (14,070,000) of Patel Patron Pvt. Ltd., Face Value ₹ 10/- per share	141.05	140.70
10,000,000 shares (10,000,000) of Patel Engineering Infrastructure Ltd. Face Value ₹ 10/- per share	100.00	100.00
50,000 shares (50,000) of Energy Design Pvt. Ltd. Face Value ₹ 10/- per share	0.50	0.50
51,000 shares (51,000) of Pan Realtors Pvt. Ltd. Face Value ₹ 10/- per share	0.51	0.51
50,000 Shares (50,000) of Patel Lands Ltd. Face Value ₹ 10/- per share	0.50	0.50
16,51,000 shares (16,51,000) of Patel Engineering Mauritius Ltd. Face Value Mauritius Rupee 10/- per share	25.76	25.76
33,000 shares (33,000) of Friends Nirman Ltd. Face Value ₹ 10/- per share	24.15	24.15
100,000 shares (100,000) of Patel Concrete & Quarries Pvt. Ltd. Face Value ₹ 10/- per share	1.00	1.00
23,65,000 shares (23,65,000) of Patel Engineering Singapore Pte. Ltd. Face Value US \$ 1 per share	94.46	94.46
20,90,00,000 shares (20,90,00,000) of Patel Energy Resources Ltd. Face Value ₹ 10/- per share	2,090.00	2,090.00
26,193,077 shares (Nil) of Patel Engineering Lanka Ltd. Face Value LKR 1 per share	11.21	-
Trade Investments - Unquoted		
8,85,220 shares (8,85,220) of Michigan Engineers Pvt. Ltd., Face Value ₹ 10/- per share	111.86	111.86
10,00,00,000 shares (10,00,00,000) of Patel Realty (I) Ltd., Face Value ₹ 10/- per share	1,000.00	1,000.00

NOTES to financial statement for the year ended March 31, 2013

10 INVESTMENT (Contd.)	(₹ million)	
	2013	2012
4,900 shares(5,100) of Shreeanant Construction Pvt. Ltd., Face Value ₹ 10/- per share	-	0.05
20,207 shares (20,207) of ASI Constructors Inc. par value US\$ 0.0099 per share	170.54	170.54
	4,599.07	4,586.65
In Associates		
Other Investments		
1,55,40,000 shares (1,55,40,000) of Patel KNR Infrastructures Ltd., Face Value ₹ 10/- per share	155.40	155.40
24,665 Shares (24,665) of Terra Land Developers Ltd., Face Value ₹ 10/- per share	0.25	0.25
2,366,820 Shares (1,603,200) of ACP Tollways Pvt. Ltd., Face Value ₹ 100/- per share	236.68	160.32
16,003,200 shares (6,979,786) of Raichur Sholapur Transmission Company Ltd., Face Value ₹ 10/- per share	160.03	69.80
	552.36	385.77
Investment in Redeemable Preference Shares		
Other Investments - In Subsidiaries		
50,000 (50,000) Shares of ASI Constructors Inc, Par value US\$ 100 per share	225.97	225.97
9,000,000 shares (Nil) of Patel Engineering Lanka Ltd. Face Value LKR 1 per share	3.86	-
Investment in Government Securities ^{III}	0.12	0.12
Investment in Partnership Firms ^{IV}	0.03	0.03
TOTAL NON -CURRENT INVESTMENT	5,711.64	5,538.64
CURRENT - INVESTMENTS		
Other Investments		
Trade Investments - Unquoted		
4,900 shares(5,100) of Shreeanant Construction Pvt. Ltd., Face Value ₹ 10/- per share	0.05	-
TOTAL CURRENT INVESTMENT	0.05	-

- I. Aggregated amount of Unquoted Investments as at March 31, 2013 ₹ 5,381.46 million (P.Y. ₹ 5,198.54 million)
- II. Aggregated amount of Quoted Investments as at March 31, 2013 ₹ 330.24 million, Market value ₹ 177.30 million (P.Y. ₹ 340.10 million, Market Value- ₹ 238.87 million)
- III. Includes Investment in National Saving Certificates, in the name of Directors, lodged with Project Authorities
- IV. A firm AHCL - PEL having fixed capital of ₹ 75,000 (P.Y. ₹ 50,000), profit sharing has been reconstituted as follows :- the Company 5% (P.Y. 55%), Ace Housing & Const. Ltd. 45% (P.Y. 45%) & P.Patel 50% (P.Y. nil).
A firm Patel Advance JV having nil fixed capital, profit sharing has been reconstituted as follows : the Company 27% (P.Y.74%), Advance Const. Co. Pvt. Ltd. 26% (P.Y. 26%) Patel Realty (I) Ltd. 26% (P.Y. Nil) & Apollo Buildwell Pvt. Ltd. 21% (P.Y. nil)



NOTES to financial statement for the year ended March 31, 2013

11 LOANS & ADVANCES

(₹ million)

	Non-Current		Current	
	2013	2012	2013	2012
Capital Advance				
Unsecured, Considered Good	17.72	12.59	-	-
Security Deposit				
Unsecured, Considered Good	650.87	1,392.04	806.63	298.75
Balance in Current Account with Subsidiaries/ Associates/Joint Ventures/Partnership				
Unsecured, Considered Good	4,225.52	1,888.10	2,158.45	1,835.02
Advance Recoverable in cash or in Kind				
Unsecured, Considered Good ¹	1,918.08	3,295.78	4,909.82	5,353.91
Other Loans and advances				
Prepaid Expenses	64.28	78.15	116.66	129.15
VAT Input Credit	94.58	-	56.40	4.75
Service Tax and Cenvat Credit	2.68	-	400.30	-
Advance Tax (Net)	129.76	49.67	-	-
Accrued Interest	989.78	740.83	495.46	56.84
Advances to Employees	1.71	11.67	24.60	13.82
	1,282.79	880.32	1,093.42	204.56
	8,094.98	7,468.83	8,968.32	7,692.24

- 1 a) Advances Recoverable in Cash or in kind or for value to be received includes ₹ 7.73 million (₹ 13.84 million) due from officers of the Company and ₹ 164.52 million (₹ 264.95 million) due from company in which Directors are Directors.
- b) Includes secured advance to piece workers ₹ 18.43 million (₹ 26.77 million).

