



PATEL ENGINEERING LTD.

Regd. office: Patel Estate Road, Jogeshwari (West), Mumbai – 400102

Tel No: +91(22) 26767500 Fax: +91(22) 26767508

CIN:L99999MH1949PLC007039, Website: www.pateleng.com

NOTICE is hereby given that the Sixty Fifth Annual General Meeting of Patel Engineering Limited will be held on Friday, September 26, 2014, 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, 2014 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 consider and adopt the audited consolidated financial statement of the Company for the year ended March 31, 2014.
3. To appoint a Director in place of Ms. Silloo Patel (DIN 00029656), who retires by rotation and, being eligible, offers herself for re-appointment.
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. Appointment of Mr. Krishnamoorthy Kannan as an Independent Director

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules framed thereunder read with Schedule IV to the Act, Mr. Krishnamoorthy Kannan (DIN 00001509), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto the conclusion of the 70th Annual General Meeting of the Company to be held in the year 2019.

Resolved further that the Board of Directors be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

6. Appointment of Mr. Khizer Ahmed as an Independent Director

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules framed thereunder read with Schedule IV to the Act, Mr. Khizer Ahmed (DIN 00032567), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto the conclusion of the 70th Annual General Meeting of the Company to be held in the year 2019.

Resolved further that the Board of Directors be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

7. **Appointment of Mr. Srinivasa Jambunathan as an Independent Director**

To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary** Resolution:

Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules framed thereunder read with Schedule IV to the Act, Mr. Srinivasa Jambunathan (DIN 00063729), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto the conclusion of the 70th Annual General Meeting of the Company to be held in the year 2019.

Resolved further that the Board of Directors be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

8. **Appointment of Mr. Sharad Zalawadia as an Independent Director**

To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary** Resolution:

Resolved that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder read with Schedule IV to the Act, Mr. Sharad Zalawadia (DIN 06670506), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto the conclusion of the 70th Annual General Meeting of the Company to be held in the year 2019.

Resolved further that the Board of Directors be and are hereby authorised to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

9. **Re-Appointment of Ms. Silloo Patel as a Whole time Director**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special** Resolution:

Resolved that pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of Companies Act, 2013 (the Act) the Rules, Regulations, Guidelines and Circular issued and subject to necessary approvals, if any, approval of the Members of the Company be and is hereby accorded for re-appointment of Ms. Silloo Patel, as a Whole time Director of the Company for a period of 3 years with effect from September 1, 2014 on terms and conditions including remuneration as set out below:-

i. **Salary:**

Not to exceed ₹ 7,00,000 per month with authority to the Board of Directors to determine the amount of salary payable and the amount of increment payable every year effective from 1st April within the said limit.

ii. **Perquisites:**

In addition to salary, Ms. Silloo Patel will also be entitled to perquisites which inter-alia shall include the following:

- furnished accommodation or house rent allowance, coverage under medical/accident insurance, leave travel allowance, contribution to provident fund, payment of gratuity and such other perquisites and allowance as per the Company rules.

- Medical expenses incurred by Ms. Silloo Patel and her family shall be reimbursed subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years.
(Family means the spouse, the dependent children and the dependent parents of the Whole time Director).
- Subscription or reimbursement of Membership fees subject to maximum of 2 clubs.
- In case of children studying in India or outside India, the Company shall directly pay to the Institutions the amount of donation, fees etc on actual or reimburse the same, for a maximum of two children.

iii. **Other incentives and allowances**

In addition to salary, Ms. Silloo Patel shall also be entitled to other incentives and allowances. The specific amount payable will be decided by the Board of Directors subject to the ceiling of an amount not exceeding 150% of basic salary either payable at the end of the year or on a monthly basis.

iv. **Minimum Remuneration:** Where in any financial year during the tenure of Ms. Silloo Patel as Whole Time Director, the Company has no profits or the profits are inadequate, the Board be authorized to determine the minimum remuneration to be paid to Ms. Silloo Patel subject to requisite approvals, if any.

v. **Termination:** The appointment is liable for termination by either party giving 3 months' notice in writing to the other.

vi. **Other terms:**

- For the purpose of calculation of the above ceiling, perquisites and allowance will be evaluated as per Income-tax rules wherever applicable. In the absence of any such rules, the perquisites and allowances will be evaluated as per actual cost.
- Ms. Silloo Patel will also be entitled to Stock Options as may be decided from time to time as per Employees Stock Option Scheme of the Company.
- Provisions of use of Company's car for official duty, telephone at residence including payment of local calls and long distance official calls shall not be included in the perquisites and allowances for the purpose of calculating the said limit.
- Ms. Silloo Patel shall be allowed to retain any benefits received as Director or Member of such Associate, Subsidiaries and/or Joint Ventures of the Company as and when the Board of Directors of the Company assigns duties to her to perform on such Associate, Subsidiaries and/ or Joint Ventures.

Resolved further that consent of the Members of the Company be and is hereby accorded to the Board ('the Board' which term shall be deemed to include the Nomination and Remuneration Committee of the Board thereof) to vary the terms and conditions of the re-appointment of Ms. Silloo Patel from time to time as may be required.

Resolved further that the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further approval of the Members of the Company."

10. **To approve offer or invitation to subscribe to Non-Convertible Debentures on private placement**

To consider and if thought fit, to pass with or without modification the following resolution as a **Special** Resolution:

Resolved that pursuant the provisions of Section 42, 71 and other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of securities) Rules, 2014 (including any Statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Articles of Association of the Company, approval of the Members be and is hereby accorded to authorise the Board of Directors of the Company

to offer or invite subscriptions for secured /unsecured redeemable non-convertible debentures, in one or more series/tranches, aggregating up to ₹ 1,000 crore (Rupees One Thousand Crore) outstanding at any point of time, on private placement, on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said Debentures be issued, the consideration for the issue, utilization of the issue proceeds and all matters connected with or incidental thereto;

Resolved further that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

11. Related party Transactions with Wholly Owned Subsidiaries

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special** Resolution:

“Resolved that pursuant applicable provisions of the Companies Act, 2013 and the rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Clause 49 of the listing agreement, which is becoming effective from October 1, 2014 and pursuant to the consent of the Audit Committee and the Board of Directors vide resolution passed in their meetings held on July 23, 2014, the consent of the Company be and is hereby accorded for entering into contract or arrangement with its following wholly owned subsidiaries for availing security in form of properties [as mentioned below] owned by these wholly owned subsidiaries, for securing the Term loan amounting to ₹ 1,300 crores which the Company is in process of availing from Banks/financial institutions.”

| Sr. No | Name of Wholly Owned Subsidiary | Details of Securities mortgaged/to be mortgaged by the wholly owned subsidiary |
|--------|-----------------------------------|---|
| 1 | Bhooma Realties Pvt. Ltd. | 31.30 acres situated at Ammanabakkam village, District Chenaglpattu, Tamil Nadu |
| 2 | Pandora Infra Pvt. Ltd. | 26.11 acres situated at Ammanabakkam, Patravakkam, Thennur village, District Chenaglpattu, Tamil Nadu |
| 3 | Patel Patron Pvt. Ltd. | 33.37 acres situated at Ammanabakkam, Patravakkam village, District Chenaglpattu, Tamil Nadu |
| 4 | Shashvat Land Projects Pvt. Ltd. | 30.45 acres situated at Patravakkam village, District Chenaglpattu, Tamil Nadu |
| 5 | Vismaya Constructions Pvt. Ltd. | 31.99 acres situated at Patravakkam, Thennur, Ammanabakkam village, District Chenaglpattu, Tamil Nadu |
| 6 | Jayshe Gas Power Pvt. Ltd. | 26.98 acres situated at mamakudi village, District Nagapattinam, Tamilnadu |
| 7 | Patel Energy Assignment Pvt. Ltd. | 37.84 acres situated at Keela Perumpallam, Mela Perumpallam, Thalaiyudayavar kovil Pattu village, District Nagapattinam, Tamilnadu |
| 8 | Patel Energy Operations Pvt. Ltd. | 57.09 acres situated at Kalamanallur, Maruthampallam village, District Nagapattinam, Tamilnadu |
| 9 | Patel Energy Projects Pvt. Ltd. | 49.73 acres situated at Kidangal, Mamakudi village, District Nagapattinam, Tamilnadu |
| 10 | Patel Thermal Energy Pvt.Ltd. | 29.60 acres situated at Kidangal, Keela Perumpallam village, District Nagapattinam, Tamilnadu |
| 11 | PEL Power Ltd. | 1062.32 acres situated at Maruthampallam, Kumarakudi , Keela Perumpallam, Kidangal, Vanagiri, Mamakudi, Keela Perumpallam village, District Nagapattinam, Tamilnadu |
| 12 | PEL Port Pvt. Ltd. | 183.75 acres situated at Vanagiri, District Nagapattinam, Tamilnadu |
| 13 | Patel Realty (India) Ltd. | 31.49 acres situated at Maragondanahalli, Thirupalya, Gollahalli village, District Jigani Hobli, Anekal Taluk, Karnataka |
| 14 | Patel Energy Resources Ltd. | Pledge upto 30% shares held by Patel Energy Resources Ltd. in following companies: - PEL Power Ltd. - PEL Port Pvt. Ltd. - Patel Energy Assignment Pvt. Ltd. - Patel Energy Operations Pvt. Ltd. - Patel Energy Projects Pvt. Ltd. - Jayshe Gas Power Pvt. Ltd. - Patel Thermal Energy Pvt. Ltd. |

Resolved further that the Board of Directors be and is hereby severally authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto.”

12. **Adoption of new set of Articles of Association**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“**Resolved that** pursuant to provisions of Section 14 and other applicable provisions of the Companies Act, 2013 read with Companies Incorporation) Rules, 2014, the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the Regulations contained in the existing Articles of Association of the Company.

Resolved further that the Board of Directors of the Company (which term shall be deemed to include any Committee thereof, which the Board has constituted or hereinafter constitute) be and is hereby authorised to do such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and with power to settle questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further approval of the Members of the Company.”

**For and on behalf of the Board of Directors
Patel Engineering Ltd.**

Shobha Shetty
Company Secretary

Mumbai, July 23, 2014

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

NOTES

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the special business under item nos. 5 to 12 above is annexed hereto.
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.**

A person can act as a proxy on behalf of Members not exceeding 50(fifty) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member.

Corporate Members intending to send their Authorised Representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf.

In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote at the meeting.

3. Members/ Proxies should bring the enclosed admission slip duly filled in, for attending the meeting, along with the Annual Report. Members who hold shares in demat form are requested to bring their Client ID and DP ID numbers for easy identification for attendance at the meeting.
4. The Register of Members and Transfer Books of the Company will remain closed from Saturday, September 13, 2014 to Friday, September 26, 2014 (both days inclusive).
5. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, between 11 am to 1 pm up to the date of the Annual General Meeting.
6. The Members may lodge their shares for transfer/transmission with the office of M/s Link Intime India Pvt. Ltd, the Registrar and Share transfer Agents at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 or with the Company.
7. 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.
8. In terms of the applicable provisions 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 in ₹ as on March 31, 2013 |
|---------|------------------|---------------------|------------------|----------------------------------|
| 2007-08 | Interim | 14/10/2007 | 20/11/2014 | 381,667 |
| 2007-08 | Final | 08/08/2008 | 14/09/2015 | 316,820 |
| 2008-09 | Interim | 15/07/2008 | 21/08/2015 | |
| 2008-09 | Final | 31/07/2009 | 06/09/2016 | 277,673 |
| 2009-10 | Interim | 27/01/2010 | 05/03/2017 | 805,242 |
| 2010-11 | Final | 17/10/2011 | 23/11/2018 | 530,632 |
| 2011-12 | Final | 12/10/2012 | 18/12/2019 | 200,531 |

Members, who have not yet encashed their dividend for the financial year 2007-08 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.
11. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its Members the facility to exercise their right to vote by electronic means as an alternate mechanism. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting in order to enable the Members to cast their votes electronically. Please note that e-voting is optional.

12. Process for Members opting for e-voting

The voting period begins on Wednesday, September 17, 2014 (9.00 am) and ends on Friday, September 19, 2014 (6.00 pm). During this period Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 22, 2014 for the purpose of e-voting, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Members, the Members shall not be allowed to change it subsequently.

In case of Members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com during the voting period.
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and casted your vote earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

| | |
|-------------------------|--|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat Members as well as physical Members) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field. |
| DOB # | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details # | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • #Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field. |

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the relevant EVSN along with the Company Name on which you choose to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non – Individual Members and Custodians
- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
- (xviii) In case of Members receiving Annual General Meeting Notice along with Ballot Form by Post/Courier, Please follow the above steps to cast vote electronically.
13. Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with Notice) so as to reach the Scrutinizer appointed by the Board of Directors of the Company at Patel Estate Road, Jogeshwari (West) Mumbai – 400102 in the enclosed pre-paid self-addressed envelope, not later than Friday September 19, 2014 (6.00 p.m.). Ballot Forms deposited in person or sent by post or courier at the expense of the Member will also be accepted.

14. Mr. Pramod Mehendale of M/s Pramod H. Mehendale & Co, Practicing Company Secretary, has been appointed as the scrutinizer to scrutinize the e-voting process and Physical ballot, in a fair and transparent manner. The scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report for the votes cast in favour or against, if any, forth with to the Chairman of the Company.
15. The Results declared at the AGM of the Company along with the Scrutinizer's report shall be placed on the Company's website www.pateleng.com and on the website of CDSL within 2 (two) working days of passing the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the shares of the Company are listed.

Annexure to the Notice dated July 23,2014

Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013.

Item no. 5 to 8

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered with the Stock exchanges, appointed Mr. Krishnamoorthy Kannan, Mr. Khizer Ahmed, Mr. Srinivasa Jambunathan and Mr. Sharad Zalawadia, as Independent Directors at various times, in compliance with the requirements of the Clause.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 (the Act), which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation

All the Non-Executive Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, each of these Directors fulfill the conditions specified in 149(6) of the Act and the Rules framed thereunder for appointment as Independent Director. The Board has recommended the appointment of these Directors as Independent Directors of the Company till the conclusion of the 70th Annual General Meeting of the Company to be held in the year 2019.

In compliance with the provisions of Section 149 of the Act, the appointment of these Directors as Independent Directors is now being placed before the Members for their approval.

Mr. Krishnamoorthy Kannan, has specialized in the field of finance & banking. He was the Chairman of the nationalized banks viz. Dena Bank and Bank of Baroda. During his tenure of leadership, the Banks have prospered. He possesses vast experience as advisor to the management of several Institutions. His academic Qualification includes B.Com, F.C.A., A.I.C.W.A., F.I.I.B & F.

Mr. Khizer Ahmed, has a wide experience of over 42 years. He is an ex-executive director with Reserve Bank of India and also considered to be an architect of the FEMA. He was Banking Ombudsman for several Banks for Northern Region and had associated with many International Financial Institutions. He holds Post Graduation degree in Economics and is a Certified Associate of the Indian Institute of Bankers.

Mr. Srinivasa Jambunathan is a M.A and IAS (retd.) He served as Additional Chief Secretary (Home) Maharashtra for nearly 3 years. As a Chairman of ECGC, he was also a Director in EXIM Bank of India. He has rich and varied experience both in Government of India and State Government. He was a SEBI Nominee Director of BSE for three years. He was unanimously elected as Non-Executive Chairman of BSE. He is a gold medalist in mathematics from the Maharashtra University.

Mr. Sharad Zalawadia, 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.

The Directors recommends the Resolutions at Item no. 5 to 8 for approval by the Members.

Except for Mr. Krishnamoorthy Kannan, Mr. Khizer Ahmed, Mr. Srinivasa Jambunathan and Mr. Sharad Zalawadia, being appointees, none of the Directors/Key Managerial Personnel and their relatives of the Company, are concerned or interested in item no.5 to 8 of the Notice respectively.

Item no. 9

Re-appointment of Mr. Silloo Patel as a Whole time Director.

The tenure of appointment of Ms. Silloo Patel as a Whole Time Director expires on August 31, 2014. The Board of Directors at their meeting held on July 23, 2014 had, subject to the approval of the Members re-appointed Mr. Silloo Patel as a Whole time Director for a further period of 5 years w.e.f September 1, 2014.

Ms. Silloo Patel age 67 years, joined the Company on October 19, 1992 and was elevated as a Whole Time Director in September 1999. She has over 35 years of experience in construction industry and looks after Corporate Finance and Administration of the Company. Ms. Silloo Patel is also on the Board of few subsidiaries of the Company.

The Board feels that Ms. Silloo Patel's vast experience will be of immense help in its future operation and hence the Board recommend for her appointment as a Whole time Director for a term of 3 years.

The details required under the Companies Act, 2013 and the Rules framed thereunder in this regard are as under.

I. GENERAL INFORMATION:

1. Nature of Industry : Construction & Engineering
2. Date or expected date of commencement of commercial production : N.A
3. In case of new companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the Prospectus: N.A.

4. Financial Performance

Financial performance of the Company for the last five financial years:

(₹ in Million)

| Particulars | Year | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Total Income | 24,350.15 | 26,177.26 | 26,434.75 | 32,111.84 | 28,518.67 |
| Profit before tax | 2,018.35 | 1,355.15 | 955.61 | 767.26 | 362.44 |
| Net profit | 1,308.54 | 1,022.11 | 604.30 | 492.18 | 249.98 |
| Net Profit as per Section 198 (read with Section 349& 350 of the Companies Act, 1956) | 1,328.47 | 1,075.87 | 591.34 | 356.76 | 290.48 |

5. Export Foreign investments or collaborators, if any :

During the financial year ended March 31, 2014, the Company has made foreign investments of ₹ 22.46 million in its wholly owned subsidiary abroad.

II. INFORMATION ABOUT MS. SILLOO PATEL (THE APPOINTEE):

Background Details

Ms. Silloo Patel, is the Whole time Director of the Company. Ms. Silloo Patel joined the Company on October 19, 1992 and was elevated as a Whole Time Director on September 1,1999. She has over 35 years of experience in construction industry and looks after Corporate Finance and Administration of the Company.

Past Remuneration (p.a)

| Year | Amount (₹) |
|------------|-------------|
| 2011-2012* | 1,34,03,100 |
| 2012-2013 | 78,92,560 |
| 2013-2014 | 71,66,560 |

*remuneration includes value of Employee stock options exercised amounting to ₹ 64,06,000 for the year 2011-2012

Recognition and Awards - None

Job Profile & Suitability

Ms. Silloo Patel handles Corporate Finance as well as administration of the Company. She works under the superintendence, control and directions of the Board of Directors and carry out such duties as may be entrusted to her by Managing Director or Board from time to time including performing duties as assigned by the Board from time to time by serving on the Boards of such associated companies, subsidiaries and/or JVs or any other executing body or any Committee of such a Company.

Remuneration proposed

As per details given in the Item no. 9 of the explanatory statement.

Comparative Remuneration profile

The remuneration proposed to be paid to Ms. Silloo Patel is reasonable, justified and is commensurate with the remuneration levels prevailing in the industry.

Pecuniary Relationship, directly or indirectly with the Company or relationship with the Managerial Personnel, if any:

Ms. Silloo Patel is not related to any Director of the Company.

III. OTHER INFORMATION:**1. Reason for inadequate profits:**

The Company had adequate profit during the previous financial year to pay the remuneration to the Managing Director and the Whole time Directors of the Company.

As a prudent measure, the approval of Members is being sought, for payment of remuneration to Ms. Silloo Patel, Whole time Director in the event of inadequacy of profit in any financial year.

2. Steps taken or proposed to be taken for improvement:

The Company constantly endeavors to enhance the ambit of its business and maintained stability and meets the challenges with perseverance and determination.

3. Expected increase in productivity and profits in measurable terms:

The Company expects increase in profits in line with increase in its activity.

IV. Disclosures:

1. **Remuneration package of the managerial person:** As stated in resolution no. 9.

2. **Disclosures in the Board of Directors' report under the heading "Corporate Governance" attached to the Annual report:**

The requisite details of remuneration etc of all the Directors are included in the Board of Directors' Report, forming part of the Annual Report of the Company.

The Directors recommend the Special Resolution at item no. 9 for approval of Members.

Except Ms. Silloo Patel, none of the Directors, Key Managerial Personnel and their relatives are concerned or interested in Item no. 9 of the Notice.

Item no. 10

Rule 14 of the Companies (Prospectus and Allotment of Securities Rules, 2014 prescribed, inter-alia, under Section 42 of the Act deals with private placement of securities by a Company. Sub-rule (20 of the said Rule 14 states that in case of an offer or invitation to subscribed for non-convertible debentures on private placement, the Company shall obtain previous approval of its Members by means of a special resolution only once in a year for all the offers or invitations for such secured/unsecured redeemable non- convertible debentures during the year.

In order to argument long term resources for financing, inter-alia, the ongoing capital expenditure and for general corporate purposes, the Company may offer or invite subscription for secured/unsecured redeemable non-convertible debentures, in one or more series/tranches on private placement, basis.

Accordingly, consent of the Members is sought for passing a Special Resolution as set out at item No. 10 of the Notice. This resolution enables the Board of Directors of the Company to offer or invite subscription for non-convertible debentures, as may be required by the Company, from time to time for a year from the conclusion of this Annual General Meeting.

None of the Directors/Key Managerial Personnel/their relatives of the Company have any interest or concern in the resolution.