12 INVENTORIES*

(₹ million)

(At lower of cost or net realisable value/Contract Rates)	Current	
	2013	2012
Stores, Embedded Goods and Spare Parts etc. (Includes Stores in Transit ₹ 61.07 million (P.Y. ₹ 5.53 million))	1,664.94	1,421.45
Work in Progress	19,375.13	14,819.51
Less : Advance against Material & Works	1,894.92	1,446.43
	17,480.21	13,373.08
Others	-	-
	19,145.15	14,794.53

*(As technically valued & certified by the Management)

NOTES to financial statement for the year ended March 31, 2013**13 TRADE RECEIVABLES**

(₹ million)

	Non-Current		Current	
	2013	2012	2013	2012
Unsecured, Considered Good unless otherwise stated				
Receivables outstanding for a period exceeding six months				
Considered good	499.68	272.42	4,420.40	2,467.74
	(A)	272.42	4,420.40	2,467.74
Other Receivables				
Considered good	(B) 187.30	54.82	3,588.21	5,953.02
	(A+B)	327.24	8,008.61	8,420.76

(refer Note no. 41 (f))

14 OTHER CURRENT ASSETS

(₹ million)

	2013	2012
Other Current Assets	9.53	94.01
	9.53	94.01

15 CASH AND BANK BALANCES

(₹ million)

	Non-Current		Current	
	2013	2012	2013	2012
Cash & Cash Equivalents				
Balance with Banks				
- On current accounts with Scheduled Banks *	-	-	1,620.69	1,100.47
-On Fixed Deposits accounts with Scheduled Banks	12.54	14.04	184.23	378.49
-Balances with Non Scheduled Banks	-	-	6.51	10.50
Cheques in hand	-	-	3.16	6.01
Cash on Hand	-	-	10.90	7.88
	12.54	14.04	1,825.50	1,503.35

* Includes amount earmarked for Unclaimed dividend ₹ 3.34 million (P.Y. ₹ 3.51 million).

NOTES to financial statement for the year ended March 31, 2013

Particulars	Gross Block			Depreciation and Amortization			Net Book Value	
	As at April 1, 2012	Addition	Deduction/ Retirement	As at March 31, 2013	As at April 1, 2012	For the year	As at March 31, 2013	As at March 31, 2012
16 FIXED ASSETS								(₹ million)
Tangible Assets								
Land ¹	103.51	44.12	42.50	105.13	-	-	-	103.51
Building ²	370.91	-	18.71	352.20	45.35	8.88	52.19	300.01
Plant & Equipment ⁵	3,523.04	665.59	42.65	4,145.98	1,874.79	384.31	2,238.38	1,907.60
Furniture & Fixtures	27.94	3.90	0.10	31.74	20.53	3.34	23.77	7.97
Vehicles ³	866.05	291.63	14.56	1,143.12	474.50	93.98	558.31	584.82
Office Equipments	35.24	1.15	0.04	36.35	26.45	3.06	29.48	6.87
Others ⁴	30.05	0.01	1.30	28.76	17.50	3.84	20.59	8.17
Electric equipment	29.91	4.58	0.33	34.16	20.96	4.29	25.00	9.17
Computer Equipments	44.27	3.85	-	48.12	33.01	6.63	39.64	8.49
	5,030.93	1,014.83	120.19	5,925.57	2,513.09	508.32	2,987.35	2,938.22
Intangible Assets								
Computer Software	54.65	0.90	-	55.55	4.61	17.16	21.77	33.78
TOTAL	5,085.58	1,015.73	120.19	5,981.12	2,517.70	525.48	3,009.12	2,972.00
Previous Year	5,443.87	489.13	847.42	5,085.58	2,647.15	528.21	2,517.70	2,567.88
								2,796.72

Notes

- Land includes ₹ 9.04 million (₹ 15.68 million) held in the name of Directors, relatives of Directors and employees for and on behalf of the Company.
- a) Building includes Building [Gross Block ₹ 210.07 million (₹ 228.77 million), Accumulated Depreciation ₹ 28.42 million (₹ 26.66 million)] and Factory Building [Gross Block ₹ 142.13 million (₹ 142.13 million), Accumulated Depreciation ₹ 23.77 million (₹ 18.69 million)].
b) Includes ₹ 0.02 (₹ 0.02 million) being the value of 30 shares and share deposits in Co - operative Societies.

3 Vehicles includes	Gross Block		Acc Dep.	
	2012-13	2011-12	2012-13	2011-12
Motor Car	220.61	211.00	102.67	89.11
Motor Truck	920.90	653.87	454.82	384.73
Motor Cycle	1.61	1.18	0.81	0.78
4 Others includes				
	Gross Block	Gross Block	Acc Dep.	Acc Dep.
	2012-13	2011-12	2012-13	2011-12
Ship	2.81	4.10	2.76	3.35
Rails and Trolley	25.95	25.94	17.83	14.15

- Includes Assets costing ₹ 398.76 million (₹ 84.68 million) yet to commissioned/erected/put to use and ₹ 1.69 million (P.Y. ₹ 16.34 million) towards exchange rate difference.

* Deductions to Land and Building includes ₹ 35.86 million (₹ 239.31 million) transferred to Project Development Expenses.

NOTES to financial statement for the year ended March 31, 2013

17 REVENUE FROM OPERATIONS		(₹ million)	
		2013	2012
(a)	Revenue/Turnover (refer note 38 b)	26,044.77	28,263.38
	Add: Increase/(Decrease) in Work in Progress	4,555.62	(3,096.84)
	TOTAL TURNOVER	30,600.39	25,166.54
(b)	Other operating Income		
	Lease and Service Charges [TDS. ₹ 0.19 million (P.Y. ₹ 0.38 million)]	4.30	2.90
	Share of profit from JV /Partnership	18.62	107.14
	Other Income	408.79	219.84
		31,032.11	25,496.42

18 OTHER INCOME		(₹ million)	
		2013	2012
	Dividend Income	1.94	3.89
	Net Gain on Sale of Assets	48.60	26.10
	Other non operating Income	105.42	57.40
	Interest Income (Gross) [TDS. ₹ 6.11 million (P.Y. ₹ 35.42 million)]	865.39	833.79
	Net gain on foreign currency translation	-	3.42
	Excess Credit written back	58.38	13.73
		1,079.73	938.33

19 COST OF CONSTRUCTION		(₹ million)	
		2013	2012
Stores, Embedded goods and Spare Parts*			
	Inventories at the Beginning of the year	1,421.45	1,543.61
	Add:Purchase (Net)	2,533.10	1,608.36
		3,954.55	3,151.97
	Inventories at the end of the year	1,664.94	1,421.45
	Consumption of Stores and Spares	2,289.61	1,730.52
	Piece Rate Expenses (Net)	18,683.02	16,925.19
	Repairs to Machinery	11.22	46.73
	Transportation, Hire etc.	1,286.25	844.32
	Power, Electricity & Water Charges	266.45	311.25
	Project Development Cost	1,599.72	593.86
	Technical Consultancy Fees	149.35	33.42
	Other Construction Costs	384.40	124.62
		24,670.02	20,609.91

*Stores, embedded goods and spares etc., consumed include materials issued to Sub Contractors. It also includes materials of ₹ 61.07 million (P.Y. ₹ 5.53 million) in transit.

20 EMPLOYEE BENEFITS EXPENSE		(₹ million)	
		2013	2012
	Salaries, Wages, and Bonus	712.33	605.80
	Contribution to Provident and Other Funds	41.60	36.18
	Employee Stock Option (ESOP)	-	6.21
	Staff Welfare Expenses	41.80	32.81
		795.72	681.00

NOTES to financial statement for the year ended March 31, 2013

21 FINANCE COSTS	(₹ million)	
	2013	2012
Interest Expense ¹	4,056.51	2,799.45
Other Borrowing Costs	144.60	81.37
	4,201.11	2,880.82

- 1 a) Includes interest on delay in payment of TDS ₹ Nil (P.Y. ₹ 0.60 million)
b) Excludes interest capitalised ₹ 467.00 million (P.Y. ₹ 296.44 million)

22 DEPRECIATION & AMORTISATION	(₹ million)	
	2013	2012
Depreciation of tangible assets	508.31	527.26
Amortisation of intangible assets	17.17	0.95
	525.48	528.21

23 OTHER EXPENSES	(₹ million)	
	2013	2012
Other Administrative Costs		
Rent	34.51	25.82
Repairs and Maintenance - Building	1.01	7.96
Insurance	109.16	119.45
Rates and taxes	177.74	98.91
Advertisement and Selling Expenses	7.97	8.58
Travelling and Conveyance	67.89	57.23
Directors Fees	1.30	1.12
Auditor's remuneration		
Audit fees	4.26	3.93
Tax Audit fees	1.12	1.12
Taxation Matters	2.10	1.97
Other Capacity	1.18	1.12
Certification	1.40	1.40
Reimbursement of Expenses	0.23	0.16
	10.29	9.70
Communication expenses	18.62	12.83
Printing and Stationery	14.98	15.96
Legal and consultancy charges	199.17	154.84
Loss on Sale/ Discard of fixed assets (net)	17.65	-
Irrecoverable Debts written off	173.82	33.93
Net loss on foreign currency translation	123.12	-
Share of loss from joint venture	-	8.55
Loss on Investment/Written off	9.86	-
Other Expenses ¹	185.15	224.32
	1,152.25	779.20

- 1 Includes Miscellaneous expenses which includes Other Repairs- ₹ 17.61 million (₹ 27.34 million), Tender fees, Office and General Charges, Entertainment and Rebate to clients etc., and Donation to CPI (M) is ₹ Nil (₹ 0.65 million) and ₹ 0.30 million (P.Y. Nil) to trust in which the director is trustee.