The Directors recommend the Special Resolution at item no. 10 for approval of Members.

Item no. 11

Given the current inflationary impact, high interest rates and volatile scenario, there has been slowdown of award of new contracts, which has resulted in sluggish growth being witnessed by the construction industry. In order to overcome the situation, the Company has approached Consortium of Banks lead by ICICI Bank Ltd who has agreed to fund the Company by way of Term Loan of ₹ 1,300 crores, repayable after 7 year with 2 years moratorium and 5 year repayment period, out of the resources of the Company. The said Term Loan is required to be secured inter-alia by movable and immovable properties of few of Company's Wholly owned subsidiaries as specified in the resolution, in favour of lender(s).

It is, therefore, necessary to authorise the Board to avail such security from its wholly owned subsidiaries in form of properties owned by them. This security is useful for securing the loan proposed to be availed by the Company as mentioned above.

The Wholly owned subsidiaries of the Company are related party within the meaning of section 2(76) of the Companies Act, 2013 and also under Clause 49 of the Listing Agreement. Section 188 of the Companies Act 2013 read with Rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain procedure for approval of a related party transaction. However, the aforesaid transaction may not be covered under Section 188 of the act but the same comes under coverage of related party transaction under revised clause 49 of listing agreement which will be effective from October 1, 2014. The revised Clause 49 of the Listing Agreement also requires material related party transactions to be approved by the Members of the Company. Although Section 188 or existing listing agreement does not require approval of Members of the Company for the proposed transaction, the Board proposes to get the approval of Members of the Company as a matter of good governance.

As required under the provisions of Rule 15(3) of Companies (Meeting of Board and its Powers) Rules, 2014, the following particulars are provided:

| | |
|---|--|
| (a) Name of related party | as listed in the resolution no.11 |
| (b) Name of director or Key Managerial personnel who is related, if any | N.A. |
| (c) Nature of relationship | N.A. |
| (d) Nature, material terms, monetary value and particulars of the contract or arrangement | All the companies mentioned in (a) above are wholly owned subsidiaries of the Company. The properties as listed in the resolution under item no. 11 belonging to the wholly owned subsidiaries are being given as security to secure the financial facilities to be availed by the Company from Consortium lead by ICICI Bank. |

| | |
|---|-----|
| (e) Any other information relevant or important for the Members to take a decision on the proposed resolution | Nil |
|---|-----|

None of the Directors and Key Managerial Personnel and their relatives are concerned or interested in the above said resolution.

The Directors recommend the Special Resolution at Item no. 11 for approval of Members.

Item No. 12

The existing Article of Association (the AOA) of the Company is in force from the time since incorporation of the Company in the year 1949, Which are based on Companies Act, 1913 and then after Companies Act, 1956. Several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no more in conformity with the Companies Act, 2013.

The Act is now largely in force, the Board recommends alteration of the existing AOA by replacing the same with a new set of AOA. The new AOA are based in Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

The proposed AOA is available for inspection by the Members at the registered office of the Company between 11 am to 1 pm on working days. The proposed articles are also uploaded on the Company's website www.pateleng.com.

None of the Directors/Key Managerial Personnel/their relatives of the Company have any interest or concern in the resolution.

The Directors recommend the Special Resolution at Item no. 12 for approval of Members.

**For and on behalf of the Board of Directors
Patel Engineering Ltd.**

Shobha Shetty
Company Secretary

Mumbai, July 23, 2014

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

Details of Directors seeking appointment/re-appointment at the Annual General Meeting (pursuant to Clause 49 of the Listing Agreement)

| | | | | | |
|---|---|---|---|---|--|
| Particulars | Mr. K. Kannan | Mr. Khizer Ahmed | Mr. S. Jambunathan | Mr. Sharad Zalawadia | Ms. Silloo Patel |
| Date of Birth | 17.11.1939 | 15.01.1940 | 01.05.1938 | 08.08.1952 | 14.05.1947 |
| Date of Appointment | 04.08.2005 | 04.08.2005 | 30.03.2009 | 14.08.2013 | 19.10.1992 |
| Experience in functional area | Rich Experience of over 40 years in field of banking and finance | Wide experience of 42 years in the field of banking. Mr. Ahmed retired as Executive Director of reserve Bank of India. He is instrumental in drafting of the Foreign Exchange management Act, 1999. Mr. Ahmed is a respected personality in the banking sector. | Rich and varied experience both in Govt. of India and State Govt. administration. He was Chairman and Managing Director of Export Credit Guarantee Corporation (ECGC), Government of India. He was Non-Executive Chairman of Bombay Stock Exchange. | Has rich and varied experience of more than 35 years in information management. | She has over 35 years of experience in construction industry and looks after Corporate Finance and Administration of the Company. |
| Qualification | B.Com F.C.A. A.I.C.W.A. F.I.I.B&F | Post Graduate in Economics from the Osmania University, Hyderabad. A Certified Associate of the Indian Institute of Bankers | M. A. I.A.S. (retd.) | MBA from the University of Santa Clara, USA. | B.A. |
| Directorship in other Companies (Public Limited Companies) | <ul style="list-style-type: none"> - Patel Realty India Ltd - Kesar Enterprises Ltd - Advani Hotels & Resorts (India) Ltd - Kesar Multimodal Logistics Ltd - Kesar Terminals & Infrastructure Ltd. - Prithvi Asset Reconstruction Securitisation Co. Ltd. | <ul style="list-style-type: none"> - Patel Realty India Ltd | Nil | Nil | <ul style="list-style-type: none"> - Patel Engineers Pvt. Ltd. - Zeus Minerals Trading Pvt. Ltd - Patel Concrete & Quarries Pvt. Ltd - Patel Surya (Singapore) Pte. Ltd. |
| Membership of Committees of other Public Companies (Audit Committee /Nomination Remuneration Committee/ Stakeholders Relationship Committee) | <ul style="list-style-type: none"> - Patel Realty India Ltd - Kesar Enterprises Ltd - Advani Hotels & Resorts (India) Ltd - Kesar Multimodal Logistics Ltd. - Prithvi Asset Reconstruction Securitisation Co. Ltd. | <ul style="list-style-type: none"> - Patel Realty India Ltd | Nil | Nil | Nil |
| No. of Shares held in the company | 25,000 | 26,500 | 50 | Nil | 3,21,379 |

PATEL ENGINEERING LTD.

Regd. office: Patel Estate Road, Jogeshwari (West), Mumbai – 400102

Tel No: +91(22) 26767500 Fax: +91(22) 26767508

CIN:L99999MH1949PLC007039, Website: www.pateleng.com

BALLOT FORM FOR VOTING ON AGM RESOLUTIONS

1. Name(s) & Registered Address of : the sole / first named Member
2. Name(s) of the Joint-Holder(s), if any :
3. i) Registered Folio No. :
ii) DP ID No. & Client ID No.
[Applicable to Members holding shares in dematerialized form]
4. Number of Share(s) held :
5. I / We hereby exercise my / our vote in respect of the following resolutions to be passed for the business stated in the Notice of the Annual General Meeting dated July 23, 2014 by conveying my / our assent or dissent to the resolution(s) by placing tick (√) mark in the appropriate box below:

| Sr. No. | Description of the Resolution | No. of Shares | I / We assent to the Resolution (FOR) | I / We dissent to the Resolution (AGAINST) |
|--------------------------|--|---------------|---------------------------------------|--|
| Ordinary Business | | | | |
| 1 | Ordinary Resolution for adoption of Audited Financial Statements for the year ended March 31, 2014, the reports of the Board of Directors and Auditors thereon. | | | |
| 2 | Ordinary Resolution for adoption of the Audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2014. | | | |
| 3. | Ordinary Resolution to appoint a director in place of Ms. Silloo Patel, who retires by rotation at this Annual General Meeting and being eligible has offered herself for re-appointment | | | |
| 4. | Ordinary Resolution under Section 139 of the Companies Act, 2013 for appointment of M/s Vatsaraj and Co. as Statutory Auditors of the Company and fixing their remuneration | | | |
| Special Business | | | | |
| 5. | Ordinary Resolution for appointment of Mr. Krishnamoorthy Kannan as Independent Director | | | |
| 6. | Ordinary Resolution for appointment of Mr. Khizer Ahmed as Independent Director | | | |
| 7. | Ordinary Resolution for appointment of Mr. Srinivasa Jambunathan as Independent Director. | | | |
| 8. | Ordinary Resolution for appointment of Mr. Sharad Zalawadia as Independent Director | | | |
| 9 | Special Resolution for re-appointment of Ms. Silloo Patel as a Whole time Director. | | | |
| 10 | Special Resolution for approving offer or invitation to subscribe to Non-Convertible Debentures on private placement. | | | |
| 11 | Special Resolution for Related party Transactions with Wholly Owned Subsidiaries. | | | |
| 12. | Special Resolution to adopt new Articles of Association. | | | |

Place : Signature of the Member

Or

Authorised Representative

Notes :

- (i) If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.
- (ii) Last date for receipt of Ballot Form: September 19, 2014 (6.00 pm)
- (iii) Please read the instructions printed overleaf carefully before exercising your vote.

INSTRUCTIONS

General Instructions

1. Members have option to vote through e-voting i.e. electronic means or to convey assent/dissent in physical Ballot form. If a Member has opted for Physical Ballot Form, then he/she should not vote by e-voting and vice versa. However, in case Members cast their vote through both physical Ballot form being found to be valid and vote cast through e-voting shall be treated as invalid.
2. The notice of Annual General Meeting is dispatched/e-mailed to the Members whose names appear on the Register of Members as on August 22, 2014 and voting rights shall be reckoned on the paid up value of the shares registered in the name of the Members as on the said date.
3. Voting through physical Ballot form cannot be exercised by a proxy. However, corporate and institutional Members shall be entitled to vote through their authorized representatives with proof of their authorization, as stated below:

Instructions for voting physically on Ballot Form

1. A Member desiring to exercise vote by Assent / Dissent should complete this Ballot Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, Mr. Pramod H Mehendale & Co., Practicing Company Secretary and send the same in the self-addressed envelope as enclosed with the Notice the ballot form should reach the Scrutinizer at the registered office of the Company on or before the close of working hours i.e. 6.00 p.m. on September 19, 2014. All Forms received after this date will be strictly treated as if the reply from such Member has not been received.
2. This Form should be completed and signed by the Member (as per the specimen signature registered with the Company/ Depository Participant). In case of joint holding, this Form should be completed and signed by the first named Member and in his absence, by the next named Member.
3. In respect of shares held by corporate and institutional Member (companies, trusts, societies etc.), the completed Ballot Form should be accompanied by a certified copy of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory/ies) duly attested.
4. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate column in the Ballot Form. The assent or dissent received in any other form shall not be considered valid.
5. Members are requested to fill the Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
6. There will be one Ballot Form for every folio / Client id irrespective of the number of joint holders.
7. A Member may request by sending e-mail to investors@pateleng.com for a duplicate Ballot Form, if so required, and the same duly completed should reach the Scrutinizer not later than the date specified under instruction No.1 above.
8. Members are requested not to send any other paper along with the Ballot Form. They are also requested not to write anything in the Ballot Form excepting giving their assent or dissent and putting their signature. If any such other paper is sent the same will be destroyed by the Scrutinizer.
9. The Scrutinizer's decision on the validity of the Ballot Form will be final and binding.
10. Incomplete unsigned or incorrectly ticked Ballot Forms will be rejected.

PATEL ENGINEERING LTD.

Regd. office: Patel Estate Road, Jogeshwari (West), Mumbai – 400102

Tel No: +91(22) 26767500 Fax: +91(22) 26767508

CIN:L99999MH1949PLC007039, Website: www.pateleng.com

PROXY FORM

Folio No./Client Id/DP Id

I/We, being the Member(s) of _____ shares of the Patel Engineering Ltd. hereby appoint:

| | | |
|------------------------------------|------------------------------------|------------------------------------|
| 1. Name | 2. Name | 3. Name |
| Address | Address | Address |
| E-mail id | E-mail id | E-mail id |
| Signature, or failing him | Signature, or failing him | Signature, or failing him |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 65th Annual General Meeting of the Company to be held on September 26, 2014 at 3.30 pm at Shree Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari (West) Mumbai – 400102 and at any adjournment thereof in respect of such resolutions as are indicated below;

| Sr. No. | Resolutions | For | Against |
|--------------------------|--|-----|---------|
| Ordinary Business | | | |
| 1 | To consider and adopt the audited Balance Sheet of the Company as at March 31, 2014 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 consider and adopt the Audited Consolidated Financial Statement of the Company for the year ended March 31, 2014. | | |
| 3. | To appoint a director in place of Ms. Silloo Patel, who retires by rotation and being eligible has offered herself for re-appointment. | | |
| 4. | Appointment of M/s Vatsaraj and Co. as Statutory Auditors of the Company. | | |
| Special Business | | | |
| 5. | Appointment of Mr. Krishnamoorthy Kannan as Independent Director | | |
| 6. | Appointment of Mr. Khizer Ahmed as Independent Director | | |
| 7. | Appointment of Mr. Srinivasa Jambunathan as Independent Director | | |
| 8. | Appointment of Mr. Sharad Zalawadia as Independent Director | | |
| 9 | Re-appointment of Ms. Silloo Patel as a Whole time Director. | | |
| 10 | To offer or invite to subscribe to Non-Convertible Debentures on private placement | | |
| 11 | To approve Related party Transactions with Wholly Owned Subsidiaries. | | |
| 12. | Adoption of new set of Articles of Association | | |

Signed this _____ day of _____ 2014.

Signature of Member _____

Signature of Proxy holder(s) _____

Please affix
Revenue
Stamp

Notes: This Form of Proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the meeting.



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65th Annual General Meeting

ADMISSION SLIP

Please fill and hand it over at the entrance of the Meeting Hall

I hereby record my presence at the 65th Annual General Meeting of the Company on Friday, September 26, 2014 at 3.30 p.m., at Shree Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari (West), Mumbai - 400102

| | | | |
|------------|--|------------|--|
| Client ID* | | DP ID No.* | |
|------------|--|------------|--|

| | | | |
|-----------|--|---------------|--|
| Folio No. | | No. of Shares | |
|-----------|--|---------------|--|

Note:

1. Please read the instructions given in the Note no. 12 to the AGM Notice carefully before voting electronically.
2. The e-voting period starts from Wednesday, September 17, 2014 (9.00 am) and end at Friday, September 19, 2014 (6.00 pm)
3. The voting module shall be disabled by CDSL for voting thereafter.

Name and Address of the Member:

Signature of Member or Proxy or Representative

*Applicable for investors holding shares in electronic form





If undelivered, please return to:

PATEL ENGINEERING LTD.

Regd. office: Patel Estate Road, Jogeshwari (West), Mumbai – 400102

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CIN:L99999MH1949PLC007039, Website: www.pateleng.com



Contents

| | |
|-------------------------------------|----|
| Corporate Information | 01 |
| Message from the Managing Director | 02 |
| Comparative Consolidated Financials | 05 |
| Directors' Report | 06 |
| Secretarial Audit Report | 12 |
| Report on Corporate Governance | 14 |
| Information on Subsidiary Companies | 26 |
| Management Discussion and Analysis | 29 |
| Consolidated Financial Statements | 32 |
| Standalone Financial Statements | 56 |

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. Sharad Zalawadia
Mr. Ashwin Parmar, Whole Time Director

REGISTERED OFFICE

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

REGISTRAR & TRANSFER AGENT

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

COMPANY SECRETARY

Ms. Shobha Shetty

AUDITORS

M/s. Vatsaraj & Co.
Chartered Accountants
First Floor, Fort Chambers,
"C" Block, 65, Tamarind Lane,
Fort, Mumbai-400 023

AUDIT COMMITTEE

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

STAKEHOLDER'S RELATIONSHIP COMMITTEE

(formerly known as Shareholders &
Investors Grievance Committee)
Mr. Krishnamoorthy Kannan (Chairman)
Mr. Khizer Ahmed
Mr. Srinivasa Jambunathan

NOMINATION & REMUNERATION COMMITTEE

(formerly known as Remuneration Committee)
Mr. Khizer Ahmed (Chairman)
Mr. Pravin Patel
Mr. Krishnamoorthy Kannan
Mr. Srinivasa Jambunathan

BANKERS

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



Rupen Patel
Managing Director

Message from the Managing Director

Dear Shareholders,

The business environment in 2013-14 remained tough on account of policy paralysis and rising interest rates. The Indian economy grew by 4.7% in 2013-14-the second successive year of sub-5% growth. India's Gross Domestic Product (GDP)-a measure of the value of goods and services produced in the country-had grown 4.5% in 2012-13. The growth rate of economy was hit by a toxic mix of high inflation, high interest costs and poor services & industrial sector growth. But the change of guard in leadership has now raised ray of hope for the economy and the infrastructure sector. The new government plans to revive growth and take up pending infrastructure projects.

Road Ahead for Infrastructure Sector

Planning Commission has projected an investment of US\$ 1 trillion for the infrastructure sector during the 12th Five-Year Plan (2012-17), with 40 per cent of the funds coming from the country's private sector. India's focus on infrastructure since the turn of the millennium has helped make it the second fastest growing economy in the world. The country's constant growth gives investors, domestic and foreign, a tremendous opportunity for investment in its infrastructure sector.

Infrastructure is not a matter of choice, but of need. Good Infrastructure fuels economic growth of a country. Here, the Indian government has played an important role. Just recently, it allowed 100 per cent foreign direct investment (FDI) under the automatic route for port development projects. The government has also, this year, decided to convert roads into national highways, and has sought collaboration with Sudan in the field of renewable energy.

The Construction Industry is highly dependent on government regulations and policies.

The infrastructure sector has got a huge facelift in the Union Budget 2014. Carrying forward the new government's development mantra of 'Ek Bharat, Shreshtha Bharat', Finance Minister while presenting his maiden Budget announced a series of measures to push the infrastructure sector to include - projects for rural development, projects, which aims at urbanisation of rural areas. This will help create tangible civic infrastructure and associated facilities while also creating employment opportunities;

- to create infrastructure in agriculture sector;
- to strengthen and modernise the border infrastructure;
- strengthening and revival of the Special Economic Zone (SEZ) which will attract large-scale investments in infrastructural sector;
- to provide a alternative investment avenues and conducive tax regime for investors by setting up Infrastructural Investment Trusts (InvITs) and Real Estate Investments (REITs) in accordance with the regulations of the Securities and Exchange Board of India (SEBI).

Financials 2013-14

The current economy and the industrial conditions have its continuing impact in the performance of the Company whereby the consolidated revenue is ₹ 37,011 million which has decreased by 4,137 million. The net profit stood at ₹ 163.69 million as against ₹ 650.03 million in the previous year, as a result the EPS has come down to ₹ 2.13 from ₹ 9.31 in the previous year, reasons include decrease in revenue, weakening of receivables cycle and high interest cost.

During the year on the operational front, concrete initiatives were taken to reduce the capital intensity of projects. These initiatives focused on partnering with vendors and increasingly subcontracting of non core activities to them. This reduces company's own capital investments in different projects and releases critical working capital.

Business

The order backlog from engineering & construction business as on March 31, 2014 stood at around ₹ 1,19,246 million with the lowest bidder for the projects worth ₹ 89,040 million in India.

Even during the unfavorable condition, the Company was able to bag new construction projects amounting to ₹ 11,100 million which includes:

- ₹ 4,733.10 million EPC contract and allied construction work for the 37.5 MW (3x12.5MW) Parnai Hydro Electric Project of Jammu & Kashmir State Power Development Corporation (JKSPDC).
- ₹ 666.40 million construction work from the Metro Link Express for Gandhinagar & Ahmedabad (MEGA) Company Ltd for construction of retaining wall along the Sabarmati River bed.
- ₹ 3070 million irrigation project for Rapti Nahar Nirman Mandal-I, Irrigation Department, Balrampur, Uttar Pradesh. This project will be executed in joint venture with APCO.
- ₹ 1,513.10 million project for the construction of College Administrative Building for Indra Gandhi Institute of Medical Science in Patna. This project will be executed in joint venture with CICO.
- ₹ 1,111.50 crore project in Bhilwara to construct offices

for the Collectrate and Zilla Parishad.

I take the pleasure to inform that during the year under review, Raichur-Sholapur Transmission Company Ltd a SPV in which Company holds 33.34%, has successfully completed construction of 765kV S/C Quad Transmission Line from Raichur to Sholapur (approximate route Length is 208 km) on Build, Own, Operate and Maintain (BOOM) basis and the transmission line was charged as per the schedule.

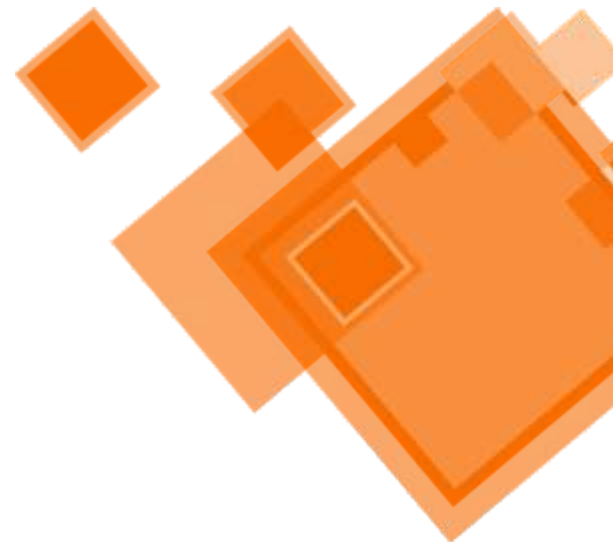
As mentioned above, there is no doubt that the series of measures for infrastructural development, as presented in the Union Budget 2014, will raise adequate resources for the economic development of the country. This will certainly help reviving the ailing economy. Whilst the economy and the sector is expected to pick up in the medium term, challenges persist in the short term. Till now Companies are holding their fort by continuously capitalizing their businesses by asset rationalization, innovative financing and cashflow optimization; concerted and cohesive efforts from all stakeholders will be required so that Indian businesses get back in shape and claim the highest pedestal that they rightfully deserve.