NOTES to financial statement for the year ended March 31, 2013

24 EMPLOYEE BENEFITS

I Brief description of the Plans

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

II Disclosures for Defined Benefit Plan (Gratuity Funded Plan) based on actuarial reports as on March 31, 2013 and March 31, 2012:

(i) Expenses recognized in the Profit and Loss Account:	(₹ million)	
	2013	2012
Current Service Cost	7.16	8.93
Interest Cost	0.79	1.71
Expected Return on Plan Assets	(1.42)	(1.21)
Net actuarial Gain	(2.58)	(21.06)
Total Expenses recognized in the Profit and Loss Account	3.95	(11.63)
(ii) Reconciliation of the Present Value of Defined Benefit Obligation and the Fair Value of Assets (Amount recognized in Balance Sheet):	(₹ million)	
	2013	2012
Present Value of Funded Obligation as at year end	(14.76)	(9.34)
Fair Value of Plan Assets as at year end	18.12	16.51
Funded (Asset)/Liability recognized in the Balance Sheet	3.36	7.17
(iii) Changes in Defined Benefit Obligation (Gratuity Funded Plan):	(₹ million)	
	2013	2012
Liability at the beginning of the year	9.34	20.70
Interest cost	0.79	1.71
Current service cost	7.16	8.93
Benefit Paid	(0.06)	(1.12)
Actuarial (gains) / losses on obligations	(2.47)	(20.88)
Liability at the end of the year	14.76	9.34



NOTES to financial statement for the year ended March 31, 2013

(iv)	Changes in the Fair value of Plan Assets:	(₹ million)	
		2013	2012
	Fair Value of Plan Assets at the beginning of the year	16.51	15.14
	Expected Return on Plan Assets	1.42	1.21
	Contributions	0.14	1.10
	Benefit Paid	(0.06)	(1.12)
	Actuarial gain/(loss) on Plan Assets	0.11	0.18
	Fair Value of Plan Assets at the end of the year	18.12	16.51
	Total Actuarial Gain/(Loss) To Be Recognized	(2.58)	21.06
(v)	Actual return on Plan Assets	(₹ million)	
		2013	2012
	Expected Return on Plan Assets	1.42	1.21
	Actuarial Gain on Plan Assets	0.11	0.18
	Actuarial Gain on Plan Assets	1.53	1.39
(vi)	The Company expects to contribute ₹ 4.17 million (P.Y. ₹ Nil) to Gratuity Funded Plan in FY 2013-14		
(vii)	Percentage of each Category of Plan Assets to total Fair Value of Plan Assets:		
		2013	2012
	Insurer Managed Funds	100%	100%
(viii)	In accordance with the Accounting Standard- 15 (Revised 2005), actuarial valuation was performed based on the following assumptions:		
		2013	2012
	Discount rate	8.25%	8.50%
	Rate of increase in Compensation Levels	5.00%	5.00%
	Expected Rate of Return on Plan Assets	8.70%	8.60%
	Attrition rate	2.00%	2.00%
	Average Age of retirement (years)	60	60
(ix)	Experience Adjustments	(₹ million)	
		2013	2012
	On Plan Obligation (gain)/loss	(2.77)	(20.60)
	On Plan Asset (loss)/gain	0.11	0.18

25 (i) Income-tax assessments are completed up to assessment year 2011-2012. Several appeals for the earlier assessment years are pending before the Appellate Authorities and the aggregate demand for the same amounting to ₹ 692.49 million has been already adjusted

/ paid. The Company has made a provision for tax of ₹ 330.50 million (P.Y. ₹ 320.00 million) including liability of ₹ 100.50 million (P.Y. ₹ Nil) of previous years under all proceeding under the Income Tax Act, 1961, and Deferred Tax Liability (Assets) of

NOTES to financial statement for the year ended March 31, 2013

₹ (56.58) million (P.Y. 31.31 million). The Company has been advised that it is not liable to Wealth-Tax except on Motor Cars. Accordingly, Wealth Tax of ₹ 1.15 million (P.Y. ₹ 1.50 million) has been provided.

- (ii) 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 million 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. Interest liability of ₹ 732 million has not been provided considering the Company has legally contested the validity of

the above amendment and intention of the said section. Further, the Company has filed a writ petition with High Court of Mumbai for challenging constitutional validity for insertion of explanation with retrospective effect and writ has been admitted.

- 26 In view of the amendment in the Service Tax act with effect from July 1, 2012, company is in the process of obtaining an expert opinion with respect to its liability thereunder. The same is contractually recoverable from the Clients, however, out of prudence the Company has made a provision of ₹ 280.11 million (net of input tax credit) towards this liability. Based upon the expert opinion the Company will discharge its liability, if required.

27 DEFERRED TAX

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

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

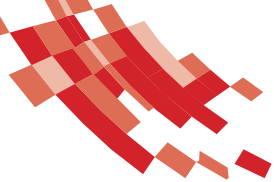
	(₹ million)	
	2013	2012
Deferred Tax Liability (DTL)		
Related to depreciation on fixed assets	22.60	76.87
(a)	22.60	76.87
Deferred Tax Assets (DTA)		
Disallowances under the Income Tax Act	13.09	10.78
(b)	13.09	10.78
Liability for Deferred Tax (net)	(a-b) 9.51	66.09

28 LEASE

The Company has taken various construction equipments under non cancelable operating leases. The future minimum lease payment in respect of these as at March 31, 2013 are as follows:

	(₹ million)	
	2013	2012
Minimum lease obligation payable as at March 31,		
a) within one year of the Balance Sheet date	55.95	55.95
b) due in a period between one year and five years	55.95	111.90
c) due after five years	-	-

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



NOTES to financial statement for the year ended March 31, 2013

29 EARNING PER SHARE	(₹ million)	
	2013	2012
Net profit as per profit and Loss Account available for shareholders for both Basic and diluted Earnings Per Shares of Re. 1 Each	492.19	604.30
Weighted Average Number of Equity shares for earning per share	69,827,151	69,827,151
Earning Per Share (Basic and Diluted) ₹	7.05	8.65

30 RELATED PARTY DISCLOSURE

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

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

Direct Subsidiaries

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

¹ ceases to be subsidiary w.e.f March 12, 2013

Subsidiaries of Patel Realty (India) Limited

1 Bellona Estate Developers Pvt. Ltd	10 Waterfront Developers Ltd
2 Hebe Infracon Pvt. Ltd	11 Les Salines Development Ltd
3 Hera Realcon Pvt. Ltd	12 La Bourade Development Ltd
4 Lucina Realtors Pvt. Ltd	13 Ville Magnifique Development Ltd
5 Apollo Buildwell Pvt. Ltd	14 Sur La Plage Development Ltd
6 Arsen Infra Pvt. Ltd	15 Capacit'e Infraprojects Pvt. Ltd.
7 Praval Developers Pvt. Ltd	16 Capacit'e Engineering Pvt. Ltd.
8 Nirman Constructions Pvt. Ltd	17 Nirmal Capacite Construction Pvt. Ltd.
9 Azra Land Projects Pvt. Ltd	

Subsidiaries of Patel Engineers Private Limited

1 Phedra Projects Pvt. Ltd

NOTES to financial statement for the year ended March 31, 2013

Subsidiaries of Patel Energy Resources Limited

1	Patel Hydro Power Pvt. Ltd	10	PEL Port Private Ltd
2	PEL Power Ltd	11	Patel Energy Ltd
3	Patel Energy Assignment Pvt. Ltd	12	Laksha Infra Projects Pvt. Ltd
4	Patel Energy Projects Pvt. Ltd	13	Jayshe Gas Power Pvt. Ltd
5	Patel Energy Operations Pvt. Ltd	14	Patel Energy Trading Pvt. Ltd.(upto 28 Mar. '13)
6	Patel Thermal Energy Pvt. Ltd	15	Naulo Nepal Hydro Electric Pvt. Ltd
7	Dirang Energy Pvt. Ltd	16	Meyong Hydro Power Pvt. Ltd
8	West Kameng Energy Pvt. Ltd	17	Saskang Rong Energy Pvt. Ltd
9	Digin Hydro Power Pvt. Ltd		

Subsidiaries of ASI Constructors Inc

1	ASI Constructors Australia Pty Ltd
2	Engineering & Construction Innovations Inc.
3	HCP Constructors Inc.

Subsidiaries of Patel Engineering (Singapore) Pte Ltd

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

Subsidiaries of Patel Engineering Inc

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

Subsidiaries of Patel Engineering (Mauritius) Ltd

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



NOTES to financial statement for the year ended March 31, 2013

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

Joint Ventures:	Refer Note (36)

Partnership	
1. AHCL PEL	
2. Patel Advance JV	

Others	
1 Patel Corporation LLP	
2 Praham India LLP	

B. Key Management Personnel (KMP)

Mr. Pravin A Patel	Non-Executive Chairman
Mr. Rupen Patel	Managing Director
Ms. Silloo Patel	Whole Time Director
Mr. Nimish Patel	Whole Time Director
Ms. Sonal Patel	} Relatives of KMP
Mr. Shiraz Patel	
Mr. Bhim Batra	

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

Particular	(₹ million)			
	Subsidiary Companies		Associates/ Joint Ventures / Partnership/Others	
	2012-13	2011-12	2012-13	2011-12
- Revenue/Turnover	811.05	1,785.32	1,302.35	1,894.34
- Piece Rate Expenses	188.67	1,366.44	-	-
- Investment in Equity / Purchase of Shares	12.58	507.90	166.60	230.20
- Investment in Preference shares	3.85	-	-	-
- Sale of Investments	0.10	-	-	-
- Share Application Money	-	-	-	51.33
- Advances received	1,425.75	2,985.25	203.11	202.05
- Advances recovered/repaid	2,744.90	3,689.96	184.00	157.73
- Inter Company deposit received	-	-	459.09	-
- Inter Company deposit paid	-	-	420.07	-

NOTES to financial statement for the year ended March 31, 2013

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

(₹ million)

Particular	Subsidiary Companies		Associates/ Joint Ventures / Partnership/Others	
	2012-13	2011-12	2012-13	2011-12
- Share of Profit	-	-	36.84	91.08
- Share of loss	-	-	18.21	8.12
- Miscellaneous Receipts	13.63	13.43	17.03	14.39
- Loans/Advances given	8,369.09	3,416.86	232.96	1,674.45
- Loan/ Advances returned	5,176.37	2,675.63	1,116.33	1,156.88
- Purchase of Assets	1.09	-	63.23	108.08
- Sale of Assets	2.26	12.94	-	-
- Corporate Guarantee Outstanding as at the end of the year	6,122.60	-	4,209.70	-
- Bank Guarantee outstanding as at the end of the year	1,158.84	1,920.30	998.51	992.33
- Outstanding Balance included in Current/ Non Current Assets	5,425.70	2,566.47	1,280.09	2,128.15
- Outstanding Balance included in Current / Non Current Liabilities	1,371.62	1,523.18	2,500.80	2,398.54
- Issue of stores	-	663.57	-	-
- Receipt / Purchase of Stores	-	-	0.75	-
- Reimbursement of Expenses to	3.33	3.96	1.92	1.79
- Reimbursement of Expenses from	18.25	-	-	-
- Consultancy Fees paid	41.18	9.74	-	-
- Rent Income	1.41	1.41	0.06	0.05
- Rent paid	4.19	4.12	-	-
- Hire Charges received	0.62	0.97	-	-
- Interest Income	319.47	125.83	59.51	25.79
- Interest Expenses	44.15	-	-	-
- Rebate	150.00	-	-	-
- Development Expenses	150.92	89.13	-	-

The subsidiaries have given some collateral securities in form of immovable properties for loan taken by the Company.