Being optimistic, I and my team are committed to take on the challenges ahead of us, with courage, strength and dignity.

Let me end by expressing my thanks on behalf of the Company to the shareholders for support and continuous trust.

I also take the opportunity to thank all our directors for their effort and advice and our employees for their commitment towards Patel.

Rupen



Our Global Presence



Comparative Consolidated Financials

(₹ in Million)

| | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|
| A. FINANCIAL POSITION | | | | | | | | | | |
| Share Capital | 76.81 | 69.83 | 69.83 | 69.83 | 69.83 | 59.66 | 59.66 | 59.66 | 50.00 | 48.60 |
| Reserves & Surplus | 17,851.55 | 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 |
| Shareholders Funds | 17928.36 | 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 |
| Minority Interest | 1293.29 | 988.98 | 834.06 | 704.27 | 615.24 | 215.77 | 405.41 | 74.02 | 254.36 | 315.35 |
| Deferred Tax Liability | 171.54 | 113.32 | 216.03 | 131.95 | 114.88 | 148.36 | 150.94 | 118.40 | 167.53 | 174.53 |
| Loan Funds | 44,780.38 | 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 |
| Contractee advances | - | - | - | - | - | 4,654.30 | 2,178.00 | 1,491.85 | 1,975.71 | 1,887.49 |
| Total Funds Employed | 64,173.57 | 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 |
| Fixed Assets (Net) | 14,606.70 | 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 |
| Investments | 1,338.98 | 1,131.07 | 985.88 | 780.35 | 698.17 | 504.65 | 360.81 | 1,714.02 | 283.64 | 322.24 |
| Deferred Income Tax | - | - | - | - | - | - | - | - | 14.32 | 9.68 |
| Net Current Assets & | | | | | | | | | | |
| Non Current Assets | 48,227.89 | 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 |
| Miscellaneous Expenditure (To the extent not written off or adjusted) | - | - | - | 82.44 | 66.97 | 59.40 | 22.85 | 27.05 | 32.26 | 1.02 |
| Total Application of Funds | 64,173.57 | 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 |
| B. OPERATING RESULTS | | | | | | | | | | |
| Income from Operations | 37,011.31 | 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 |
| Other Income | 1153.79 | 817.47 | 910.92 | 229.75 | 630.12 | 144.59 | 36.87 | 97.51 | 59.68 | 77.13 |
| Total Income | 38,165.10 | 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 |
| Total Expenditure | 37,627.46 | 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 |
| Profit before Tax | 537.64 | 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 |
| Profit after Tax | 247.18 | 742.30 | 701.87 | 1,307.26 | 2,120.57 | 1,934.02 | 1,628.12 | 1,171.33 | 741.90 | 421.23 |
| Minority Interest and other adjustments | 83.49 | 92.27 | 35.99 | 81.21 | 138.96 | 129.24 | 109.07 | 26.62 | 8.80 | 5.70 |
| Net Profit | 163.69 | 650.03 | 665.88 | 1,226.05 | 1,981.61 | 1,804.78 | 1,519.05 | 1,130.11 | 733.10 | 415.53 |
| C. EQUITY SHARE DATA | | | | | | | | | | |
| Earning per share (₹) | 2.15 | 9.31 | 9.54 | 17.56 | 30.96 | 30.25 | 24.74 | 18.90 | 14.80 | 8.55 |
| Number of Shares | 76,244,325 | 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 |
| Dividend (%) | - | - | 30% | 100% | 200% | 175% | 150% | 130% | 130% | 100% |

Directors' Report

To the Members of Patel Engineering Limited,

The Directors hereby present the 65th Annual Report of the Company along with the audited financial statement for the year ended March 31, 2014.

Financial Highlights

(₹ in Million)

| | Consolidated | | Standalone | |
|---|--------------|-----------|------------|-----------|
| | 2013-14 | 2012-13 | 2013-14 | 2012-13 |
| Total Income | 38,165.10 | 41,966.21 | 28,518.67 | 32,111.84 |
| Profit before depreciation & Prior period items | 1,357.41 | 2,033.45 | 904.73 | 1,292.74 |
| Less: Depreciation | 819.77 | 774.61 | 542.29 | 525.48 |
| Less : Prior Period Item* | 77.67 | - | - | - |
| Profit before tax | 459.97 | 1,258.84 | 362.44 | 767.26 |
| Tax & Minority Interest | 296.28 | 608.81 | 112.46 | 275.07 |
| Net Profit | 163.69 | 650.03 | 249.98 | 492.19 |
| Add: Opening Balance in Profit & Loss A/c | 4,759.61 | 4,206.33 | 4,096.98 | 3,601.04 |
| Add: Reversal of Prudent Provision for Tax ** | 981.31 | - | 981.31 | - |
| Amount available for appropriation | 5,904.61 | 4,856.36 | 5,328.27 | 4,093.23 |
| Appropriations: | | | | |
| a. Proposed Dividend | - | - | - | - |
| b. Tax on Dividend | - | - | - | - |
| c. General Reserve | 25.50 | 100.50 | - | - |
| d. Debenture Redemption Reserve | 108.75 | (3.75) | 108.75 | (3.75) |
| Surplus carried to the Balance sheet | 5,770.36 | 4,759.61 | 5,219.52 | 4,096.98 |
| Earnings per equity shares (face value ₹ 1) | | | | |
| - Basic (₹) | 2.15 | 9.31 | 3.28 | 7.05 |
| - Diluted (₹) | 2.13 | 9.31 | 3.25 | 7.05 |

* for Prior Period Item, refer to note no. 37 of Notes to Consolidated Financial Statement.

** for Reversal of Prudent Provision for Tax refer to note no. 25(ii) of Notes to Standalone Financial Statement.

Consolidated

The Consolidated total income which stood at ₹ 38,165.10 Million lower by 9.06 % as against ₹ 41,966.21 Million for the previous year. The profit before depreciation was lower by 33.25% at ₹ 1,357.41 Million as against ₹ 2033.45 Million for the previous year. The net profit was lower by 74.82 % at ₹ 163.69 Million as against ₹ 650.03 Million for the previous year.

Standalone

On Standalone basis, the total income was lower at ₹ 28,518.67 Million as against ₹ 32,111.84 Million for the previous year. The profit before depreciation was lower by 30.00 % at ₹ 904.73 Million as against ₹ 1,292.74 Million for the previous year. The net profit was lower by 49.21% at ₹ 249.98 Million as against ₹ 492.19 Million for the previous year. Members are requested to refer to "Management Discussion and Analysis" forming part of this Report for further details on operations of the Company.

Dividend

To conserve funds, the Board of Directors has not recommended any dividend for the financial year 2013-14.

Increase in borrowing powers and borrowings

Pursuant to Section 180(1)(c) of the Companies Act, 2013, members at the Extra Ordinary General Meeting of March 19, 2014 approved increase in the borrowing powers of the Board of Directors of the Company from ₹ 50 billion to ₹ 75 billion, to meet Company's growing business needs.

During FY 2014, the Company has ₹ 4,500 Million outstanding NCDs repayable over period of 3 to 10 years. The NCDs are listed on National Stock Exchange of India Ltd.

In addition, the Company from time to time has raised money through bank borrowings (long and short terms) and the total amount outstanding as on March 31, 2014 is ₹ 34,713 Million.

The credit ratings from Credit Analysis & Research Ltd are CARE A3 and CARE BBB for short term and long term borrowings respectively.

Key Subsidiary/Associate updates

The Company is developing the real estate projects through a wholly owned subsidiary **Patel Realty India Ltd (PRIL)** and its subsidiaries which exclusively focus on the real estate business of the company. Some of the projects which have been launched by PRIL include:

- Development of integrated township named as Neotown on 103 acres in Bangalore. The subsidiary is currently developing residential project (over 24 acres of land consisting of over 2,300 apartments) and a Mall (over 12 acres of land comprising of 2 Million sq. ft. of built up area). The subsidiary has successfully handover about 1,250 apartments of the aforesaid development.
- Development of Residential Project at Gachibowli, Hyderabad named as Smondo Gachibowli on 4 acres of land consisting of about 525 apartment being developed by **PBSR Developers Pvt. Ltd** (100% subsidiary of PRIL). The Project has commenced construction activity.
- Company's Mauritius subsidiary **Les Salines Development Ltd** is developing integrated waterfront development namely Noetown Port Louis is in advance stage of developing all the requisite infrastructure at site and the process of obtaining the statutory approval for construction is under progress.

Pan Oasis - Noida, residential project of approx 3 Million sq. ft is being developed by **PAN Realtors Pvt Ltd**, a 51% subsidiary of the Company. The project is presently in a advanced stage of completion and expects handover of possession in a phased manner starting from September 2014 and completion by March 2015. Approx 83% of the area has been sold.

Michigan Engineers Pvt. Ltd (Michigan) wherein the Company has 51% stake having presence in urban infrastructure Projects, have during FY 2013-14 captured highly specialized underwater trenching and laying of HDPE discharge pipeline of 5.4 kms including outfall for MIDC in Kundalani River, Roha, Maharashtra. Michigan has also bagged special method of pilot boring micro tunneling technique including small diameter RCC pipeline for sewage network development in Cuttack city, Odisha. The Board congratulate the CO-Chairman and Whole time director of Michigan Dr. Manubai Patel who has been recognized by Builders Association of India (BAI) by "Navratna of Indian construction Industry" award. Dr. Manubhai is the first recipient of such award initiated by BAI.

The Company has forayed into the power generation segment through its wholly owned subsidiary **Patel Energy Resources Ltd (PERL)**. The Company intended to build a thermal coastal power plant project of 1,050 MW at Nagapattinam, Tamil Nadu. Pending clarity on the policy and regulations on the imported coal and pass through of the same in power tariffs, the Company has kept the project currently on hold.

Company's Hydro power project is through the 100% subsidiary **Dirang Energy Pvt. Ltd**. The said subsidiary has achieved financial closure for this project. The debt for the project amounting to ₹ 9.00 billion has been tied up from consortium of banks led by IDBI Bank and Axis Bank. The company is also executing a 45 MW hydro electric power project through its step down subsidiary **Saskang Rong Energy Pvt. Ltd** in Arunachal Pradesh. Financial closure for this project is yet to be achieved and Saskang is in discussion with REC for the same. Estimated cost for the project is ₹ 3.60 billion.

ASI Constructors Inc., the US subsidiary along with its affiliates have closed the year with revenue in excess of USD 90 Million with net profit at USD 2 Million. The Company has order backlog of around USD 75 Million.

Company's wholly owned subsidiary **Patel Engineering Lanka Pvt. Ltd. Sri Lanka** has joint venture with Squanda Prefab World Pvt. Ltd have incorporate a Company in Colombo viz Patel Squanda Private Ltd for executing the construction of 1500 dwelling Units at Colombo under the contract signed with Urban Development Authority, Govt. of Sri Lanka. The project work is in progress.

Company's joint venture (JV) with Simplex Infrastructures Ltd and BS Ltd (**Raichur-Sholapur Transmission Company Ltd**) for construction of 765kV S/C Quad Transmission Line from Raichur to Sholapur (approximate route Length is 208 km) on Build, Own, Operate and Maintain (BOOM) basis for a period of 35 years has been successfully commissioned in June 2014. Company's share in the JV is 33.34% with the other two JV partners share being 33.33% each.

The Company along with other JV partners had bagged a BOT project from Uttar Pradesh State Highways Authority (UPSHA) in the name of **ACP Tollways Pvt. Ltd** for construction of four-lane highway project in Varanasi-Shaktinagar Road, an entire length of 117.65 km at a project cost of ₹ 17.50 billion. Financial closure for the project has been achieved in June 2012 and the construction work started in February 2013. The SPV has so far completed around 48% of work. The balance work is in progress.

Financial Statement of Subsidiaries

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 also for inspection at the registered office of the Company, on any working day during business hours.

Share Capital

- Authorised Capital

During FY 2014, pursuant to Section 31 of the Companies Act, 1956 and approval of members at the general meeting dated March 19, 2014, the Authorised Share Capital of the Company of ₹25,00,00,000 was divided into 23,00,00,000 Equity shares of ₹ 1 each aggregating to ₹23,00,00,000 and 2,00,00,000 Redeemable Preference Shares of ₹ 1 each aggregating to ₹2,00,00,000.

- Issued, Subscribed and Paid up Capital

The Promoters have infused from time to time interest free unsecured loan to the extent of ₹ 40.13 crores. As a part of current borrowing arrangement with the Consortium of Banks, the unsecured loan was required to be subordinated to the borrowing arrangement with the Consortium for the next 7 years. In order to improve the financial position of the Company, the Board proposed to issue Zero Coupon Optionally Convertible Preference Shares to the Promoters and the same was approved by the member at the EGM dated March 19, 2014.

During the year, the Company issued and allotted 69,79,131 Optional Convertible Preference Shares (OCPS) aggregating to ₹ 69,79,131 to the promoters entities with the option to convert into Equity at a price of ₹ 57.50 per shares in terms of SEBI guidelines. The said OCPS were converted on March 31, 2014 and April 15, 2014 and the Company allotted 64,17,174 equity shares and

5,61,957 equity shares respectively to the promoter entities at a price of ₹ 57.50 per share (including premium of ₹ 56.50 per share).

Upon allotment, the Issued, Subscribed & Paid up Equity Share Capital of the Company increased from 6,98,27,151 Equity Shares of ₹ 1 each to 7,68,06,282 Equity Shares of ₹ 1 each as on April 15, 2014.

Public Deposits and Loans/Advances

The Company has not accepted any deposits from the public or its employees during the year under review.

Pursuant to Clause 32 of the Listing Agreement, the particulars of loans/advances given to subsidiaries have been disclosed in the Annual Accounts of the Company.

Employee Stock Option Scheme (ESOP)

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 Option has been granted, vested or exercised during FY 2013-14.

The Patel Engineering Employee Welfare Trust, ("the Trust") holds 60,45,000 shares of the Company and administers Company's Employee Stock Option Schemes 2007 on behalf of the Company. The Trust comprising of Independent Trustees have on May 23, 2014 granted 22,400 options to 159 eligible employees of the Company and the subsidiaries as well. The said options shall be vested after completion of 1 year period from the date of grant and exercised within 2 months from the date of vesting at a exercise price of ₹ 1 per share.

During FY 2013-14, the Trust conducted wellness program for the employees of the Company which included routine health checkup, medical test for employees at registered office of the Company. The Trust also provided loans/grants to 159 eligible 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 ₹ 25.91 lakhs.

Directors

During the year, Ms. Silloo Patel, Director of the Company retire by rotation at the ensuing Annual General Meeting. Ms. Silloo Patel has offered herself for re-appointment. Further, approval of Members is sought at the ensuing Annual General Meeting re-appointing Ms. Silloo Patel as Whole time Director of the Company for a period of 3 years w.e.f September 1, 2014.

The Members at the Extra Ordinary General Meeting held on March 19, 2014 appointed Mr. Ashwin Parmar as Whole time

Director of the Company for a period of 3 years with effect from April 1, 2014.

In accordance with the provisions of Section 149 of the Companies Act, 2013, the Board of Directors are seeking the appointment of Mr. K. Kannan, Mr. Khizer Ahmed, Mr. S. Jambunathan and Mr. Sharad Zalawadia as Independent Directors for 5 (five) consecutive years for a term up to the conclusion of the 70th Annual General Meeting of the Company in the calendar year 2019.

The Company has received the requisite disclosures/declarations from the said Independent Directors in terms of the applicable provision of Companies Act, 2013.

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- in the preparation of Annual Accounts, the applicable accounting standards have been followed and that there are no material departures;
- the selected accounting policies were applied consistently and the Directors made judgment 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, 2014 and of the profit and loss account of the Company for the year ended on that date;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

Transfer to Investor Education and Protection Fund (IEPF)

The Company has, during the year under review, transferred a sum of ₹ 2,19,103 and ₹ 1,11,841 to IEPF, in compliance with the provisions of Section 205C of the Companies Act, 1956. The said amount represents dividend for the financial year 2005-06 and which remained unclaimed by the members of the Company for a period exceeding 7 years from its due date of payment.

The Company has also transferred a sum of ₹ 4,51,953 to IEPF, being the amount received as application money by the Company during Follow on Public Issue (FPO) in year 2006 and which remained unclaimed by the investors for a period exceeding 7 years from its due date of payment.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

The information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, is given in Annexure A forming part of this Report.

The information on foreign Exchange Earnings and outgo is as follows

Foreign Exchange Earned – ₹ 93.62 Million

Foreign Exchange used – ₹ 121.16 Million

Particulars of Employees

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

Auditors

M/s. Vatsaraj & Co. Chartered Accountants, Mumbai bearing ICAI Registration No. 111327W are proposed to be appointed as Auditors of the Company, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

As required under Section 139 of the Companies Act, 2013, the Company has obtained written consent from M/s. Vatsaraj & Co. to such appointment and also a certificate to the effect that their appointment, if made, would be in accordance with Section 139(1) of the Companies Act, 2013 and the Rules made there under, as may be applicable.

Secretarial Audit Report

As a measure of good corporate governance practice, Dr. K. R. Chandatre, Practising Company Secretary was appointed to conduct the Secretarial Audit. The Secretarial Audit Report for the financial year ended March 31, 2014, is provided in the Annual report.

As stated in the Secretarial Audit Report on compliance on investment of the Company's funds including inter corporate loans and investments and loans to others except requirement of charging interest on loans provided to its one, non-wholly owned subsidiary Terra Land Developers Pvt. Ltd. Terra is developing a real estate project in Mumbai and is in process of changing the purpose of project from commercial to residential. Pending final approvals from concerned authority for change of use, the project work is on hold. Hence the Company has waived charging of interest on amounts advance to Terra pending re-commencement of the project.

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.

For Disclosure in terms of Part II of Section II (A) (IV) of Schedule V of the Companies Act, 2013, refer to Corporate Governance Report forming part of the Annual Report.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) has been the Company's priority. The main focus of the Company in areas such as Education, Support for the Women, Elderly, and Children, and Social Inclusion. To support these causes the Company extended its support to Rajiv Gandhi Foundation. Some notable events organized by the Foundation include scholarship support for adolescents, girl child, and child survivors of violence and natural calamities; and a library initiative that provides learning spaces for rural and urban communities across several states in the country. The foundation has also built extensive water harvesting structures in the dry and backward regions of Rajasthan, and supported the entrepreneurship of rural women through skill development and income generation activities.

The Board of Directors of the Company has constituted the Corporate Social Responsibility Committee comprising of

Mr. Pravin Patel as Chairman and Mr. K. Kannan and Mr. Nimish Patel as other members. The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a CSR Policy indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR policy and recommending the amount to be spent on CSR activities

Acknowledgements

The Directors wish to place on record their appreciation for their continued support and co-operation by Members, 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 service.

On behalf of the Board of Directors,

Mumbai
July 23, 2014

Pravin Patel
Executive Chairman

Registered Office:

Patel Estate Road,
Jogeshwari (W),
Mumbai 400 102.

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, 2014.

Energy Conservation Measure:

1. Use of ventilation duct line at side of the tunnel instead of conventional method of fixing at the roof, the ground clearance of road inside the tunnel has increased. This helps to maintain the road and thereby fuel efficiency is improved in dumpers.
2. After implementation of ERP, the preventive maintenance of equipment is monitored closely thereby fuel consumption has come down.
3. Installed energy meter in all staff quarter at site for monitoring the consumption. After installation, the consumption of electricity was reduced considerably.
4. Float switch has been installed in pump thereby savings in electric consumption.
5. Use of transparent sheet at roof of workshop/ stores enabling use of natural sun light instead of electric light. Encouraging use of solar water heater instead of an electric geyser. For lighting, used batteries that can be charged with sunlight.
6. Making use of energy efficient appliances rating labels ranging above 3 stars which use two to 10 times less electricity for the same functionality and are mostly higher quality products that last longer than the less efficient ones.
7. Using laptops instead of a desktop which consumes five times less electricity. Enable the power management function on computer, using more advanced speed step power management. Switching off a computer extends its lifetime, contrary to some misconceptions. Minimise printing and print on both sides of the paper.

New Technology and Innovation:

1. Instead of conventional manual shotcrete machine, we adopt state of art shotcrete machine with robo arm, which has helped to reduce the time and wastage of concrete and improved the quality of shotcrete.
2. Company is constantly evolving new and innovative methods to improve productivity by use of motion study and time study of critical activities.
3. Company has implemented use of ERP software across the sites to efficiently use data bank and evolve cost effective and enhanced quality methods to execute and monitor site activities.