NOTES to financial statement for the year ended March 31, 2013

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

Particular	(₹ million)	
	2012-13	2011-12
Managerial Remuneration	31.05	42.04
Salary and contribution to provident fund	1.49	1.46
Rent Income	0.92	0.92
Deposit	0.40	0.40
Rent Paid	1.91	1.75
Director's Seating fees	0.30	0.24
Loan Taken (since re-paid)	-	4.40
Sale of Assets	-	5.03

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

32 Income consisting of Construction income of ₹ 3.43 million (P.Y. ₹ 153.69 million) and Other Income of ₹ 14.10 million (P.Y. ₹ 65.92 million) and Expenses consisting of Piece Rate Expenses ₹ Nil (P.Y. ₹ 72.36 million) and Other Expenses ₹ 49.47 million (P.Y. ₹ 8.83 million) pertaining to prior periods credited and debited respectively to Profit and Loss Accounts under various heads of accounts.

33 In accordance with "The Companies (Accounting Standards) Amendment Rules 2009, where in the provisions pertaining to AS-11 relating to "The Effects of the changes in Foreign Exchange Rates", vide notification dated March 31, 2009 and further amended on May 13, 2011, the Company has carried

over exchange (gain)/loss of ₹ 2.95 million (P.Y. ₹ 5.90 million) 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, 2020. Further exchange loss (net) of ₹ 1.69 million (P.Y. ₹ 1.59 million) has been added to the cost of the respective fixed asset.

34 Debit and Credit Balances are subject to confirmation from creditors, debtors and sub contractors. The management does not expect any material difference affecting the financial statements for the year.

35 Additional information pursuant to the provision of paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, (wherever applicable).

a) Value of Imports on CIF basis:

	(₹ million)	
	2013	2012
Stores materials	62.22	21.19
Components and Spare Parts	56.39	-
Capital Goods	82.66	17.83
	201.27	39.02

NOTES to financial statement for the year ended March 31, 2013

b) Expenditure in Foreign Currency:		(₹ million)	
	2013	2012	
At USA Office	4.46	5.63	
Interest Paid	36.23	19.56	
Consultancy fees	77.96	20.18	
Traveling Expenses	6.88	4.80	
Subscription and Other Expenses	4.06	0.35	
Bank Charges	0.21	0.60	
P.W. Wages	8.37	23.97	
Mauritius Office	0.71	9.66	
	138.89	84.75	

c) Earnings in Foreign Exchange:		(₹ million)	
	2013	2012	
Contract Receipts	156.98	499.52	
At USA Office	0.01	0.01	
	156.99	499.53	

d) Value of imported and indigenous Stores material, Spare Parts and Components Consumed:				
	2013		2012	
	₹ million	%	₹ million	%
Imported	96.96	4.2%	169.60	9.8%
Indigenous	2,192.65	95.8%	1,560.92	90.2%
	2,289.61	100.0%	1,730.52	100.0%

36 CONTRACTS EXECUTED BY THE FOLLOWING JOINT VENTURES / CONSORTIUMS ARE ACCOUNTED FOR AS PER THE ACCOUNTING POLICY NO. (M).

Name of the Joint Venture / Consortium	Name of the J.V / Consortium Member	Patel's Share
LGE&C-PATEL J.V.	L.G. Engineering and Construction, Korea	100% (25%+75%)
PATEL –KNR J.V.	KNR Constructions Ltd.	50%
KNR – PATEL J.V.	KNR Constructions Ltd.	49%
PATEL – SOMA J.V	Soma Enterprises Ltd	50%
PATEL – MICHIGAN JV	Michigan Engineers Pvt. Ltd	10%
PATEL-SA JV	Sandeep Associates	75%
PATEL L & T JV	L&T	60%
Patel Sew JV	Sew Constructions Ltd	60%
Era Patel Advance JV	Era Infra Engineering Ltd, Advance Construction Company Pvt. Ltd,	30%



NOTES to financial statement for the year ended March 31, 2013

36 CONTRACTS EXECUTED BY THE FOLLOWING JOINT VENTURES / CONSORTIUMS ARE ACCOUNTED FOR AS PER THE ACCOUNTING POLICY NO. (M). (Contd.)

Name of the Joint Venture / Consortium	Name of the J.V / Consortium Member	Patel's Share
Era Patel Advance Kiran JV	Era Infra Engineering Ltd, Advance Construction Company Pvt. Ltd, Kiran Udhyog	47.06%
Patel Sotravic JV	Sotravic, Mauritius	75%
Patel ARSS JV	ARSS Infrastructures Projects Ltd	51%
Patel – Siddhivinayak JV	Siddhivinayak Constructions	51%
Patel – V Arks JV	V Arks Engineers Pvt. Ltd.	65%
Navyuga – Patel – BHEL	Navyuga Engineering Co.Ltd.	42.23%
Patel – Avantika – Deepika – BHEL	Avantika ContractorsIndia Pvt. Ltd.	52.83%
Patel – V Arks - Precision	V ArksEngineers Pvt. Ltd.	60%
Patel Leena JV	Leena Powertech Pvt. Ltd.	50%

37 Disclosure required in accordance with Accounting Standard – 7 (Revised). In respect of contracts entered into on or after April 1, 2003, contract revenue recognized as construction ₹ 26,426.36 million contract costs incurred and recognized profit (less recognized losses) ₹ 128,168.20 million advance received ₹ 1,449.79 million retention deposit ₹ 1,040.23 million and gross amount due from clients for contract works included under current assets ₹ 11,112.02 million.

- 38 a) Unbilled Work in Progress includes stock of land under development (including held in the name of directors/relatives of directors/employees, as nominees of the Company)
- b) Turnover includes, construction of multi purpose projects, water supply projects, Irrigation projects, building projects, road and railway projects, on item rate or EPC basis and sale of development rights (net of rebate). It also includes duty drawback and entitlement etc but excludes VAT, Service Tax etc.
- c) During the Financial year 2010-11, two of Company's hydropower projects in Loharinagpala, in the state of Uttarakhand, awarded by NTPC, were prematurely

terminated by Government of India. NTPC has sought details of expenditure incurred, committed costs, anticipated expenditure on safety and stabilization measures, other recurring site expenses and interest costs, as well as other claims of various packages of contractors / vendors for further submission to the government after compiling all the details of expenses incurred by various contractors working for the project.

Management expects that all these cost as well as claims will be recovered in full and hence the cost incurred on the project up to March 31, 2013 ₹ 1,865.38 million (P.Y. ₹ 1,965.63 million) (including hedging cost of ₹ 458.71 million (P.Y. ₹ 458.71 million)) are considered recoverable and billable to the client and hence included under Work-in-Progress.

- d) Arbitration awards received in favour of the Company amounting to ₹ 778.52 million (P.Y. ₹ 2514.76 million) is accounted for as Construction Receipts.

39 The Company and Patel Realty (India) Ltd. (PRIL), a subsidiary, have entered into definitive agreements with a foreign investor and the

NOTES to financial statement for the year ended March 31, 2013

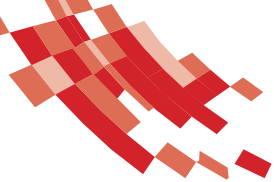
promoters of the Company for investment in shares of PRIL. The investments are subject to certain conditions precedent and required consents to be complied by the promoters and PRIL. The promoters have fulfilled their obligation. Presently, the foreign investor is expected to invest ₹ 800 million including ₹ 300 million in the Company as initial advance towards purchase 30 million shares of PRIL. The remaining consideration by the foreign investor will be based on the future performance of PRIL.

- 40** During the current year, Company has changed the method of valuation of Stores, embedded goods and spares parts using weighted average method from erstwhile FIFO method. Due to this changes, consumption of stores and spares is lower by ₹ 8.13 million and the profit for the current year and closing value of Stores and Spares inventory is higher by ₹ 8.13 million.

41 CONTINGENT LIABILITIES

- (a) Commitment for capital expenditure is ₹ 442.06 million (P.Y. ₹ 54.81 million), advance paid ₹ 17.59 million (P.Y. ₹ 12.59 million)
- (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 ₹ 7,502.76 million (P.Y. ₹ 7,722.54 million) (including Customs ₹ 285.75 million (P.Y. ₹ 286.02 million) for the current year includes guarantees given in US\$ 10.00 million (P.Y. US\$ 12 million) . Corporate guarantees on behalf of subsidiaries and others is ₹ 10,397.29 million (P.Y. ₹ 9,552.09 million) (against which the Company has obtained counter indemnities for ₹ 3,002.69 million (P.Y. ₹ Nil) and towards Custom Duty ₹ 71.62 million (P.Y. ₹ 71.62 million).

- (c) The Company has received an amount of ₹ 12.74 million in 1997 against arbitration award in its favor. The client has preferred an appeal against above award claiming an amount of ₹ 213.32 (₹ 213.32 million) 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 ₹ 1029.08 million (P.Y. ₹ 251.11 million)
- (e) Sales tax ₹ 33.51 million (P.Y. ₹ 33.51 million (Advance paid ₹ 18.51 million(P.Y. ₹ 18.51 million)). Cess ₹ 7.46 million (P.Y. ₹ 7.46 million).
- (f) Trade Receivables/ Client Retention to the extent of ₹ 475.00 million (P.Y. ₹ 1,568.39 million) have been discounted with bank on Recourse Basis.
- (g) Allowances due to employees in remote areas (Arunachal Pradesh) may accrue in future maximum to the extent of ₹ 2.30 million (₹ 2.66 million). The same will be paid to the employees who continue to be on the payrolls upto October 1, 2013.
- (h) Provident Fund liability that may arise on matter in appeal ₹ 9.52 million (P.Y. ₹ 9.52 million) and advance Paid ₹ 2.38 million (P.Y. Nil)



NOTES to financial statement for the year ended March 31, 2013

42 DISCLOSURES AS REQUIRED UNDER CLAUSE 32 OF LISTING AGREEMENTS:

Loans and Advances in the nature of loans given to Subidiaries and Associates:

(₹ million)