Annexure A 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

| Sr. No | Name | Designation | Nature of employment | Remuneration (in ₹) | Qualification | Exp In Yrs | Date of Commencement | Age (Yrs) | Last Employment |
|--|----------------|---------------------|----------------------|---------------------|------------------------|------------|----------------------|-----------|--|
| A) Employed throughout the financial year and in receipt of remuneration aggregating not less than ₹ 60,00,000/- for the year. | | | | | | | | | |
| 1 | Rupen P.Patel | Managing Director | contractual | 12,033,725 | B,Com, M.B.A (Fin,USA) | 23 | Sept. 1, 1996 | 47 | Appointed as a Director of the Company since Oct. 26, 1995 |
| 2 | Nimish R Patel | Whole-time Director | contractual | 9,600,310 | B.S. (USA) | 16 | Sept. 1, 1999 | 43 | M/s Kewit Construction Co.USA |
| 3 | Silloo Y Patel | Whole-time Director | contractual | 7,166,560 | B.A. | 43 | Sept. 1, 1999 | 66 | Appointed as a Director since Oct. 19, 1992 |
| B) Employed for a part of the year and in receipt of remuneration aggregating not less than ₹ 5,00,000/- per month | | | | | | | | | |
| None | | | | | | | | | |

Secretarial Audit Report

The Board of Directors

Patel Engineering Ltd
Patel Estate Road
Jogeshwari (West)
Mumbai - 400 102

I have examined the registers, records and documents of Patel Engineering Ltd ("the Company") for the financial year ended on March 31, 2014 according to the provisions of -

- The Companies Act, 1956 and 98 sections of the Companies Act, 2013 notified vide Ministry of Corporate Affairs Gazette Notification No. S.O. 2754(E) dated 12 September 2013 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 Ltd, National Stock Exchange of India Ltd, and Debt Listing Agreements with National Stock Exchange of India Ltd.
- 1) Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 and 98 sections of the Companies Act, 2013 ("the Act") notified vide Ministry

of Corporate Affairs Gazette Notification No. S.O. 2754(E) dated 12 September 2013 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;
- g. the 64th Annual General Meeting held on 27 September, 2013;
- 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 appointment or re-appointment of Managing Director or Whole Time Directors or Director during the financial year 2013-14;
- 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, issue and allotment of shares and issue and delivery of original and duplicate certificates of shares;
- 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 except requirement of charging interest on loans provided to its one, non-wholly owned subsidiary;
 - s. giving guarantees in connection with loans taken by subsidiaries and associate companies;
 - t. form of balance sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit and Loss Account as per Part II of the said Schedule;
 - u. Board's report;
 - v. contracts, common seal, registered office and publication of name of the Company; and
 - w. generally, all other applicable provisions of the Act and the Rules made under that Act.
 - x. the Company has not accepted any fixed deposits and hence provisions of Sec 58A and 58AA and rules framed thereunder are not applicable to the Company.
- 2) I further report that:
- a. the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings/debenture holdings and directorships in other companies and interests in other entities;
 - b. the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel;
 - c. the Company has obtained all necessary approvals under the various provisions of the Act; and
 - d. there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against/on the Company, its Directors and Officers.
- 3) I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation/rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.
- 4) I further report that 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, barring few exceptions, complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd and the Debt Listing Agreements with National Stock Exchange of India Ltd;
 - b. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as was required during the year 2013-14 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

July 16, 2014

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, 2014. Out of the 8 Directors, 4 are Non-Executive 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 30, 2013, June 28, 2013, August 14, 2013, November 13, 2013, December 6, 2013, January 29, 2014, February 14, 2014 and March 19, 2014. 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 and Companies incorporated outside India.

| Name | Category | No. of Board Meetings attended during the year 2013-2014 | Whether AGM attended dated September 27, 2013 | Whether EGM attended dated March 19, 2014 | No. of directorships in other Public Limited Companies as on March 31, 2014 | No. of committee positions held in other Public Limited Companies as on March 31, 2014 | |
|----------------------------|------------------------------------|--|---|---|---|--|-------------------------|
| | | | | | | Chairman of the Committee | Member of the Committee |
| Mr. Pravin Patel, Chairman | Promoter, Executive Director | 7 | Yes | No | 12 | - | - |
| Mr. Rupen Patel | Promoter, Managing Director | 6 | Yes | Yes | 8 | - | - |
| Mr. K. Kannan | Independent Non Executive Director | 8 | No | Yes | 6 | 7 | 8 |
| Mr. Khizer Ahmed | Independent Non Executive Director | 7 | Yes | Yes | 1 | - | 2 |
| Mr. S. Jambunathan | Independent Non Executive Director | 4 | Yes | No | - | - | - |
| Ms. Silloo Patel | Executive Director | 6 | Yes | Yes | 4 | - | - |
| Mr. Nimish Patel | Executive Director | 7 | Yes | Yes | 14 | - | - |
| Mr. Bhasker Mehta* | Independent Non Executive Director | 3 | Yes | No | 2 | - | - |
| Mr. Sharad Zalawadia** | Independent Non Executive Director | 3 | Yes | Yes | - | - | - |

* Retired by rotation as Director of the Company at Annual General Meeting dated September 27, 2013.

** Appointed as Director of the Company on August 14, 2013.

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

The Board of Directors at their meeting held on May 30, 2014 has changed the terms of reference of the Audit Committee to align the same in terms with Clause 49(II)(A) of the Listing Agreement and Section 177 of the Companies Act, 2013 (Earlier Section 292A of the Companies Act, 1956)

(i) Terms of reference of Audit Committee are broadly given below:

- To recommend the appointment, remuneration and terms of appointment of Statutory auditors of the Company.
- To approve the payment to statutory auditors for any other services rendered by the statutory auditors.
- To review and monitor the auditor's independence, performance and effectiveness of audit process.
- To review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- To review with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- To review with the management, the quarterly financial statements before submission to the Board for approval.
- To review the Management letters / letters of internal control weaknesses issued by the statutory auditors.
- To approve the related party transactions or any subsequent modification of such transactions.
- To scrutinise the inter-corporate loans and investments;
- To valuation of undertakings or assets of the Company, wherever it is necessary;
- To evaluate internal financial controls and risk management systems.
- To monitor the end use of funds raised through public offers and related matters, if any.
- To investigate into any of the matters specified above or any matters referred by the Board.
- To oversee the vigil mechanism and provide direct access to Audit Committee chairperson under vigil mechanism.
- To discuss issues with internal and statutory auditors.
- To seek information from any employee and to obtain legal and professional advice as and when necessary.
- To discuss the scope of internal audit with internal auditors.
- To provide any clarification on matters relating to audit in the Annual General Meeting.

- To formulate the scope, functioning, periodicity and methodology for conducting internal audit in consultation with the internal auditor.
- To call for comments from the internal auditors about internal control systems, scope of audit including the observations of the auditors.
- To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To approve the appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- To review the appointment, removal and terms of remuneration of the internal auditor.

(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 2013-14 | |
|-------------------------|-------------------------------------|--|----------|
| | | Held | Attended |
| Mr. K. Kannan, Chairman | Independent, Non-Executive Director | 5 | 5 |
| Mr. Khizer Ahmed | Independent, Non-Executive Director | 5 | 5 |
| Mr. Pravin Patel | Promoter, Non-Executive Director | 5 | 5 |

Considering the enhanced role of the Audit Committee in terms of the Companies Act 2013 and the Listing Agreement entered with the Stock Exchange, Mr. S. Jambunathan, the Independent Non-Executive Director of the Company was inducted as a member of the Audit Committee by the Board of Directors at their meeting on May 30, 2014.

(iii) The Audit Committee met 5 times during the financial year i.e. on May 30, 2013, June 28, 2013, August 14, 2013, November 13, 2013 and February 14, 2014.

B. **Nomination and Remuneration Committee (formerly termed as Remuneration Committee):**

Pursuant to the provision of Section 178(1) of the Companies Act, 2013, the Board of Director at their meeting held on May 30, 2014 renamed the Remuneration Committee as "Nomination and Remuneration Committee" and redefined the terms of reference.

(i) Terms of reference of Nomination and Remuneration Committee are broadly given below:

- To identify individuals who are qualified to become Directors and in senior management in accordance with the criteria as per the policy approved by the Board and recommend to the Board about their appointment and removal.
- To carry out the evaluation of the performance of Directors.
- To formulate the policy to determine the qualifications, positive attributes and independence for appointment/ reappointment as Directors in the Company.
- To formulate the remuneration policy of Directors, key managerial personnel and other employees and recommend the same to the Board.
- To formulate the assessment/evaluation criteria for performance evaluation of the Directors of the Company.
- To devise the policy on the Board diversity.

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

| Name | Category | Number of meetings during the year 2013-14 | |
|------------------------|-------------------------------------|--|----------|
| | | Held | Attended |
| Mr. K. Kannan Chairman | Independent, Non-Executive Director | 2 | 2 |
| Mr. Khizer Ahmed | Independent, Non-Executive Director | 2 | 2 |
| Mr. Pravin Patel | Promoter, Non-Executive Director | 2 | 2 |
| Mr. S. Jambunathan | Independent, Non-Executive Director | 2 | 1 |

- (iii) The Nomination and Remuneration Committee met on May 30, 2013 and February 14, 2014. The necessary quorum was present for the meetings.

- (iv) Details of Remuneration for the year ended March 31, 2014:

a. Non-Executive Directors:

| Name | Sitting fees paid (₹) |
|-----------------------------|-----------------------|
| Mr. Pravin Patel, Chairman* | 160,000 |
| Mr. K. Kannan | 420,000 |
| Mr. Khizer Ahmed | 360,000 |
| Mr. S. Jambunathan | 160,000 |
| Mr. Bhasker Mehta** | 60,000 |
| Mr. Sharad Zalawadia*** | 80,000 |

* Mr. Pravin Patel was appointed as Executive Director w.e.f September 27, 2013

** Mr. Bhaskar Mehta was ceased to be Director w.e.f September 27, 2013

*** Mr. Sharad Zalawadia was appointed as Director w.e.f September 27, 2013

b. Managing Director and Executive Directors

| Name | Salary (₹ p.a.) | Perquisites & Allowances (₹ p.a.) | Total Salary (₹ p.a.) |
|------------------------------------|-----------------|-----------------------------------|-----------------------|
| Mr. Rupen Patel, Managing Director | 5,362,500 | 6,671,225 | 12,033,725 |
| Ms. Silloo Patel | 3,993,000 | 3,173,560 | 7,166,560 |
| Mr. Nimish Patel | 3,993,000 | 5,607,310 | 9,600,310 |

- No stock option was given to the above Directors in the financial year 2013-14.
- Service contract - Mr. Rupen Patel - 5 years with effect from April 1, 2014; Mr. Nimish Patel - 3 years with effect from April 1, 2014; Ms. Silloo Patel - 3 years with effect from September 1, 2011.
- Notice period for the above Directors - 3 months.

- (v) Number of equity shares held by Directors as on March 31, 2014

| Name | Number of equity shares |
|------------------------------------|-------------------------|
| Mr. Pravin Patel, Chairman | 40,800 |
| Mr. Rupen Patel, Managing Director | 1,352,600 |
| Mr. K. Kannan | 25,000 |
| Mr. Khizer Ahmed | 26,500 |
| Ms. Silloo Patel | 321,379 |
| Mr. Nimish Patel | 242,500 |
| Mr. S. Jambunathan | 50 |

C. Stakeholders Relationship Committee (formerly termed as Shareholders/Investors Grievance Committee):

The Company has renamed the Shareholders & Investors Grievance Committee as 'Stakeholders Relationship Committee' in compliance with Section 178(5) of the Companies Act, 2013 and further proposed amendment in Clause 49 of the Listing Agreement with Stock Exchanges.

- (i) Terms of reference of Stakeholders Relationship Committee has also been redefined and are broadly given below:

The Stakeholders Relationship 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 sub-committee comprising of Ms. Silloo Patel, Whole time Director and Ms. Shobha Shetty, Company Secretary was formed to expedite the processing system in respect of matters relating to shares/share transfer etc. The sub-committee places a quarterly report before the Stakeholders Relationship 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 Stakeholders Relationship Committee meetings are circulated to the Board and noted by the Board of Directors at the Board meeting.

- (ii) The composition of the Stakeholders Relationship Committee and the details of meeting attended by its members are given below:

| Name | Category | Number of meetings during the year 2013-14 | |
|-------------------------|-------------------------------------|--|----------|
| | | Held | Attended |
| Mr. K. Kannan, Chairman | Independent, Non-Executive Director | 4 | 4 |
| Mr. Khizer Ahmed | Independent, Non-Executive Director | 4 | 4 |
| Mr. Jambunathan | Independent, Non-Executive Director | 4 | 2 |

Stakeholders Relationship Committee met 4 times on May 30, 2013, August 14, 2013, November 13, 2013 and February 14, 2014. 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 investor's complaints received and resolved during the year 2013-14 are as follows:

| Opening balance | Received during the year | Resolved during the year | Closing Balance |
|-----------------|--------------------------|--------------------------|-----------------|
| - | 46 | 46 | - |

D. Other Committees

i. Finance Committee

The Finance Committee of the Board of Directors of the Company has been renamed as "The Committee of Directors" and has been re-constituted comprising of Mr. Pravin Patel as Chairman, Mr. Rupen Patel, Mr. K. Kannan and Mr. Nimish Patel as members. The Board of Directors enhanced the powers of the said 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 Committee of Directors are held as per business requirement and minutes of the Committee are reviewed by the Board of Directors at each meeting.

ii. Allotment Committee

The Allotment Committee was constituted by the Board of Directors at their meeting dated March 19, 2014. The Committee comprised of all Independents Directors viz Mr. K. Kannan, as Chairman, Mr. Sharad Zalawadia, Mr. Khizer Ahmed and Mr. S. Jambunathan as members of the Committee. The said Committee was formed to issue and allot Zero Coupon Optionally Convertible Preference Shares to the promoters of the Company and also allot Equity Shares towards conversion of the optionally convertible preference shares at the time of conversion as per the terms as approved by the Members vide Special Resolution at the Extraordinary General Meeting dated March 19, 2014.

iv. CSR Committee

The CSR Committee was constituted by the Board of Directors of the Company at their meeting held on May 30, 2014 in terms of Section 135 of the Companies Act, 2013. The CSR committee so constituted shall formulate policy, recommend the amount of expenditure to be incurred and monitor the CSR policy, manner of undertaking CSR activities specified in Schedule VII of the Companies Act, 2013

The CSR Committee consists of following members:

| Name of the Directors | Designation |
|-----------------------|------------------------|
| Mr. Pravin Patel | Executive Director |
| Mr. K. Kannan | Non-Executive Director |
| Mr. Nimish Patel | Executive Director |

IV. General Body Meetings

i) General Meeting

a) Annual General Meeting:

| | Details | Date | Time | Venue |
|---|---|--------------------|----------|--------------------------------|
| 1 | 62 nd Annual General Meeting 2010-11 | October 17, 2011 | 11.00 am | Shree Saurashtra Patel Samaj, |
| 2 | 63 rd Annual General Meeting 2011-12 | October 12, 2012 | 3.30 pm | Patel Estate Road, |
| 3 | 64 th Annual General Meeting 2012-13 | September 27, 2013 | 3.30 pm | Jogeshwari (W), Mumbai-400102. |

b) Extraordinary General Meeting:

Extraordinary General Meeting of the Members was held on March 19, 2013 at Shree Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari (W), Mumbai - 400102 at 3.30 pm.

ii) Postal Ballot

Postal Ballot was not conducted during the financial year 2013-14.

iii) Special Resolutions

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 (ADR) / Global Depository Receipts (GDR)/ Follow-on Public Offer (FPO)/ Optionally or Compulsorily Convertible Redeemable Preference Shares (OCPS / CCPS) etc. pursuant to Section 81 of the Companies Act, 1956.

At the 64th Annual General Meeting of the Company held on September 27, 2013 a Special resolution was passed to appoint Mr. Pravin Patel as Whole time Director of the Company.

At the Extraordinary General Meeting of the Company held on March 19, 2014 and following special resolutions were passed:-

1. Alteration of Article 4 of the Articles of Association of the Company.
2. Preferential issue of 69,79,131 Zero Coupon Optionally Convertible Preference Shares to the Promoters of the Company.
3. Increase in Borrowing power of the Board of Directors in terms of Section 180(1)(c) and (2) of the Companies Act, 2013.
4. Payment of Minimum Remuneration to Mr. Rupen Patel, Managing director of the Company for the Financial year 2013-4.
5. Payment of Minimum Remuneration to Mr. Nimish Patel, Whole time Director of the Company for the Financial Year 2013-14.
6. Payment of Minimum Remuneration to Ms. Silloo Patel, Whole time Director of the Company for the Financial year 2013-14.
7. Re-Appointment of Mr. Rupen Patel as the Managing Director of the Company for 5 years with effect from April 1, 2014.
8. Re- Appointment of Mr. Nimish Patel as Whole time Director of the Company for 3 years with effect from April 1, 2014.
9. Appointment of Mr. Ashwin Parmar as a Whole time Director of the Company for 3 years with effect from April 1, 2014.

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.

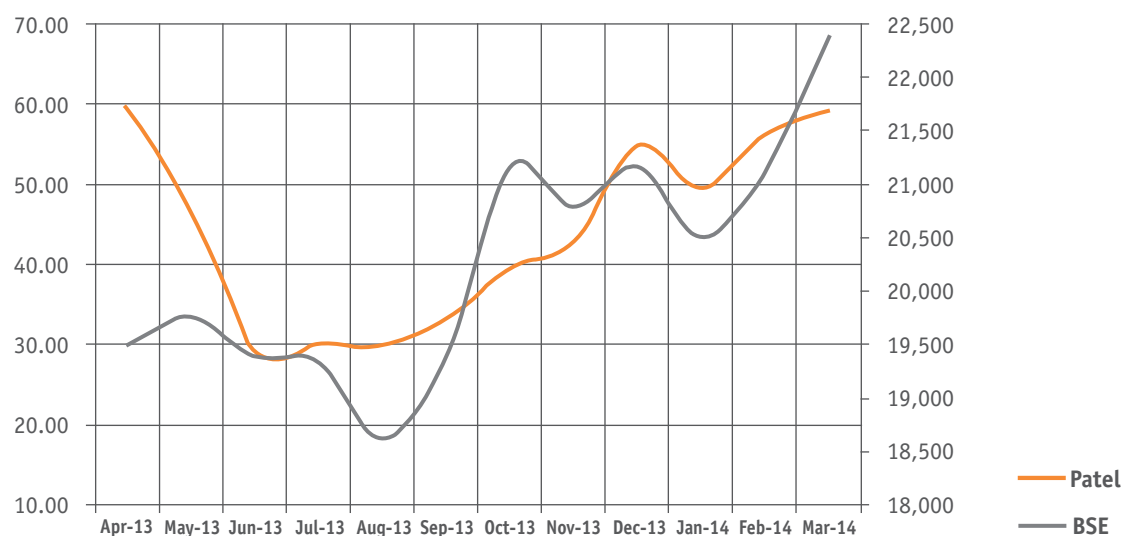
The Company has designated email id investors@pateleng.com exclusively for Investors servicing.

VI. General Shareholder information

| | |
|--|--|
| i) Annual General Meeting: | |
| Date | September 26, 2014 |
| Time | 3.30 pm |
| Venue | Shri Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari(West), Mumbai – 400 102. |
| ii) Financial Calendar year ending | March 31, 2014 |
| iii) Date of Book Closure | September 13, 2014 to September 26, 2014 (both days inclusive) |
| iv) Listing on Stock Exchanges | Bombay Stock Exchange Limited, P.J Towers, Dalal Street, Mumbai 400001. National Stock Exchange Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400051. |
| v) Stock codes / Symbol | |
| BSE | 531120 |
| NSE | PATELENG |
| vi) Market Price Data | |
| High, Low (based on the closing Prices) and number of shares traded during each month in the financial year 2013-2014 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- 2013 | 65.55 | 54.85 | 395,295 | 61.10 | 58.70 | 59,332 |
| MAY- 2013 | 60.50 | 46.10 | 699,098 | 48.90 | 46.50 | 198,359 |
| JUN- 2013 | 47.00 | 27.10 | 1,280,000 | 30.55 | 28.90 | 515,512 |
| JUL - 2013 | 37.70 | 28.60 | 1,435,968 | 30.75 | 28.65 | 67,369 |
| AUG- 2013 | 34.35 | 27.00 | 1,025,527 | 31.40 | 29.50 | 78,823 |
| SEP- 2013 | 41.90 | 29.50 | 1,068,718 | 33.60 | 32.75 | 40,226 |
| OCT- 2013 | 43.20 | 32.60 | 1,013,184 | 40.30 | 39.10 | 55,556 |
| NOV- 2013 | 46.65 | 39.50 | 1,110,548 | 43.25 | 41.35 | 87,029 |
| DEC- 2013 | 58.75 | 42.10 | 3,068,292 | 56.45 | 53.85 | 98,084 |
| JAN- 2014 | 64.40 | 46.10 | 4,185,452 | 50.30 | 47.35 | 248,631 |
| FEB- 2014 | 66.00 | 46.80 | 5,392,030 | 57.65 | 56.05 | 166,649 |
| MAR -2014 | 63.90 | 55.50 | 2,568,752 | 60.95 | 59.00 | 264,537 |

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 – 4000 78
- Patel Engineering Limited
Patel Estate Road,
Jogeshwari (West)
Mumbai – 400 102

ix) Share Transfer System

98.47 % 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.

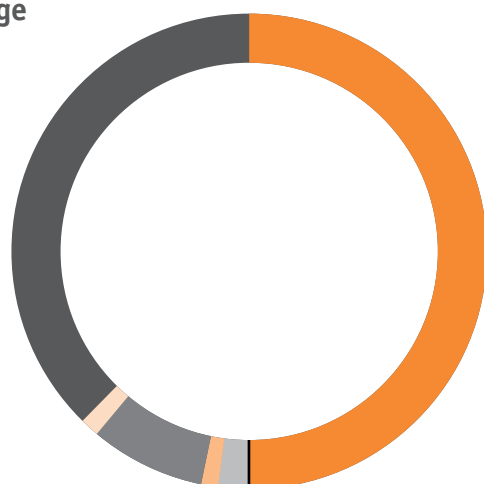
x) Distribution of shareholding as on March 31, 2014:

| No. of shares | Holdings | % to Capital | No. of Shareholders | % to Total |
|--------------------|-------------------|---------------|---------------------|---------------|
| 1-500 | 5,090,176 | 6.68 | 58,463 | 91.59 |
| 501-1000 | 2,079,511 | 2.72 | 2,633 | 4.13 |
| 1001-2000 | 2,036,864 | 2.67 | 1,327 | 2.08 |
| 2001-3000 | 1,317,638 | 1.72 | 500 | 0.78 |
| 3001-4000 | 763,749 | 1.00 | 212 | 0.33 |
| 4001-5000 | 721,037 | 0.95 | 153 | 0.24 |
| 5001-10000 | 1,997,601 | 2.62 | 275 | 0.43 |
| Above 10000 | 62,237,749 | 81.64 | 268 | 0.42 |
| GRAND TOTAL | 76,244,325 | 100.00 | 63,831 | 100.00 |

Categories of Equity shareholders as on March 31, 2014

| Category | No. of Shares | % |
|--|-------------------|---------------|
| Promoters | 38,321,474 | 50.26 |
| Mutual Funds / UTI | 12,221 | 0.02 |
| Financial Institution/ Banks | 1,340,016 | 1.76 |
| FII's | 875,935 | 1.15 |
| Patel Engineering Employee Welfare Trust | 6,045,000 | 7.93 |
| NRI's | 931,036 | 1.22 |
| Indian Public & others | 28,718,643 | 37.66 |
| GRAND TOTAL | 76,244,325 | 100.00 |

Percentage



| | |
|-------|--|
| 50.26 | ■ Promoters |
| 0.02 | ■ Mutual Funds / UTI |
| 1.76 | ■ Financial Institution / Banks |
| 1.15 | ■ FIs |
| 7.93 | ■ Patel Engineering Employee Welfare Trust |
| 1.22 | ■ NRIs/ |
| 37.66 | ■ Indian Public & Others |

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 98.47 % of the Company's share capital are dematerialized as on March 31, 2014.

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 13-14 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 | 1305 |
| 3 | No of shareholders who approached the company for transfer of shares from suspense account during the year; | 1 |
| 4 | Number of shareholders to whom shares were transferred from the suspense account during the year | 1 |
| 5 | Aggregate number of shareholders at the end of the year | 57 |
| 6 | Outstanding shares in the suspense account at the end of the year | 1085 |

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 Members 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, 2014 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 Nitesh K Dedhia)
Partner
M No. 114893

Mumbai
May 30, 2014

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, 2014 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.

Mumbai
May 30, 2014

Silloo Patel
Whole time Director & CFO

Rupen Patel
Managing Director

Information on Subsidiary Companies (For the Financial Year ended March 31, 2014)

(₹ in Million)

| S. NO. | Name of the Subsidiary Company | Issued and subscribed share capital | Reserves | Total Assets | Liabilities | Total 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 | (0.18) | 75.08 | 75.08 | - | - | (0.04) | - | (0.04) | - | India |
| 2 | Patel Concrete & Quarries Pvt. Ltd. | 1.00 | (0.15) | 76.13 | 76.13 | - | - | (0.04) | - | (0.04) | - | India |
| 3 | Friends Nirman Pvt. Ltd. | 0.33 | 1.06 | 1.40 | 1.40 | - | - | (0.01) | (0.00) | (0.01) | - | India |
| 4 | Energy Design Pvt. Ltd. | 0.50 | (22.04) | 38.34 | 38.34 | - | - | (0.53) | - | (0.53) | - | India |
| 5 | PAN Realtors Pvt. Ltd.* | 1.00 | 233.35 | 2,051.65 | 2,051.65 | - | 678.81 | 27.64 | 8.97 | 18.67 | - | India |
| 6 | Patel Lands Ltd. | 0.50 | (0.05) | 25.18 | 25.18 | - | - | (0.03) | - | (0.03) | - | India |
| 7 | Michigan Engineers Pvt. Ltd. | 17.36 | 860.44 | 2,342.95 | 2,342.95 | 0.05 | 2,029.22 | 76.27 | (52.28) | 128.55 | - | India |
| 8 | Patel Engineering Infrastructure Ltd. | 100.00 | 8.69 | 544.45 | 544.45 | 100.06 | - | - | - | - | - | India |
| 9 | Patel Realty (India) Ltd. | 1,000.00 | 497.25 | 6,817.81 | 6,817.81 | 282.20 | 1,947.96 | 160.64 | 52.04 | 108.60 | - | India |
| 10 | Patel Energy Resources Ltd. | 2,090.00 | (321.29) | 6,118.86 | 6,118.86 | - | - | (185.53) | 0.12 | (185.65) | - | India |
| 11 | Pandora Infra Pvt. Ltd. | 70.00 | (0.83) | 317.44 | 317.44 | - | - | (0.03) | - | (0.03) | - | India |
| 12 | Patel Engineers Pvt. Ltd. | 91.00 | 4.39 | 103.97 | 103.97 | - | - | (0.09) | - | (0.09) | - | India |
| 13 | Patel Patron Pvt. Ltd. | 140.70 | (1.37) | 173.87 | 173.87 | - | - | (0.03) | - | (0.03) | - | India |
| 14 | Vismaya Constructions Pvt. Ltd. | 55.10 | (0.80) | 99.57 | 99.57 | - | - | (0.03) | - | (0.03) | - | India |
| 15 | Bhooma Realities Pvt. Ltd. | 72.10 | (0.92) | 364.24 | 364.24 | - | - | (0.05) | - | (0.05) | - | India |
| 16 | Shashvat Land Projects Pvt. Ltd. | 78.80 | (0.94) | 250.62 | 250.62 | - | - | (0.03) | - | (0.03) | - | India |
| 17 | Patel Engineering (Singapore) Pte Ltd.* | 141.33 | 453.13 | 1,316.51 | 1,316.51 | 72.79 | 14.35 | (14.04) | - | (14.04) | - | Singapore |
| 18 | Patel Engineering (Mauritius) Ltd.* | 29.88 | 0.01 | 40.48 | 40.48 | 32.57 | - | - | - | - | - | Mauritius |
| 19 | Patel Engineering Inc.* | 0.02 | 8.18 | 9.68 | 9.68 | - | - | (0.12) | - | (0.12) | - | USA |
| 20 | ASI Constructors Inc.* | 551.86 | 1,012.75 | 3,358.60 | 3,358.60 | 0.01 | 4,209.30 | 245.58 | 93.45 | 152.13 | - | USA |
| 21 | Patel Engineering Lanka (Pvt.) Ltd.* | 11.97 | (0.06) | 42.12 | 42.12 | 14.67 | - | (1.29) | - | (1.29) | - | Sri Lanka |
| SUBSIDIARY OF PATEL ENGINEERS PVT. LTD | | | | | | | | | | | | |
| 22 | Phedra Projects Pvt. Ltd. | 27.71 | 1.27 | 42.29 | 42.29 | - | - | (0.04) | - | (0.04) | - | India |
| SUBSIDIARY OF PATEL REALTY (INDIA) LTD | | | | | | | | | | | | |
| 23 | Apollo Buildwell Pvt. Ltd. | 0.50 | (23.57) | 160.27 | 160.27 | 0.50 | 0.02 | (23.36) | - | (23.36) | - | India |
| 24 | Arsen Infra Pvt. Ltd. | 0.50 | 3.60 | 70.62 | 70.62 | - | 31.60 | 2.82 | 0.89 | 1.94 | - | India |
| 25 | Bellona Estate Developers Ltd. | 2.50 | (2.23) | 3,833.10 | 3,833.10 | - | - | (1.71) | - | (1.71) | - | India |
| 26 | Praval Developers Pvt. Ltd. | 0.50 | (0.16) | 0.38 | 0.38 | - | - | (0.03) | - | (0.03) | - | India |
| 27 | Hebe Infracon Pvt. Ltd. | 0.50 | (0.49) | 0.41 | 0.41 | - | - | (0.37) | - | (0.37) | - | India |
| 28 | Hera Realcon Pvt. Ltd. | 0.50 | (0.71) | 0.43 | 0.43 | - | - | (0.58) | - | (0.58) | - | India |
| 29 | Lucina Realtors Pvt. Ltd. | 0.50 | 0.31 | 0.87 | 0.87 | - | 1.45 | (0.47) | - | (0.47) | - | India |
| 30 | Nirman Constructions Pvt. Ltd. | 172.00 | (2.09) | 176.63 | 176.63 | - | 0.48 | (0.05) | - | (0.05) | - | India |
| 31 | Azra Land Projects Pvt. Ltd. | 23.12 | (0.58) | 27.23 | 27.23 | - | - | (0.06) | - | (0.06) | - | India |
| 32 | PBSR Developers Pvt. Ltd. | 0.10 | (4.19) | 1,113.97 | 1,113.97 | - | - | (3.83) | - | (3.83) | - | India |

Information on Subsidiary Companies (For the Financial Year ended March 31, 2014)

| S. No. | Name of the Subsidiary Company | Issued and subscribed share capital | Reserves | Total Assets | Total Investments | Turnover | Profit / (Loss) before Taxation | Provision for Taxation | Profit / (Loss) after Taxation | Proposed dividend | Country | (₹ in Million) | |
|---|---|-------------------------------------|----------|--------------|-------------------|----------|---------------------------------|------------------------|--------------------------------|-------------------|-----------|----------------|-------------|
| | | | | | | | | | | | | Liabilities | Liabilities |
| 33 | Waterfront Developers Ltd. | 0.19 | (6.74) | 486.73 | - | 0.18 | 3.18 | - | 3.18 | - | Mauritius | - | - |
| 34 | Les Salines Development Ltd. | 0.19 | (5.14) | 551.94 | - | 17.99 | 16.10 | - | 16.10 | - | Mauritius | - | - |
| 35 | La Bourgade Development Ltd. | 0.00 | (0.69) | 0.06 | - | - | (0.09) | - | (0.09) | - | Mauritius | - | - |
| 36 | Ville Magnifique Development Ltd. | 0.00 | (0.62) | 0.04 | - | 0.00 | (0.11) | - | (0.11) | - | Mauritius | - | - |
| 37 | Sur La Plage Development Ltd. | 0.00 | (0.78) | 0.05 | - | 0.00 | (0.14) | - | (0.14) | - | Mauritius | - | - |
| SUBSIDIARY OF PATEL ENERGY RESOURCES LTD. | | | | | | | | | | | | | |
| 38 | Patel Hydro Power Pvt. Ltd. | 362.88 | (62.42) | 1,330.60 | 939.49 | 9.86 | (51.99) | - | (51.99) | - | India | - | - |
| 39 | Patel Thermal Energy Pvt. Ltd. | 0.50 | - | 25.69 | - | - | - | - | - | - | India | - | - |
| 40 | Dirang Energy Pvt. Ltd. | 710.00 | - | 4,268.71 | - | - | - | - | - | - | India | - | - |
| 41 | West Kameng Energy Pvt. Ltd. | 0.10 | - | 80.15 | - | - | - | - | - | - | India | - | - |
| 42 | Patel Energy Assignment Pvt. Ltd. | 0.10 | - | 26.61 | - | - | - | - | - | - | India | - | - |
| 43 | Patel Energy Projects Pvt. Ltd. | 0.10 | - | 35.24 | - | - | - | - | - | - | India | - | - |
| 44 | Patel Energy Operations Pvt. Ltd. | 0.73 | - | 40.52 | - | - | - | - | - | - | India | - | - |
| 45 | Meyong Hydro Power Pvt. Ltd. | 0.73 | - | 74.42 | - | 74.42 | - | - | - | - | India | - | - |
| 46 | Digin Hydro Power Pvt. Ltd. | 0.10 | - | 79.22 | - | 79.22 | - | - | - | - | India | - | - |
| 47 | Naulo Nepal Hydro Electric Pvt. Ltd. | 49.13 | - | 91.36 | - | 91.36 | - | - | - | - | Nepal | - | - |
| 48 | PEL Power Ltd. | 1,380.81 | - | 3,398.80 | - | 3,398.80 | - | - | - | - | India | - | - |
| 49 | PEL Port Pvt. Ltd. | 89.46 | - | 91.09 | - | 91.09 | - | - | - | - | India | - | - |
| 50 | Patel Energy Ltd. | 186.45 | (20.96) | 625.79 | - | 625.79 | - | - | - | - | India | - | - |
| 51 | Laksha Infra Projects Pvt. Ltd. | 0.10 | - | 0.91 | - | 0.91 | - | - | - | - | India | - | - |
| 52 | Jayshe Gas Power Pvt. Ltd. | 0.10 | - | 25.31 | - | 25.31 | - | - | - | - | India | - | - |
| 53 | Saskang Rong Energy Pvt. Ltd. | 4.78 | - | 66.74 | - | 66.74 | - | - | - | - | India | - | - |
| 54 | Patel Urjaa Vyapaar Pvt. Ltd. | 0.10 | - | 0.18 | - | 0.18 | - | - | - | - | India | - | - |
| SUBSIDIARY OF PATEL ENGINEERING (SINGAPORE) PTE LTD. | | | | | | | | | | | | | |
| 55 | Patel Surya (Singapore) Pte Ltd.* | 59.76 | (245.40) | 0.31 | - | 0.31 | (8.43) | (0.08) | (8.35) | - | Singapore | - | - |
| 56 | Surya Geo Minerals | 29.12 | (115.00) | 197.76 | - | 197.76 | (11.41) | - | (11.41) | - | Indonesia | - | - |
| 57 | PT PEL Minerals Resources | 14.56 | (28.79) | 23.12 | - | 23.12 | (11.22) | - | (11.22) | - | Indonesia | - | - |
| 58 | Patel Engineering Indonesia | 29.12 | (4.93) | 43.91 | - | 43.91 | (3.63) | - | (3.63) | - | Indonesia | - | - |
| 59 | Patel Param Minerals Pte Ltd.* | 0.60 | (217.88) | 0.07 | - | 0.07 | (0.42) | - | (0.42) | - | Singapore | - | - |
| 60 | PT Patel Surya Minerals | 14.47 | (87.17) | 232.49 | - | 232.49 | (30.47) | (7.62) | (22.85) | - | Indonesia | - | - |
| 61 | Patel Param Energy Pte Ltd.* | 30.48 | (91.81) | 8.10 | - | 8.10 | (0.43) | - | (0.43) | - | Singapore | - | - |
| 62 | PT Patel Surya Jaya | 14.49 | (85.32) | 751.80 | - | 751.80 | (58.66) | - | (58.66) | - | Indonesia | - | - |
| 63 | Patel Param Natural Resources Pte Ltd.* | 0.60 | (37.93) | 0.12 | - | 0.12 | (0.41) | - | (0.41) | - | Singapore | - | - |
| 64 | Surpat Geo Minerals | 29.12 | (0.40) | 29.18 | - | 29.18 | (0.10) | - | (0.10) | - | Indonesia | - | - |

Information on Subsidiary Companies (For the Financial Year ended March 31, 2014)

(₹ in Million)

| S. NO. | Name of the Subsidiary Company | Issued and subscribed share capital | Reserves | Total Assets | Liabilities | Total Investments | Turnover | Profit / (Loss) before Taxation | Provision for Taxation | Profit / (Loss) after Taxation | Proposed dividend | Country |
|--|--|-------------------------------------|----------|--------------|-------------|-------------------|----------|---------------------------------|------------------------|--------------------------------|-------------------|------------|
| SUBSIDIARY OF PATEL ENGINEERING (MAURITIUS) LTD | | | | | | | | | | | | |
| 65 | Patel Mining (Mauritius) Ltd. | 27.79 | 0.00 | 170.14 | 170.14 | 141.89 | - | - | - | - | - | Mauritius |
| 66 | Enrich Mining Vision Lda | 0.05 | - | 21.24 | 21.24 | - | - | - | - | - | - | Mozambique |
| 67 | Patel Infrastructure, Lda | 0.05 | - | 25.29 | 25.29 | - | - | - | - | - | - | Mozambique |
| 68 | Trend Mining Projects Lda | 0.05 | - | 15.50 | 15.50 | - | - | - | - | - | - | Mozambique |
| 69 | Accord Mines Venture Lda | 0.05 | - | 14.04 | 14.04 | - | - | - | - | - | - | Mozambique |
| 70 | Netcore Mining Operations Lda | 0.05 | - | 1.68 | 1.68 | - | - | - | - | - | - | Mozambique |
| 71 | Metalline mine works Lda | 0.05 | - | 12.51 | 12.51 | - | - | - | - | - | - | Mozambique |
| 72 | Patel Mining Assignments Lda | 0.05 | - | 13.37 | 13.37 | - | - | - | - | - | - | Mozambique |
| 73 | Chivarro Mines Mozambique Lda | 0.05 | - | 4.39 | 4.39 | - | - | - | - | - | - | Mozambique |
| 74 | Fortune Mines Concession Lda | 0.05 | - | 38.44 | 38.44 | - | - | - | - | - | - | Mozambique |
| 75 | Omini Mines Enterprises Lda | 0.05 | - | 1.71 | 1.71 | - | - | - | - | - | - | Mozambique |
| 76 | Quest Mining Activities, Lda | 0.05 | - | 1.71 | 1.71 | - | - | - | - | - | - | Mozambique |
| 77 | Patel Mining Privilege, Lda | 0.05 | - | 144.75 | 144.75 | - | - | - | - | - | - | Mozambique |
| SUBSIDIARY OF PATEL ENGINEERING INC. | | | | | | | | | | | | |
| 78 | ASI RCC Inc. | 180.69 | 97.04 | 305.88 | 305.88 | 0.72 | 7.91 | (1.19) | - | (1.19) | - | USA |
| 79 | ASI RCC India Ltd. | 0.56 | (0.17) | 0.41 | 0.41 | - | - | (0.01) | - | (0.01) | - | India |
| 80 | Westcon Microtunneling Inc. | 136.34 | 5.16 | 141.50 | 141.50 | - | - | 5.82 | 0.26 | 5.56 | - | USA |
| SUBSIDIARY OF ASI CONSTRUCTORS INC. | | | | | | | | | | | | |
| 81 | ASI Constructors Australia Pty Ltd.* | - | 0.63 | 46.39 | 46.39 | - | - | (4.19) | - | (4.19) | - | Australia |
| 82 | HCP Constructors Inc.* | 151.79 | (193.01) | 205.18 | 205.18 | - | 56.73 | (77.28) | (22.28) | (54.99) | - | USA |
| 83 | Engineering & Construction Innovations Inc.* | 11.95 | 28.66 | 268.09 | 268.09 | - | 938.81 | 26.40 | 10.97 | 15.43 | - | USA |

* Financial information is based on Unaudited Results.

1 USD = 59,758 INR
 1 MUR = 1,90859 INR
 1 LKR = 0,4570 INR
 1 MZN = 1,90920 INR
 1 IDR = 0,00528 INR
 1 NPR = 0,61801 INR

Management Discussion and Analysis

The Company has been at the forefront of the Indian construction sector. Firmly committed to this ethos for over six decades, the Company has anchored itself to India's development efforts. It has always invested in cutting-edge technologies, adopted best work practices and stressed on global operational standards to promote responsible infrastructure development in the country. The Company's business and financial performance continues to have a strong correlation with the progress of infrastructure development in the country.

The Company's core business focus is to offer complete Engineering, Procurement and Construction (EPC) services, a delivery model that the Company is looking to strengthen further.

MACRO-ECONOMIC ENVIRONMENT

After achieving unprecedented growth of over 9% for three successive years between 2005-06 and 2007-08 and recovering swiftly from the global financial crisis of 2008-09, the Indian economy has been going through challenging times that culminated in lower than 5% GDP growth for two consecutive years i.e. 2012-13 and 2013-14. The economic growth rate was hit by a toxic mix of high inflation, costly loan rates, and poor growth in the industrial and services sector. But the change of guard in leadership has now raised ray of hope for the economy and the infrastructure sector.

In 2014-15, the Indian economy is poised to grow for a better growth prospect in the range of 5.5 - 5.9% aided by the anticipated recovery in global economy, overcoming under 5% growth of GDP witnessed over the last two years. There was an improvement in the economic situation with the decline in Current Account Deficit (CAD) and fiscal deficit as a proportion of GDP.