Name of Companies / Associates	As at March 31, 2013	As at March 31, 2012	Maximum Amount outstanding (2012 - 13)	Maximum Amount outstanding (2011 - 12)
Subsidiaries				
1 Michigan Engineers Pvt. Ltd.	18.88	41.86	61.86	135.58
2 Patel Patron Pvt. Ltd.	34.43	5.30	34.43	5.30
3 PEL Power Ltd.	296.99	182.76	297.00	182.76
4 Patel Realty (India) Ltd.	606.88	105.32	986.45	140.75
5 Patel Energy Ltd.	261.95	1.94	261.95	34.43
6 Patel Engineering (Mauritius) Ltd.	4.78	4.07	4.78	4.07
7 Patel Engineering Infrastructure Ltd.	352.66	452.34	1,035.34	452.34
8 PAN Realtors Pvt. Ltd.	0.23	-	1.97	3.22
9 Phedra Projects Pvt. Ltd.	5.61	0.01	34.79	6.15
10 Vismaya Constructions Pvt. Ltd.	24.14	2.51	24.14	2.51
11 Shashvat Land Projects Pvt. Ltd.	172.71	166.00	172.71	166.00
12 Bhooma Realtors Pvt. Ltd.	203.00	291.92	292.92	291.92
13 Pandora Infra Pvt. Ltd.	248.23	171.54	248.23	171.54
14 Patel Eng. (Singapore) Pte. Ltd.	29.33	21.40	29.33	139.77
15 Dirang Energy Pvt. Ltd.	7.89	10.17	11.09	19.18
16 Patel Mining Divn. Lda,	6.06	5.76	6.07	6.63
17 Patel Energy Resources Ltd.	2,432.65	433.29	2,597.76	433.29
18 Patel Mining (Mauritius) Ltd.	121.98	101.29	121.98	101.29
19 Energy Design Pvt. Ltd.	59.76	58.90	59.76	58.90
20 PT Patel Surya Minerals	5.39	5.11	5.39	5.11
21 ASI Constructors Inc.	-	2.04	2.09	2.14
22 Patel Lands Ltd	24.98	-	24.98	0.02
23 Patel Hydro Powers Ltd	1.16	0.18	1.16	1.21
24 Patel Engineering (Lanka Pvt. Ltd.)	1.40	0.84	1.40	0.84
25 Patel Engineering Pvt. Ltd.	0.01	0.01	0.01	0.01
26 Patel Concrete and Quarries Pvt. Ltd.	76.01	-	76.01	-
27 Zeus Minerals Trading Pvt. Ltd.	74.94	-	74.94	-
28 Water Front Developers Ltd.	-	-	-	0.11
29 Nirman Construction Pvt. Ltd.	-	-	-	0.50
30 Friends Nirman Pvt. Ltd.	-	-	-	0.05
31 Patel Engineering Inc.	-	-	-	6.68
32 ASI RCC India Pvt. Ltd.	-	-	-	0.01

NOTES to financial statement for the year ended March 31, 2013

42 DISCLOSURES AS REQUIRED UNDER CLAUSE 32 OF LISTING AGREEMENTS:

Loans and Advances in the nature of loans given to Subidiaires and Associates:

(₹ million)

Name of Companies / Associates	As at March 31, 2013	As at March 31, 2012	Maximum Amount outstanding (2012 - 13)	Maximum Amount outstanding (2011 - 12)
Associates				
28 ENPRO Limited ¹	164.52	172.10	172.10	172.10
29 Raichur Solapur Transmission Co. Ltd.	0.25	0.23	0.32	65.78
30 PATEL-KNR Infrastructure Pvt. Ltd.	1.52	1.59	1.59	160.34
31 PATEL-KNR Heavy Infrstructure Pvt. Ltd.	17.29	47.90	47.90	47.90
32 ACP Tollways Pvt. Ltd.	1.69	1.71	1.71	52.04
TOTAL	5,257.32	2,288.08	6,692.16	2,870.46

¹holding 42,500 Shares (0.0684%) of the Company as investment.

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

As per our report of even date

For and on behalf of Board

For Vatsaraj & Co

Firm Regn No:111327W

Chartered Accountants

(Rupen Patel)

Managing Director

(Silloo Patel)

Director

(K.Kannan)

Director

CA Mayur Kisnadwala

Partner

Membership No. 33994

Mumbai

May 30, 2013

(Shobha Shetty)

Company Secretary

Over **84** Dams Completed

Over **8000** MW Power Generated

180 Kms of Tunnels

5.5 Lakh Acres of Land Irrigated

800 Kms Road Constructed

Patel

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

Tel: +91 22 26767500
investors@pateleng.com
www.pateleng.com

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www.pateleng.com/ir/annualreports.html

FORM B

1.	Name of the Company	PATEL ENGINEERING LIMITED
2.	Annual Financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	delay in payment of statutory dues beyond 6 months pending receipt of expert opinion.
4.	Frequency of observation	First time
5.	Audit observation: point no. ix.a of the Annexure to Auditors' Report on page 66 of the Annual Report.	As per the information and explanation given to us, the Company is generally regular in depositing undisputed Statutory dues, in respect of Provident Fund , Investor Education and Protection Fund, Income tax, Sales Tax, Service Tax, wealth Tax, Excise Duty, Cess and other Statutory dues with the appropriate authority. Though there has been delay Rs. 8.67 crores (Rs. 86.78 million) of statutory dues outstanding beyond six months, pending expert opinion.
6.	Refer to note no. 26 on page 89 of the Financial statement in Annual report which is read as :	In view of the amendment in the Service Tax act with effect from July 1, 2012, Company is in the process of obtaining an expert opinion with respect to its liability thereunder. The same is contractually recoverable from the Clients; however, out of prudence the Company has made a provision of Rs. 28.01 crores (Rs. 280.11 million) (net of input tax credit) towards this liability. Based upon the expert opinion the Company will discharge its liability, if required.
7.	Comment from the Board/ audit committee chairman	Out of the total statutory dues of Rs. 8.67 crores outstanding beyond 6 months, an amount of Rs. 5.93 crores was towards service tax and the balance Rs. 2.74 crores towards sales tax/VAT. Subsequent to the receipt of the expert opinion, service tax of Rs. 3.25 crores was determined payable, which was paid in the months of July/August, 2013. The sales tax/VAT is to be payable.
8.	To be signed by- Rupen Patel, Managing Director Silloo Patel, CFO Mayur Kisnadwala, Partner, Vatsaraj & Co. Mr. K. Kannan - Audit Committee Chairman	