INDUSTRY AND INFRASTRUCTURE

Growth in the industrial sector comprising manufacturing, mining, electricity and construction sectors slowed to 0.4% in 2013-14 as against 1.0% in 2012-13. The key reason for poor performance was contraction in mining and deceleration in manufacturing. Manufacturing and mining sector GDP declined by 0.7% and 1.4% respectively in 2013-14. Electricity generation increased by 6.1% in 2013-14 as compared to 4% in the previous year. Slowdown in construction resulted in capacity under-utilization in the

steel and cement sectors. Steel and cement consumption increased by modest 0.6% and 3.0% respectively in 2013-14. The capital goods manufacturing sector remained amongst the weakest with a decline of 3.6% in 2013-14. Industrial growth is expected to revive in the next financial year on the back of improved global cues, buoyant investor sentiment and renewed business confidence.

One hopes that the government will become bolder and feels the urgency to accelerate growth to come out with a fuller basket of policy initiatives in the Budget 2015 to boost growth and emerge out of the shadows of the past economic policies.

PERFORMANCE OVERVIEW

In these severe economic conditions, the Company's performance too was affected in the financial year ended March 31, 2014.


On consolidated basis:

- Revenue from Operations decreased by 10.05% to ₹ 37,011 Million.
- Profit before tax stood at ₹ 459.97 million
- Net Profit is at ₹ 163.69 million as compared to the ₹ 650.03 Million for the previous year.
- The EPS (fully diluted) stood at ₹ 2.13 per share.

The order backlog from the engineering and construction business as on March 31, 2014 is about ₹ 1,19,246 million. The share in the order book stood at - power sector 41%, irrigation and water 32% and transportation, urban infrastructure and others at 27 %. Apart from the same we are also lowest bidders for ₹ 89,900 million in state of J&K. There has been an unexpected delay in getting award letters for the said projects even after being declared as lowest bidders for the same. There has been an unexpected delay in getting award letters for the said projects even after being declared as lowest bidders for the same. The Company is confident that in the long term, there are vast opportunities in the industry and there will be a growth in new projects but some of the issues discussed earlier need to be resolved at an industry level to get back the growth momentum.

ENGINEERING AND CONSTRUCTION

Power – During the Financial Year 2013-14, the Company received a Work Order for Ganol H E Project in the State



of Meghalaya Power Generation Corporation Ltd. It is 22.5 MW Project with Contract Value of ₹ 2291.7 Million. The Company has also received an EPC Contract for Civil Works of 37.5 MW Parmai Hydro Electric Project in the State of Jammu & Kashmir State Power Development Corporation Ltd. The value of the Contract is ₹ 3,776 million. Under the same project, the Company was awarded the contract for supply of Plant & Equipment costing ₹ 957 million.

Irrigation – Change in the 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 the financial year 2014. However, the eleventh Five Year Plan targets to cover 16 million hectares through major, medium and minor irrigation works. With the Telangana matter now sorted, we hope that things would begin to improve and there should be for multiple project opportunities for us in this sector.

Roads – The development of National Highway is the responsibility of the Government of India (GOI). The National Highway Authority of India (NHAI) continues to be well behind schedule of 20 kms per day to build new roads. GOI has launched major initiatives to upgrade and strengthen National Highway through various phases of National Highways Development Project (NHDP). So far NHDP has launched seven phases for upgradation and strengthening of National Highways. The project completion status of Phase I to V is ranging from around 85% to 40%. Cabinet Committee of Economic Affairs (CCEA) has approved Phase VI for 1000 km of expressways & Phase VII for 700 kms of ring roads, bypasses and flyovers. About 15% of projects has been awarded under the Phase VI and projects under VII 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 & forest clearance.

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 per cent of market share for micro tunneling

in India. The Company is currently working on various new urban infrastructure projects in Mumbai and Pune. During FY 2013-14 the Company through its subsidiary, has captured highly specialized projects that include underwater trenching and laying of HDPE discharge pipelines of 5.4 kms including outfall for MIDC in Kundalini River, Roha, and Maharashtra. In addition it has also bagged a project where we are using a special method of pilot boring micro tunnelling technique including small diameter RCC pipeline for sewage network development in Cuttack city, Odisha.

ASSET OWNERSHIP

During the year under review, the Company has successfully completed of 765 kv S/C Transmission lines under SPV viz Raichur Sholapur Transmission Company Limited in which Company holds 33.34%. The Project will be dedicated to the Nation by Hon'ble Prime Minister this year in August. The line was successfully charged as scheduled in June 2014.

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 had decided to shelve the commercial project located in Jogeshwari and has received permits for conversion of the project into a residential project. The Company has also launched and commenced a project in Hyderabad which has had an overwhelming response.

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

As a global infrastructure company, Company is experienced in managing large scale implementations. Because each project is unique, off the shelf tools are often not flexible enough to manage the complexities. With our information technology services, our in house process and technology, experts come together to create appropriate management tools specific to each multifaceted program to streamline each project processes.

Company is passionate about uncovering information; with the right blend of tools, and methodology and therefore delivers meaningful change and lasting results. Our unique offerings of “real-time data collection to analysis” have emphasized the value of appropriate technology to help bring transparency and meaning to our data supported by personalized service—empowering management to have the information necessary to make strategic decisions with current, accurate, and complete information so that they can make appropriate timely decisions.

Knowledge about work processes, connecting what people do to where they do it, and anticipating future needs is the best way to increase productivity now, while identifying what you’ll need for optimal performance in the future. This multi-dimensional approach has built lasting, trusted relationships with our clients.

HUMAN RESOURCES

The Company presently employs more than 1,187 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 their optimum potential.

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"), its subsidiaries, its joint ventures and associate companies; hereinafter referred to "the Patel Group", which comprise the consolidated Balance Sheet as at March 31, 2014, 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. 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 the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the 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 that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements / consolidated financial statements of the subsidiaries and associates as noted below, the 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, 2014;
 - b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Patel Group for the year ended on that date; and
 - c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Patel Group for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 37 to the Consolidated Financial results for the year ended March 31, 2014 regarding impact of loss of ₹ 7.76 crores on the profit on account of Prior Period items.

Other Matters

6. We did not audit the financial statements of 12 subsidiaries and 1 Joint Venture included in the consolidated financial results, whose consolidated financial statements reflect net total assets of ₹ 290.32 crores, total revenue of ₹ 537.74 crores, Group's Share of net profit of ₹ 14.68 crores and net cash flows amounting to ₹ (59.73) crores for the year then ended and 3 Associates companies whose Share of net loss is ₹ 5.36 crores. 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 consolidated financial statement, to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
7. We have placed reliance on the unaudited financial statements as certified by the management of

6 subsidiaries included in the consolidated financial statement, whose consolidated financial statements reflect net total assets of ₹ 292.43 Crores, total revenue of ₹ 587.39 Crores, Group's share of net profit of ₹ 20.64 crores and net cash flows amounting to ₹ (13.44) crores for the year then ended and 1 Associate company whose Share of Profit is Rs. Nil, as it is yet to commence the commercial operations.

Our opinion is not qualified in respect of other matters.

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

CA Mayur Kisnadwala
Partner
Membership No. 33994

Mumbai
June 18, 2014

Consolidated Balance Sheet as at March 31, 2014

(₹ in Million)

| | Notes | As at March 31, 2014 | As at March 31, 2013 |
|--|-------|-------------------------|-------------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 3 | 76.81 | 69.83 |
| (b) Reserves and surplus | 4 | 17,851.55 | 16,205.76 |
| 2 Minority Interest | | | |
| | | 1,293.29 | 988.98 |
| 3 Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 18,807.66 | 13,977.42 |
| (b) Deferred Tax Liability (Net) | 26 | 171.54 | 113.32 |
| (c) Other Long term liabilities | 6 | 5,434.08 | 2,585.95 |
| (d) Long-term provisions | 7 | 47.01 | 36.69 |
| 4 Current liabilities | | | |
| (a) Short-term borrowings | 8 | 23,048.00 | 17,632.16 |
| (b) Trade payables | 9 | 8,684.18 | 9,989.88 |
| (c) Other current liabilities | 9 | 7,902.56 | 8,619.03 |
| (d) Short-term provisions | 7 | 19.73 | 15.28 |
| TOTAL | | 83,336.41 | 70,234.30 |
| II. ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | 16 | | |
| i. Tangible assets | | 6,393.56 | 6,737.77 |
| ii. Intangible assets | | 351.10 | 408.59 |
| iii. Capital work-in-progress | | 7,862.04 | 5,363.26 |
| | | 14,606.70 | 12,509.61 |
| (b) Non-current investments | 10 | 1,338.93 | 1,131.07 |
| (c) Long-term loans and advances | 11 | 8,770.66 | 5,335.62 |
| (d) Non Current Bank Deposits | 15 | 18.45 | 27.29 |
| (e) Non Current Trade Receivables | 13 | 9,000.77 | 686.98 |
| (f) Other Non current asset | 14 | 288.71 | 204.68 |
| 2 Current assets | | | |
| (a) Investments-current | 10 | 0.05 | 0.05 |
| (b) Inventories | 12 | 30,399.40 | 24,826.49 |
| (c) Trade receivables | 13 | 5,394.57 | 10,426.67 |
| (d) Cash and cash equivalents | 15 | 1,879.50 | 3,404.86 |
| (e) Short-term loans and advances | 11 | 11,620.17 | 11,680.95 |
| (f) Other current assets | 14 | 18.50 | 0.03 |
| TOTAL | | 83,336.41 | 70,234.30 |
| 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.**
Chartered Accountants
Firm Regn No:111327W

(Rupen Patel)
Managing Director

(Silloo Patel)
Director

(K.Kannan)
Director

CA Mayur Kisnadwala
Partner
Membership No. 33994
Mumbai
June 18, 2014

(Shobha Shetty)
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

(₹ in Million)

| | Notes | As on March 31, 2014 | As on March 31, 2013 |
|---|-------|-------------------------|-------------------------|
| I. Revenue from operations | 17 | 37,011.31 | 41,148.74 |
| II. Other income | 18 | 1,153.79 | 817.47 |
| III. Total Revenue (I + II) | | 38,165.10 | 41,966.21 |
| IV. Expenses: | | | |
| Cost of Construction | 19 | 29,184.00 | 32,721.59 |
| Employee benefits expense | 20 | 1,415.65 | 1,163.67 |
| Finance costs | 21 | 4,378.55 | 4,369.28 |
| Depreciation and amortization expense | | 819.77 | 774.61 |
| Other expenses | 22 | 1,829.49 | 1,678.22 |
| Total expenses | | 37,627.46 | 40,707.37 |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | 537.64 | 1,258.84 |
| VI. Prior Period Item (refer note no. 37) | | 77.67 | - |
| VII. Profit before extraordinary items and tax (V - VI) | | 459.97 | 1,258.84 |
| VIII. Extraordinary Items | | - | - |
| IX. Profit before tax (VII- VIII) | | 459.97 | 1,258.84 |
| X. Tax expense: | | | |
| (1) Current tax | | 267.41 | 558.61 |
| (2) Deferred tax | | 28.81 | (65.38) |
| (3) Tax Adjustments for earlier years | | (83.43) | 23.31 |
| XI. Profit/(Loss) for the period (IX-X) | | 247.18 | 742.30 |
| XII. Minority Interest | | 83.49 | 92.27 |
| XIII. Net Profit (XI- XII) | | 163.69 | 650.03 |
| XIV. Earnings per equity share: | 28 | | |
| (1) Basic | | 2.15 | 9.31 |
| (2) Diluted | | 2.13 | 9.31 |
| 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.**

Chartered Accountants
Firm Regn No:111327W

(Rupen Patel)
Managing Director

(Silloo Patel)
Director

(K.Kannan)
Director

CA **Mayur Kisnadwala**

Partner
Membership No. 33994
Mumbai
June 18, 2014

(Shobha Shetty)
Company Secretary

Consolidated Cash Flow Statement for the year ending March 31, 2014

(₹ in Million)

| | 2014 | 2013 |
|---|-------------------|-------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS | 459.97 | 1,258.84 |
| Adjustment for: | | |
| Depreciation | 819.77 | 774.61 |
| Interest charged | 4,378.55 | 4,369.28 |
| Interest received | (563.96) | (586.62) |
| Dividend received | (1.93) | - |
| Foreign Exchange Loss/(Gain) | 346.10 | 163.08 |
| Consolidation Adjustment | (12.47) | (15.07) |
| Provision for Leave Salary | 12.82 | (10.84) |
| Provision for Gratuity | 1.95 | 24.60 |
| Loss of Assets exhausted/sold | 16.07 | 16.69 |
| Profit on sale of Assets | (206.38) | (55.29) |
| Excess Credit written back | (158.43) | (58.38) |
| Irrecoverable debts & advances written off | 133.08 | 294.02 |
| Preliminary Expenses Written off | - | 2.32 |
| Preparatory Work Expenses Written off | - | 2.00 |
| Loss/(Profit) on sale of Investment | (8.84) | 9.86 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 5,216.30 | 6,189.10 |
| Adjustment for changes in: | | |
| Trade & other receivables | (3,492.85) | (1,087.86) |
| Inventories | (5,051.59) | (6,224.36) |
| Trade payable, Liabilities and Provisions (excluding Proposed Dividend & Income tax) | 507.36 | 1,667.27 |
| Cash generated from operations | (2,820.78) | 544.14 |
| Direct tax paid | (796.37) | (549.88) |
| NET CASH FROM OPERATING ACTIVITIES | (3,617.15) | (5.74) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (3,467.02) | (2,940.71) |
| Sale of Fixed Assets | 717.87 | 285.86 |
| Investments made | (227.79) | (155.10) |
| (Increase)/Decrease in Capital Advances & Creditors | (606.31) | 711.18 |
| Change in Minority Interest | 220.82 | 62.65 |
| Dividend Received | 1.93 | - |
| Investments in/Loans to Subsidiaries/JV/Associates | (858.50) | 350.88 |
| Disinvestment in Associates | 28.77 | - |
| Change in Foreign Fluctuation Translation Reserve | 252.12 | 67.69 |
| Interest received | 228.45 | 99.79 |
| NET CASH FLOW FROM INVESTING ACTIVITIES | (3,709.65) | (1,517.76) |

(₹ in Million)

| | 2014 | 2013 |
|--|-------------------|-----------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase in Borrowings | 10,356.24 | 6,374.33 |
| Dividend Paid | (0.39) | (24.35) |
| Interest Paid | (4,217.15) | (4,580.03) |
| NET CASH FLOW FROM FINANCING ACTIVITIES | 6,138.70 | 1,769.95 |
| Net Increase/Decrease in Cash & Cash Equivalent (A+B+C) | (1,188.10) | 246.46 |
| Opening Balance of Cash & Cash Equivalents | 3,432.15 | 3,348.77 |
| Balance of Cash & Cash Equivalents | 2,244.05 | 3,595.23 |
| Notes to Cash flow Statement | | |
| 1. Cash and Cash Equivalents | | |
| Cash on hand & Balance with banks | 1,897.95 | 3,432.15 |
| Effect of exchange rate changes | 346.10 | 163.08 |
| Closing Cash and Cash Equivalents as restated | 2,244.05 | 3,595.23 |

As per our report of even date

For and on behalf of Board

For **Vatsaraj & Co.**Chartered Accountants
Firm Regn No:111327W**(Rupen Patel)**
Managing Director**(Silloo Patel)**
Director**(K.Kannan)**
Director**CA Mayur Kisnadwala**Partner
Membership No. 33994
Mumbai
June 18, 2014**(Shobha Shetty)**
Company Secretary

Notes to consolidated financial statement for the year ended March 31, 2014

1 BASIS OF PREPERATION

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 revenue and expenses during the reporting period.

Differences between actual results and estimates are recognized in the period 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. Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciations / amortization and impairment loss, if any.

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) 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.

g) Investments

Current Investments are carried at lower of cost and quoted/ fair value. Long term Investments are stated at cost. Permanent diminution, if any, is provided for.

h) Inventories

Stores, embedded goods and spare parts and Work in Progress for long-term construction contracts are valued at cost (Weighted average/ 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.

i) 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. Dividend income is recognised when the right to receive payment is established. 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.

j) Accounting for Joint Venture Contracts

(i) 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.

(ii) 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.

k) 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 and in other cases amortised over the balance period of such long term monetary items. The unamortized

balance is carried in the Balance Sheet as " Foreign Currency Monetary items Translation Difference Account" as a separate line item under " Reserve and Surplus Account".

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.

l) 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.

m) 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.

n) Provisions , Contingent Liabilities & Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an

outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote , no provision or disclosure is made. Contingent Assets are neither recognized nor disclosed in the financial statements.

o) 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.

p) 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.

q) 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. Other Borrowing costs are charged to statement of profit and loss as incurred.

r) Leases

Lease rentals in respect of assets acquired under operating lease are charged to Statement of Profit and Loss.

s) Financial Derivative & Hedging transactions

In respect of Financial Derivative & Hedging Contracts, gain/loss on settlement are recognized and charged to Profit and Loss Accounts along with underlying transactions.

3 SHARE CAPITAL

| | 2014 | | 2013 | |
|---|----------------------|-----------------------|----------------------|-----------------------|
| | No. of Shares | (₹ in Million) | No. of Shares | (₹ in Million) |
| a) Authorized | | | | |
| Equity shares of ₹ 1 each | 230,000,000 | 230.00 | 250,000,000 | 250.00 |
| Preference shares of ₹ 1 each | 20,000,000 | 20.00 | - | - |
| b) Issued, subscribed and fully paid up | | | | |
| Equity shares of ₹ 1 each | 76,244,325 | 76.24 | 69,827,151 | 69.83 |
| Optionally Convertible Preference shares of ₹ 1 each (refer Note # 36) | 561,957 | 0.57 | - | - |
| | 76,806,282 | 76.81 | 69,827,151 | 69.83 |
| c) i) Reconciliation of Equity Shares outstanding at the beginning and at end of the year | No. of Shares | (₹ in Million) | No. of Shares | (₹ in Million) |
| Outstanding at the beginning of the year | 69,827,151 | 69.83 | 69,827,151 | 69.83 |
| Add :- Issued during the year | 6,417,174 | 6.41 | - | - |
| Outstanding at the end of the year | 76,244,325 | 76.24 | 69,827,151 | 69.83 |
| ii) Reconciliation of Optionally Convertible Preference Shares outstanding at the beginning and at end of the year | No. of Shares | (₹ in Million) | No. of Shares | (₹ in Million) |
| Outstanding at the beginning of the year | - | - | - | - |
| Add :- Issued during the year | 6,979,131 | 6.98 | - | - |
| Less:- Converted during the year | 6,417,174 | 6.41 | - | - |
| Outstanding at the end of the year | 561,957 | 0.57 | - | - |
| 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 | 7.93 | 6,045,000 | 8.66 |
| ii) Praham India LLP | 16,744,424 | 21.96 | 14,037,000 | 20.10 |
| iii) Patel Corporation LLP | 18,103,300 | 23.74 | 14,303,300 | 20.48 |

4. RESERVES & SURPLUS

(₹ in Million)

| | 2014 | 2013 |
|---|-----------|-----------|
| Reserves | | |
| Capital Reserve | | |
| As per the last Balancesheet | 278.98 | 320.55 |
| Less: Adjustment on Consolidation | (12.47) | (15.07) |
| Add/Less : Share in valuation of Partnership firm (55%) | - | (26.50) |
| Closing Balance | 266.51 | 278.98 |
| Foreign Currency Translation Reserve | 650.69 | 460.54 |
| General Reserve | | |
| As per the last Balancesheet | 2,634.59 | 2534.09 |
| Add: Transfer from Profit and Loss Account during the period | 25.50 | 100.50 |
| Closing Balance | 2,660.09 | 2,634.59 |
| Securities Premium Reserve | | |
| As per the last Balancesheet | 7,511.07 | 7,511.07 |
| Add: Premium on conversion of OCPs to Equity Shares (Refer Note # 36) | 362.56 | - |
| Closing Balance | 7,873.63 | 7,511.07 |
| Debenture Redemption Reserve | | |
| As per the last Balancesheet | 626.25 | 630.00 |
| Add:- Transfer from Profit and Loss Account during the period | 108.75 | (3.75) |
| Closing Balance | 735.00 | 626.25 |
| Foreign Currency Monetary Item Translation Difference | (104.73) | (65.27) |
| Surplus in the statement of profit and loss | | |
| As per the last Balancesheet | 4,759.61 | 4,206.33 |
| Add: Reversal of Prudent Provision for Tax (Refer Note -24 (ii)) | 981.31 | |
| Add: Net Profit for the year | 163.69 | 650.03 |
| | 5,904.61 | 4,856.36 |
| b) Appropriations for : | | |
| i) Transfer to Debenture Redemption Reserve | 108.75 | (3.75) |
| ii) Transfer to General Reserve | 25.50 | 100.50 |
| Closing Balance | 5,770.36 | 4,759.61 |
| Total Reserve & Surplus | 17,851.55 | 16,205.76 |

5. LONG TERM BORROWINGS

(₹ in Million)

| | Non-Current Portion | | Current Maturities | |
|--|---------------------|-----------|--------------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| I Secured Loans | | | | |
| a) Debentures ¹ | 5,200.00 | 6,150.00 | 950.00 | 450.00 |
| b) Term Loans | | | | |
| - From Bank ² | 13,062.71 | 6,143.85 | 1,186.77 | 821.73 |
| - From Others ³ | 544.95 | 989.32 | 787.94 | 872.92 |
| c) Working capital loan ⁵ | - | 693.81 | - | - |
| II Unsecured Loans | | | | |
| a) From Banks ⁴ | - | - | - | 1,000.00 |
| b) - From Others | - | 0.44 | - | - |
| Amount disclosed under "Other Current Liabilities" in Note No. 9 | - | - | (2,924.72) | (3,144.65) |
| | 18,807.66 | 13,977.42 | - | - |

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. ₹ 900 Million) and are to be redeemed on July 20, 2016 in a single instalment, 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 ₹ 700.00 Million (P.Y. ₹ 1,000 Million). These Debentures will be redeemed as follows - 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) 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 ₹ 350.00 Million (P.Y. ₹ 500 Million). These Debentures will be redeemed as follows- 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. Interest rate has been revised to 13% (P.Y. 12%) w.e.f. October 18, 2013.
- d) 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 against immovable property of the Company and its subsidiaries. Interest rates revised to 13% w.e.f. October 2013.
- e) 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.
- f) 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 Ltd.

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. Further, in terms of clarification vide circular no. 04/2013 dated 11.2.2013 issued by the Ministry of Corporate Affairs, Government of India, the Company had not made the required deposit/ investment to secure the repayment of debentures maturing during 2013-14. However, the Company has redeemed/paid all its debentures maturing in 2013-14 in time.

2 Term Loan Banks

- a) The Term loans are secured by first charge on the specific assets acquired out of the term loan alongwith unencumbered assets & guarantees. The rate of Interest for these loans vary between 10%- 14% on an average, with a repayment period of 3-5 years respectively. Term Loan include Working Capital Term Loan secured by a First Pari-passu charge on the receivables and WIP, mortgage over certain Lands owned by Subsidiary companies and pledge of 30% & 99.998% shareholding of

subsidiaries owning real estate Lands. The Promoters Mr. Pravin Patel and Mr. Rupen Patel has provided personal guarantees for the above loan. Subsequently, the Company has counter indemnified the guarantees provided by the Promoters.

- b) Includes term loans of ₹ 107.61 Million (P.Y. ₹ 85.32 Million) are secured by Hypothecation of machinery & vehicles. Interest rate ranging between 8.5% to 15%, and repayable in 2014 & 2015.
- c) Includes term loans of ₹ 0.30 Million (P.Y. ₹ 0.72 Million) which carries interest at 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 guarantee of Directors of Capacit'e Infra Project Private Limited.
- d) Includes ₹ 17.87 Million (P.Y. ₹ 21.59 Million) 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 ₹ 998.76 Million (USD 16,713,010) (P.Y. ₹ 693.81 Million (USD 12,723,376)) which carries interest which ranging between LIBOR rate plus 3% to Libor rate plus 4.75%.It is secured against hypothecation of equipment & Receivables.
- f) Loan From Development Bank of Singapore ₹ 597.58 Million (USD 10,000,000) (P.Y. ₹ 545.30 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%) per annum.

3 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%- 13% on an average, with a repayment period of 3-5 years respectively.
- b) Includes ₹ 563.73 Million (P.Y. ₹ 359.72 Million) secured by hypothecation of vehicles & equipment acquired from these loans. Interest rate ranging between 8.5% to 13.5% (P.Y. 11% to 15%) and repayable between 2014 and 2015.
- c) Includes ₹ 4.36 Million (USD 73,054) (P.Y. ₹ Nil (USD Nil)) which carries interest which ranging between LIBOR rate plus 3% to Libor rate plus 4.75%. It is secured against hypothecation of equipment.

4 Unsecured Loans - From Bank

Includes ₹ Nil (P.Y. 1,000 Million) Loans repayable within a period of 2 years carrying an average Interest rate of 11-13% p.a.

5 Working Capital Loan

- a) Includes loans of ₹ Nil (P.Y. ₹ 693.81 Million), the Loan of USD Nil (P.Y. - USD 9,731,628) i.e. ₹ Nil (P.Y. 530.63 Million), secured by a Account Receivable and equipment, Interest is charged at LIBOR plus 3% due July 2014 and the Loan of USD Nil (P.Y. USD 2,991,748) i.e. ₹ Nil (P.Y. ₹ 163.18 Million), secured by a Account Receivable and equipment, Interest is charged at LIBOR plus 4.75%.

6 (a) OTHER LONG TERM LIABILITY

(₹ in Million)

| | 2014 | 2013 |
|--|-----------------|-----------------|
| Trade Payables (refer Other Current Liabilities Note# 9-a) | 1,742.08 | 378.24 |
| Capital Creditors | 15.88 | 1.25 |
| Other | | |
| Contractee Advances | 3,280.42 | 1,581.64 |
| Deposits ¹ | 130.57 | 81.07 |
| Other Liability | 265.13 | 543.75 |
| | 5,434.08 | 2,585.95 |

¹ includes balance in current account with Associates**7 PROVISIONS**

(₹ in Million)

| | Long term | | Short term | |
|---------------------------------|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| Provision for Employee Benefits | | | | |
| Provision for Gratuity | 16.40 | 19.95 | 10.15 | 4.65 |
| Provision for Leave Salaries | 30.61 | 16.74 | 9.58 | 10.63 |
| | 47.01 | 36.69 | 19.73 | 15.28 |

8 SHORT TERM BORROWINGS

(₹ in Million)

| | 2014 | 2013 |
|-----------------------------------|------------------|------------------|
| I Secured Loans | | |
| Short Term Loans | | |
| - From Bank ¹ | 4,961.98 | 2,924.13 |
| - From Others | 134.89 | 264.00 |
| Working Capital loan ¹ | 13,781.89 | 1,491.51 |
| Loans Repayable on Demand | | |
| - From Bank ² | 350.78 | 11,100.51 |
| II Unsecured Loans | | |
| - From Bank ³ | 3,786.71 | 1,450.00 |
| - From Others ³ | 31.75 | 402.00 |
| | 23,048.00 | 17,632.15 |

Short Term Loan**1 From Bank**

- Includes Loans against Equipments Financed and by earmarking from bank Guarantee limits, at Interest rate of 12.25% -12.75% (P.Y. 12.25%) payable within a year.
- Includes ₹ Nil (P.Y. ₹ 50 Million) secured by UDC/PDC from the company for repayment of the facility amount. Interest Rate 14.5% p.a.
- Includes ₹ Nil (P.Y. 25.04) Loan from Indusind Banks which carries interest rates BPLR+3.25% p.a.. It is secured by value of stock after excluding advance payment guarantees, sundry creditors & stock acquired under usance LC, Buyer's Credit and procured on Credit under Stand by LC's.
- Loan against term Deposits from Corporation bank secured by term Deposits amounting to ₹ Nil (P.Y. 53.71 Million) which carries interest ranging between 8% to 13.25% (P.Y. 8% to 10%).
- Company has availed short term loan facility from Axis bank which carries interest at Base rate +3 p.a. (presently 13.25%). The Loan has been secured by hypothecation charge of all the current assets and exclusive charge on certain parcel of land & flats of the Company.
- Company has availed cash credit facility from Bank of Maharashtra which carries interest at Base rate +3.5 p.a. (presently 13.75%). The Loan has been secured by hypothecation charge of all the present & future current assets of the company and mortgage of certain parcel of land situated at electronic city, south Bangalore.
- Working Capital Demand loan Includes ₹ 260 Million (P.Y. ₹ 210 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% to 16% p.a.
- Includes cash credit ₹ 350.78 Million (P.Y. ₹ 561.52 Million) secured by first pari passu charge on the movable & immovable assets of the company except the assets specifically charged for project/lease based finance and relevant term loan. Interest rate 14% to 16% p.a.

2 Loans Repayable on Demand

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

Terms of Repayment :

Cash Credit- Yearly Renewal , except for a 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%).

Includes Overdraft from Bank of Baroda ₹ 93.78 Million (P.Y. ₹ 49.46 Million) is secured by Fixed deposit pledged with the bank.

3 Unsecured Loan - From Bank

- From Bank

- a) Includes loans from Banks which are payable at yearly rests with an average Interest cost ranging between 12.60% to 13.75% (P.Y. 11% - 12%).
- From Others

Includes loans from related parties carrying nil Interest rates, which are payable on demand. Such loan amount to be appropriated upon exercise of the option of conversion of Optional Convertible Preference Shares into Equity Shares (refer note # 36).

9 OTHER CURRENT LIABILITIES

(₹ in Million)

| | 2014 | 2013 |
|--|------------------|------------------|
| (a) Trade Payable¹ | 8,684.18 | 9,989.87 |
| (b) Other Liabilities | | |
| Current maturities of long-term debt | 2,924.72 | 3,144.65 |
| Interest accrued but not due on borrowings | 332.04 | 170.64 |
| Contractee Advances | 2,162.24 | 1,611.19 |
| Unpaid Dividend | 2.96 | 3.36 |
| Other Payables | | |
| Deposits | 425.78 | 189.88 |
| Payable to Employees | 195.94 | 136.34 |
| Other Liabilities ¹ | 1,308.82 | 1,857.85 |
| (c) Balance in Current Account | | |
| (i) With Subsidiaries | - | 353.44 |
| (ii) With Joint Ventures | 550.06 | 1,151.68 |
| | 7,902.56 | 8,619.03 |
| | 16,586.74 | 18,608.90 |

- 1 a) The Company has no amounts due to suppliers under the Micro Small and Medium Enterprise Development Act, 2006, as at March 31, 2014.
Note: The above information has been determined to the extent such parties had been identified on the basis of information available with the Company.
- b) Includes ₹ Nil (P.Y. ₹ 87.13 Million) against lease of office premises.
- c) Other Liabilities includes statutory dues and advances received against sale of assets.

10 NON CURRENT INVESTMENT

(₹ in Million)

| | 2014 | 2013 |
|--|--------|--------|
| Investment in Equity Instruments | | |
| Trade Investments - Quoted | | |
| 17,77,116 shares (19,42,574) of KNR Construction Ltd., Face Value ₹ 10/- per share | 310.31 | 330.24 |
| Other Investments - Quoted | | |
| 66,640 shares (66,640) of Kingfisher Airlines Ltd., Face Value ₹10/- per share * | - | - |
| * written off in FY 2012-13 | | |
| Other Investments - Unquoted | | |
| In Subsidiaries | - | 0.60 |
| In Joint Ventures | - | 13.88 |
| In Others | 120.08 | 70.72 |

(₹ in Million)

| | 2014 | 2013 |
|---|-----------------|-----------------|
| In Associates | | |
| Other Investments (Accounted Under Equity method) | | |
| 2,40,04,798 shares (1,60,03,200) of Raichur Sholapur Transmission Company Ltd., Face Value ₹ 10/- per share | 238.87 | 157.72 |
| 24,665 Shares (24,665) of Terra Land Developers Ltd., Face Value ₹ 10/- per share | 0.25 | 0.25 |
| 10,006,000 shares (10,006,000) of Patel KNR Heavy Infrastructures Ltd., Face Value ₹ 10/- per share | 119.88 | 166.62 |
| 1,55,40,000 shares (1,55,40,000) of Patel KNR Infrastructures Ltd., Face Value ₹ 10/- per share | 146.11 | 154.11 |
| | 505.11 | 478.70 |
| - In Other | | |
| 40,31,820 Shares (23,66,820) of ACP Tollways Pvt. Ltd., Face Value ₹ 100/- per share | 403.18 | 236.68 |
| Investment in Government Securities ^{III} | 0.12 | 0.12 |
| Investment in Partnership Firms ^{IV} | 0.13 | 0.13 |
| | 1,338.93 | 1,131.07 |
| Current Investments | | |
| Other Investments - Unquoted | | |
| 4,900 shares (4,900) of Shreeanant Construction Pvt. Ltd., Face Value ₹ 10/- per share | 0.05 | 0.05 |
| | 0.05 | 0.05 |

I. Aggregated amount of Unquoted Investments as at 31st March 2014 ₹ 1,028.62 Million (P.Y. ₹ 786.75 Million).

II. Aggregated amount of Quoted Investments as at 31st March 2014 ₹ 310.31 Million, Market value ₹ 151.20 Million (P.Y. ₹ 330.24 Million, Market Value - 176.77 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. ₹ 75,000), profit sharing is as follows :- the company 5% (P.Y. 5%), Ace Housing & Const. Ltd. 45% (P.Y. 45%) & P.Patel 50% (P.Y. 50%).

A firm Patel Advance JV having nil fixed capital, profit sharing is as follows : the Company 27% (P.Y.27%), Advance Const. Co. Pvt. Ltd. 26% (P.Y. 26%) Patel Realty (I) Ltd. 26% (P.Y. 26%) & Apollo Buildwell Pvt. Ltd. 21% (P.Y. 21%).

11 LOANS & ADVANCES

(₹ in Million)

| | Non-Current | | Current | |
|--|-----------------|-----------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Capital Advance | | | | |
| Unsecured, Considered Good | 638.66 | 17.72 | - | - |
| Security Deposit | | | | |
| Unsecured, Considered Good | 1,355.53 | 819.85 | 1,620.65 | 785.37 |
| Balance in Current Account with Subsidiaries/Associates/Joint Ventures/ Partnership | | | | |
| Unsecured, Considered Good | 44.76 | 164.02 | 3,108.14 | 2,140.33 |
| Advance Recoverable in cash or in Kind | | | | |
| Unsecured, Considered Good ¹ | 3,252.79 | 3,112.20 | 5,906.55 | 7,850.07 |
| Other Loans & Advances | | | | |
| Prepaid Expenses | 29.03 | 64.28 | 201.22 | 163.73 |
| VAT Input Credit | - | 94.58 | 169.99 | 56.43 |
| Service Tax and Cenvat Credit | - | 2.68 | 348.63 | 400.30 |
| Advance Tax (Net) | 1,561.79 | 14.89 | 60.37 | 13.57 |
| Accrued Interest | 1,843.13 | 1,042.91 | 172.31 | 242.75 |
| Advances to Employees | 44.97 | 2.49 | 32.31 | 28.40 |
| | 3,478.92 | 1,221.83 | 984.83 | 905.18 |
| | 8,770.66 | 5,335.62 | 11,620.17 | 11,680.95 |

¹ a) Advances Recoverable in Cash or in kind or for value to be received includes ₹ 13.88 Million (P.Y. ₹ 7.73 Million) due from officers of the Company and ₹ 0.13 Million (P.Y. ₹ 164.52 Million) due from company in which Directors are Directors.

- b) Includes secured advance to piece workers ₹ 91.39 Million (P.Y. ₹ 18.43 Million).
 c) includes share application Money in Raichur Sholapur Transmission Company Ltd. ₹ 26.67 Million - Pending allotment.

12 INVENTORIES *

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

(₹ in Million)

| | Non-Current | | Current | |
|--|-------------|------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Stores, Embedded Goods and Spare Parts etc. (Includes Stores in Transit ₹ 40.47 Million (P.Y. ₹ 61.07 Million)) | - | - | 1,758.75 | 2,035.96 |
| Work in Progress | - | - | 31,385.09 | 26,056.29 |
| Less : Advance against Material & Works | - | - | 2,744.44 | 3,265.76 |
| | - | - | 28,640.65 | 22,790.53 |
| Others | - | - | - | - |
| | - | - | 30,399.40 | 24,826.49 |

*(As technically valued & certified by the Management)

13 TRADE RECEIVABLES

(₹ in Million)

| | Non-Current | | Current | |
|---|-----------------------|---------------|-----------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Unsecured, Considered Good unless otherwise stated | | | | |
| Receivables outstanding for a period exceeding six months | | | | |
| Considered good | 8,879.22 | 499.67 | 256.87 | 4,602.16 |
| | (A) 8,879.22 | 499.67 | 256.87 | 4,602.16 |
| Other Receivables | | | | |
| Considered good | (B) 121.55 | 187.31 | 5,137.70 | 5,824.51 |
| | (A+B) 9,000.77 | 686.98 | 5,394.57 | 10,426.67 |

(Refer Note No. 40(g))

14 OTHER CURRENT ASSETS

(₹ in Million)

| | Non-Current | | Current | |
|-------------------------------------|---------------|---------------|--------------|-------------|
| | 2014 | 2013 | 2014 | 2013 |
| Preoperative & Preliminary Expenses | 288.71 | 204.68 | 15.84 | 0.03 |
| Other Current Assets * | - | - | 2.66 | - |
| | 288.71 | 204.68 | 18.50 | 0.03 |

* Includes amounts towards refundable income tax.

15 CASH AND BANK BALANCES

(₹ in Million)

| | Non-Current | | Current | |
|--|--------------|--------------|-----------------|-----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Cash & Cash Equivalents | | | | |
| Balance with Banks | | | | |
| - On current accounts with Scheduled Banks* | - | - | 1,131.44 | 1,994.45 |
| - On Fixed Deposits accounts with Scheduled Banks ¹ | 18.45 | 27.29 | 101.93 | 696.75 |
| - Balances with Non Scheduled Banks | - | - | 612.59 | 690.35 |
| - Cheques in hand | - | - | 17.62 | 3.16 |
| Cash on Hand | - | - | 15.92 | 20.15 |
| | 18.45 | 27.29 | 1,879.50 | 3,404.86 |

* Includes amount earmarked for Unclaimed dividend ₹ 2.94 Million (P.Y. ₹ 3.51 Million).

¹ Includes fixed deposit given towards margin money and Earnest money deposit.

16 FIXED ASSETS SCHEDULE FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

(₹ in Million)

| Particulars | Gross Block | | | | DEPRECIATION | | | Net Book Value | | | |
|---------------------------------|---------------------|-----------------|----------------------|------------------------------|----------------------|---------------------|---------------|----------------------|------------------------------|----------------------|----------------------|
| | As at April 1, 2013 | Addition | Deduction/Adjustment | Foreign Currency Fluctuation | As at March 31, 2014 | As at April 1, 2013 | For the year | Deduction/Adjustment | Foreign Currency Fluctuation | As at March 31, 2014 | As at March 31, 2013 |
| TANGIBLE ASSETS | | | | | | | | | | | |
| Land 1 | 2,085.67 | 239.62 | - | 5.59 | 2,330.88 | - | - | - | - | 2,330.88 | 2,085.67 |
| Building 2 | 626.56 | 38.30 | 102.81 | 11.50 | 573.55 | 110.82 | 14.55 | 9.67 | 3.40 | 119.10 | 515.74 |
| Plant & Equipment | 6,663.10 | 601.46 | 778.18 | (56.13) | 6,430.25 | 3,285.91 | 635.82 | 407.15 | (18.13) | 3,496.45 | 3,377.19 |
| Furniture & Fixtures | 113.04 | 2.61 | 7.95 | 0.42 | 108.12 | 58.50 | 13.83 | 1.65 | 0.24 | 70.92 | 54.54 |
| Vehicles 3 | 1,221.56 | 93.63 | 27.83 | 1.30 | 1,288.66 | 589.39 | 127.09 | 16.91 | 0.95 | 700.52 | 632.17 |
| Office Equipments | 59.36 | 2.30 | 1.48 | 0.17 | 60.35 | 40.24 | 5.65 | 0.45 | 0.15 | 45.59 | 19.12 |
| Others 4 | 28.76 | - | - | - | 28.76 | 20.59 | 3.69 | - | - | 24.28 | 8.16 |
| Electric equipment | 51.87 | 1.38 | - | - | 53.25 | 33.04 | 5.96 | 0.04 | - | 38.96 | 18.83 |
| Computer Equipments | 87.39 | 4.99 | 4.91 | 0.97 | 88.44 | 66.01 | 11.89 | 1.67 | 0.78 | 77.01 | 21.38 |
| Container | 10.66 | - | - | - | 10.66 | 5.69 | 0.82 | - | - | 6.51 | 4.97 |
| Establishment Cost | - | - | - | - | - | - | - | - | - | - | - |
| Total | 10,947.97 | 984.29 | 923.16 | (36.18) | 10,972.91 | 4,210.19 | 819.30 | 437.54 | (12.61) | 4,579.34 | 6,393.57 |
| INTANGIBLE ASSETS | | | | | | | | | | | |
| Computer Software | 58.47 | 1.04 | 1.06 | - | 58.45 | 23.27 | 17.86 | 2.39 | - | 38.74 | 35.20 |
| Goodwill | 373.39 | 0.30 | 43.27 | 0.96 | 331.38 | - | - | - | - | 331.38 | 373.39 |
| Total | 431.86 | 1.34 | 44.33 | 0.96 | 389.83 | 23.27 | 17.86 | 2.39 | - | 38.74 | 408.59 |
| Less : Trfd to Capital WIP | - | - | - | - | - | - | 17.39 | - | - | - | - |
| GROSS TOTAL | 11,379.83 | 985.63 | 967.49 | (35.22) | 11,362.74 | 4,233.46 | 819.77 | 439.93 | (12.61) | 4,618.08 | 7,146.36 |
| Previous Year | 10,119.10 | 1,778.41 | 597.21 | 82.88 | 11,379.82 | 3,767.84 | 794.73 | 353.32 | 24.21 | 4,233.46 | 6,351.26 |
| Capital Work-In-Progress | 5,363.26 | 2,481.31 | - | 17.47 | 7,862.04 | - | - | - | - | - | 5,363.26 |
| Previous Year | 4,180.83 | 2,055.57 | 881.82 | 8.68 | 5,363.26 | - | - | - | - | - | 4,180.83 |

Notes

- Land includes ₹ 9.04 Million (P.Y. ₹ 9.04 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 - ₹ 411.54 Million (P.Y. ₹ 472.12 Million), Accumulated Depreciation ₹ 88.77 Million (P.Y. ₹ 86.20 Million)] and Factory Building [Gross Block - ₹ 162.01 Million (P.Y. ₹ 154.44 Million), Accumulated Depreciation ₹ 30.33 Million (P.Y. ₹ 24.62 Million)]
b) Includes ₹ 0.02 Million (P.Y. ₹ 0.02 Million) being the value of 30 shares and share deposits in Co - operative Societies

| 3 Vehicles includes | Gross Block 2013-14 | Gross Block 2012-13 | Acc Dep. 2013-14 | Acc Dep. 2012-13 |
|---------------------|---------------------|---------------------|------------------|------------------|
| Motor Car | 278.34 | 276.74 | 136.78 | 120.36 |
| Motor Truck | 1,008.03 | 943.04 | 562.64 | 468.13 |
| Motor Cycle | 2.29 | 1.78 | 1.10 | 0.90 |
| Others Include | | | | |
| Ship | 2.81 | 2.81 | 2.77 | 2.76 |
| Rails and Trolley | 25.95 | 25.95 | 21.51 | 17.83 |

- Includes Assets costing ₹ 30.21 Million (P.Y. ₹ 398.76 Million) yet to commissioned/erected/put to use, ₹ 22.38 Million (P.Y. ₹ 1.69 Million) towards exchange rate difference and ₹ 31.98 Million (P.Y. ₹ Nil) reversal of excise duty claimed in earlier year as CENVAT credit.
- Deductions to Land and Building includes ₹ 84.14 Million (P.Y. ₹ 35.86 Million) transferred to Project Development Expenses.

| 17 REVENUE FROM OPERATIONS | | (₹ in Million) | |
|--|------------------|------------------|--|
| | 2014 | 2013 | |
| (a) Revenue/Turnover (refer note 35 b) | 31,548.26 | 36,802.71 | |
| Add: Increase/(Decrease) in Work in Progress | 5,322.88 | 3,879.55 | |
| Total Turnover | 36,871.14 | 40,682.26 | |
| (b) Other operating Income | | | |
| Lease and Service Charges | 1.63 | 2.89 | |
| Share of profit from JV /Partnership | 18.85 | 7.83 | |
| Other Income | 119.69 | 455.76 | |
| | 37,011.31 | 41,148.74 | |

| 18 OTHER INCOME | | (₹ in Million) | |
|--------------------------------------|-----------------|----------------|--|
| | 2014 | 2013 | |
| Dividend Income | 1.93 | 1.94 | |
| Net Gain on Sale of Assets | 206.38 | 55.29 | |
| Net Gain on Sale of Investments | 8.84 | - | |
| Interest Income (Gross) | 563.96 | 586.62 | |
| Miscellaneous Income | 143.90 | 115.24 | |
| Gain on foreign currency translation | 70.35 | - | |
| Excess Credit written back | 158.43 | 58.38 | |
| | 1,153.79 | 817.47 | |

| 19 COST OF CONSTRUCTION | | (₹ in Million) | |
|---|------------------|------------------|--|
| | 2014 | 2013 | |
| Stores, Embedded goods and Spare Parts* | | | |
| Inventories at the Beginning of the year [#] | 2,035.96 | 1,887.38 | |
| Add: Purchase (Net) | 6,350.68 | 5,027.06 | |
| | 8,386.64 | 6,914.44 | |
| Inventories at the end of the year | 1,758.75 | 2,035.96 | |
| Consumption of Stores and Spares | 6,627.89 | 4,878.48 | |
| Piece Rate Expenses (Net) | 17,144.51 | 21,244.22 | |
| Repairs to Machinery | 20.41 | 14.64 | |
| Transportation, Hire etc. | 1,891.65 | 1,300.23 | |
| Power, Electricity & Water Charges | 640.73 | 339.65 | |
| Project Development Cost | 2,703.03 | 3,290.31 | |
| Technical Consultancy Fees | 79.11 | 123.73 | |
| Other Construction Costs | 76.67 | 1,530.33 | |
| | 29,184.00 | 32,721.59 | |

* Stores, embedded goods and Spares etc., consumed include materials issued to Sub Contractors. It also includes materials of ₹ 40.47 Million (P.Y. ₹ 61.07 Million) in transit.

[#] Opening Balance of stores for 2012-13 has been restated excluding of Shreeanant construction pvt. Ltd. and Patel KNR JV.

| 20 EMPLOYEE BENEFITS EXPENSE | | (₹ in Million) | |
|---|-----------------|-----------------|--|
| | 2014 | 2013 | |
| Salaries, Wages, and Bonus | 1,286.60 | 1,062.63 | |
| Contribution to Provident and Other Funds | 54.27 | 53.02 | |
| Staff Welfare Expenses | 74.78 | 48.02 | |
| | 1,415.65 | 1,163.67 | |

21 FINANCE COSTS

(₹ in Million)

| | 2014 | 2013 |
|---|-----------------|-----------------|
| Interest Expense | 4,357.53 | 4,364.82 |
| Other Borrowing Costs | 4.42 | 4.46 |
| Net Loss on Foreign Currency Translations | 16.60 | - |
| | 4,378.55 | 4,369.28 |

22 OTHER EXPENSES

(₹ in Million)

| | 2014 | 2013 |
|--|-----------------|-----------------|
| Other Administrative Costs | | |
| Rent | 45.60 | 43.76 |
| Repairs and Maintenance - Building | 4.37 | 1.41 |
| Insurance | 143.23 | 134.79 |
| Rates and taxes | 247.46 | 212.19 |
| Advertisement and Selling Expenses | 23.74 | 20.91 |
| Travelling and Conveyance | 75.56 | 81.70 |
| Directors Fees | 2.28 | 2.04 |
| Auditor's remuneration | | |
| Audit fees | 6.45 | 7.31 |
| Tax Audit fees | 2.26 | 1.25 |
| Taxation Matters | 1.20 | 2.10 |
| Other Capacity | 1.54 | 1.42 |
| Certification | 2.38 | 1.70 |
| Reimbursement of Expenses | 0.23 | 0.39 |
| | 14.06 | 14.17 |
| Communication expenses | 34.80 | 32.51 |
| Printing and Stationery | 29.46 | 31.97 |
| Legal and consultancy charges | 187.37 | 243.24 |
| Loss on Sale/ Discard of fixed assets (net) | 16.07 | 16.69 |
| Loss on Sale of Investments (net) | - | 9.86 |
| Irrecoverable Debts written off | 133.08 | 294.02 |
| Loss on foreign currency translation | 416.45 | 163.08 |
| Preliminary Expenses W/off | - | 2.32 |
| Preparatory Works Expenses | - | 2.00 |
| Share of loss from Associates / Joint Ventures | 53.55 | 24.27 |
| Other Expenses ¹ | 402.41 | 347.29 |
| | 1,829.49 | 1,678.22 |

1 Includes Donation of ₹ Nil (P.Y. ₹ 0.30 Million) to trust in which the Director is trustee.

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

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

B) Other Subsidiaries:

| Name of Subsidiaries | % holding |
|------------------------------------|-----------|
| 1. Michigan Engineers Private Ltd. | 51.00% |
| 2. ASI Constructors Inc. | 65.20% |
| 3. Pan Realtors Private Ltd. | 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 Co. 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 with effect from April 1, 2012 as investments are held as temporary in nature and hence not been considered for consolidation in the current year.

- 24 (i) Income-tax assessments are completed up to A.Y. 2011-2012. Several appeals for the earlier assessment years are pending before the Appellate Authorities and the aggregate demand for the same amounting to ₹ 1,584.95 Million (P.Y. ₹ 692.49 Million) has been already adjusted / paid. The Company has made a provision for tax of ₹ 149.63 Million net of ₹ 7.07 Million reversal of excess liability of earlier years (P.Y. ₹ 330.50 Million including liability for earlier years of ₹ 100.50 Million) under all proceeding under the Income Tax Act, 1961, and Deferred Tax Liability (Assets) of ₹ (40.64) Million (P.Y. ₹ 56.28 Million). The Company has been advised that it is not liable to Wealth-Tax except on Motor Cars. Accordingly, Wealth Tax of ₹ 3.37 Million (P.Y. ₹ 1.15 Million) has been provided including liability of ₹ 2.27 Million (P.Y. ₹ Nil) of pervious years under all proceeding under the act.
- (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 in earlier years. Interest liability of ₹ 935.06 Million has not been provided considering the Company has legally contested the validity of the above amendment and intention of the said section. Recently the appellate authority held that company is eligible for the said deduction on certain projects. Accordingly, the corresponding excess provision for the tax of ₹ 981.31 Million has been adjusted and credited to Reserves. Further, the company has filed a writ petition with High Court of Mumbai for challenging constitutional validity for insertion of explanation with retrospective effect and writ has been admitted.
- 25 In view of the amendment in the Service Tax Act, certain projects which were hitherto not liable for service tax became liable to tax by virtue of the said amendment effective July 1, 2012. The amount of service tax on such projects is reimbursable by the client as per the contract conditions and the same has been reflected as Trade Receivables. However in few cases where the client has not accepted this liability, the same has been debited to the Profit & Loss Account.

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:

(₹ in Million)

| | 2014 | 2013 |
|---|-----------------------|---------------|
| Deferred Tax Liability (DTL) | | |
| Related to depreciation on fixed assets and other timing difference | 366.25 | 237.36 |
| | (A) 366.25 | 237.36 |
| Deferred Tax Assets (DTA) | | |
| i. Relating to depreciation on fixed assets | 166.58 | 118.79 |
| ii. Disallowances under the Income Tax Act | 28.13 | 5.24 |
| | (B) 194.71 | 124.03 |
| Liability for Deferred Tax (net) | (A – B) 171.54 | 113.33 |

27 LEASE

The Company and its subsidiary companies has taken various construction equipments and vehicles under non cancellable operating leases. The future minimum lease payment in respect of these as at March 31, 2014 are as follows:

| | (₹ in Million) | |
|--|----------------|-------|
| | 2014 | 2013 |
| Minimum lease obligation payable as at March 31, | | |
| a) within one year of the Balance Sheet date | 297.94 | 70.63 |
| b) due in a period between one year and five years | 381.39 | 72.03 |
| 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

| | 2014 | 2013 |
|---|------------|------------|
| Net profit as per Profit and Loss Account available for shareholders for both Basic and diluted Earnings Per Shares of ₹ 1 each | 163.69 | 650.03 |
| Weighted Average Number of Equity shares for earning per share | 76,244,325 | 69,827,151 |
| Earning Per Share (Basic) ₹ | 2.15 | 9.31 |
| Earning Per Share (Diluted) ₹ | 2.13 | 9.31 |

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. ¹ | 6 TERRA Land Developers Pvt. Ltd. |

¹ ceases to be associates w.e.f. July 8, 2013

Joint Ventures & Consortium:

| | |
|-------------------------------|--------------------------------------|
| 1 LGE&C – PATEL J.V. | 12 Patel ARSS JV |
| 2 PATEL – KNR J.V. | 13 Patel – Siddhivinayak JV |
| 3 KNR – PATEL J.V. | 14 Patel – V Arks JV |
| 4 PATEL – SOMA J.V. | 15 Navyuga – Patel – BHEL |
| 5 PATEL – MICHIGAN JV | 16 Patel – Avantika – Deepika – BHEL |
| 6 PATEL – SA JV | 17 Patel – V Arks – Precision |
| 7 PATEL L & T JV | 18 Patel Leena JV |
| 8 Patel Sew JV | 19 CICO – Patel JV |
| 9 Era Patel Advance JV | 20 Patel APCO JV |
| 10 Era Patel Advance Kiran JV | 21 Patel Lanka – NKS JV |
| 11 Patel Sotravic JV | |

Partnership

| |
|--------------------|
| 1 AHCL PEL |
| 2 Patel Advance JV |

Others

| |
|--------------------------------------|
| 1 Patel Corporation LLP |
| 2 Praham India LLP |
| 3 Patel Realty Ashoka Developers LLP |

B. (a) 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 | |
| Mr. 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. |
| Mrs. M .J.Patel | Relative of KMP of Michigan Engineers Pvt. Ltd. |
| Mr. M. L. Gupta | Director of Patel Energy Resources Ltd. |

(b) Entities Controlled by KMP

1. DSQ Architects Pvt. Ltd.
2. MAX Arospace & Aviation Ltd.
3. Hotal Transit Pvt. Ltd.

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

(₹ in Million)

| Particular | Associates/ Joint Ventures / Partnership/Others | |
|---|---|---------|
| | 2013-14 | 2012-13 |
| - Revenue/Turnover | 3,228.01 | 1299.73 |
| - Investment in Equity/Purchase of Shares | 80.02 | 355.63 |
| - Share Application Money | 26.67 | 0.00 |
| - Advances received | 1,698.53 | 200.16 |
| - Advances recovered/repaid | 330.70 | 96.85 |
| - Inter company deposit received | 435.85 | 459.09 |
| - Inter company deposit repaid | 68.51* | 420.07 |
| - Share of Profit | 42.58 | 23.54 |
| - Share of loss | 23.76 | 18.21 |
| - Miscellaneous Receipts | 2.99 | 10.58 |
| - Loans/Advances given | 2,272.80 | 181.20 |
| - Loan/Advances returned | 477.37 | 1114.26 |
| - Purchase of Assets | - | 63.23 |
| - Sale of Assets | - | 0.00 |
| - Corporate Guarantee outstanding as at the end of the year | 4209.70 | 4209.70 |
| - Bank Guarantee outstanding as at the end of the year | 943.64 | 998.51 |
| - Outstanding Balance included in Current/Non Current Assets | 2,682.17 | 1139.66 |
| - Outstanding Balance included in Current/Non Current Liabilities | 2,302.56 | 2500.80 |
| - Purchase/Receipt of Stores | - | 0.75 |
| - Issue of Stores | - | 0.00 |
| - Reimbursement of Expenses to | - | 1.92 |
| - Reimbursement of Expenses from | 4.62 | - |
| - Consultancy Fees paid | - | 0.00 |
| - Rent Income | 0.05 | 0.06 |
| - Hire Charges received | - | 0.00 |
| - Interest Income | 11.08 | 54.67 |
| - Sundry Balances Written Off | 2.05 | - |
| - Issue of shares | 369.55 | - |

* includes loan converted into convertible preference shares.

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

| Particular | (₹ in Million) | |
|---|----------------|---------|
| | 2013-14 | 2012-13 |
| Managerial Remuneration | 67.65 | 58.59 |
| Salary and contribution to provident fund | 3.02 | 1.49 |
| Rent Income | 0.92 | 0.92 |
| Deposit outstanding | 0.40 | 0.40 |
| Share Capital | 300.00 | - |
| Loan Received | 90.00 | 92.00 |
| Loan Repaid | 90.00 | 92.00 |
| Rent Paid | 0.06 | 1.91 |
| Director's Seating fees | 0.10 | 0.30 |
| Interest Expenses | 1.12 | 3.69 |
| Other Expenses | 0.26 | 0.16 |
| Consultancy Exp. Paid | 11.77 | 10.15 |
| Purchase of Shares | - | 38.96 |
| Outstanding Balance | 22.91 | 16.33 |

30 Segment Reporting

Primary Segment

| Particulars | As at March 31, 2014 | | | |
|-----------------------------------|----------------------|-------------|----------|-----------|
| | Business Segments | | | |
| | Construction | Real Estate | Others | Total |
| Segment Revenue | 33,573.00 | 3,438.20 | 0.10 | 37,011.30 |
| Segment Results | 4,203.69 | 891.15 | (125.13) | 4,969.71 |
| Carrying Amount of Segment Assets | 63,288.21 | 12,524.41 | 8,651.32 | 84,463.94 |
| Segment Liabilities | 17,739.40 | 5,088.31 | 377.82 | 23,205.52 |
| Addition to Fixed Assets | 800.21 | 1,450.56 | 1,217.13 | 3,467.89 |
| Segment Depreciation | 795.73 | 18.70 | 5.34 | 819.77 |

Geographical Segment

| Particulars | As at March 31, 2014 | | |
|---------------------------------------|----------------------|-------------------------|-----------|
| | Domestic Operation | International Operation | Total |
| | Segment Revenue | 31,823.81 | 5,187.49 |
| Carrying Amount of Segment Assets | 78,857.70 | 5,606.24 | 84,463.94 |
| Addition to Fixed & Intangible Assets | 3,157.58 | 310.31 | 3,467.89 |

| Particulars | As at March 31, 2013 | | |
|---------------------------------------|----------------------|-------------------------|-----------|
| | Domestic Operation | International Operation | Total |
| | Segment Revenue | 35,185.99 | 5,962.75 |
| 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 |

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 | (₹ in Million) | |
|----------------------------------|----------------------|----------------------|
| | As at March 31, 2014 | As at March 31, 2013 |
| I. EQUITY AND LIABILITIES | | |
| Shareholder's Funds | | |
| Reserve and Surplus | 20.36 | 18.04 |
| Non-current liabilities | | |
| (a) Long-term borrowings | - | - |
| (b) Deferred Tax Liability (Net) | - | - |
| (c) Other Long term liabilities | 23.89 | 7.74 |
| (d) Long-term provisions | 7.05 | 7.56 |

| | | |
|-----------------------------------|--------------|---------------|
| Current liabilities | | |
| (a) Short-term borrowings | - | - |
| (b) Trade payables | 34.41 | 69.44 |
| (c) Other current liabilities | 13.60 | 16.53 |
| (d) Short-term provisions | - | - |
| TOTAL | 99.31 | 119.31 |
| II. ASSETS | | |
| Non-current assets | | |
| (a) Fixed assets | 1.92 | 2.84 |
| (b) Non-current investments | - | - |
| (c) Long-term loans and advances | 2.59 | 2.68 |
| (d) Deferred Tax Assets (Net) | - | - |
| (e) Other Non current assets | 53.58 | 21.08 |
| Current assets | | |
| (a) Inventories | 38.95 | 70.08 |
| (b) Trade receivables | - | 4.93 |
| (c) Cash and cash equivalents | 1.44 | 4.65 |
| (d) Short-term loans and advances | 0.83 | 13.05 |
| (e) Other current assets | - | - |
| | 99.31 | 119.31 |

(₹ in Million)

| STATEMENT OF PROFIT AND LOSS ACCOUNT | As at March 31,2014 | As at March 31,2013 |
|---|--------------------------------|--------------------------------|
| INCOME | | |
| Revenue from operation | 170.37 | 214.35 |
| Other Income | 1.70 | 0.14 |
| | 172.07 | 214.49 |
| EXPENSES | | |
| Cost of Construction | 153.41 | 193.41 |
| Employee benefits expense | 0.05 | 0.05 |
| Finance costs | 1.40 | - |
| Depreciation and Amortization expense | 0.99 | 1.07 |
| Other expenses | 0.06 | 0.06 |
| Total Expenses | 155.91 | 194.59 |
| Profit/ (Loss) before Tax | 16.16 | 19.90 |
| Tax expense | | |
| Provision for Current Tax | -6.12 | 6.60 |
| Provision for Deferred Tax | - | - |
| Profit/ (Loss) After Tax | 22.28 | 13.30 |

- 32** Income consisting of Construction income of ₹ 50.69 Million (P.Y. ₹ 3.43 Million) and Other Income of ₹ 13.35 Million (P.Y. ₹ 14.10 Million) and Expenses consisting of Piece Rate Expenses ₹ 10.37 (P.Y. ₹ Nil) and Other Expenses ₹ 213.83 Million (P.Y. ₹ 49.47 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 and further amended on December 29, 2011, the Company has carried over exchange (gain)/loss of ₹ 104.73 Million (P.Y. ₹ 65.27 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 ₹ 22.38 Million (P.Y. ₹ 1.69 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 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, 2014 ₹ 1865.38 Million (P.Y. ₹1,865.38 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 ₹ 61.71 Million (P.Y. ₹ 778.52 Million) is accounted for as construction Receipts.
- e) The company is executing contract for development of real-estate project for the Client viz Terra Land Developers Pvt. Ltd. The Client is in process of changing purpose of project from commercial to residential project, as a result of this cost incurred of ₹ 285.13 Million (P.Y. ₹ 231.32 Million), pending achievement of milestone as per the contract, is included in closing Work-in-Progress.
- 36** The Allotment Committee of Directors of the Company at their meeting held on March 21, 2014 has converted unsecured loan from the Promoters entities by allotment of 69,79,131 Zero Coupon Optional Convertible Preference shares (OCPs) of ₹ 1 each fully paid up aggregating to ₹ 69,79,131 to the Promoter entities of the Company on Preferential basis with an option to convert into Equity shares, partially or fully, in one or more tranches, in one or more financial year at price of ₹ 57.50 per share (including premium of ₹ 56.50 per share). The Promoter entities have exercised their option and the Committee on March 31, 2014 has allotted 64,17,174 shares and the balance 5,61,957 shares has been allotted on April 15, 2014.
- 37** The Consolidated Audited Accounts of the Company for the 2012-13 includes the unaudited Management Accounts of ASI Constructors, Inc., USA (ASI). This fact was also reported by the Statutory Auditor in their Report. Subsequently, based on the audited financials of ASI, the Company's share in loss is ₹ 20.90 Million as against the profit shown of ₹ 56.77 Million (exchange rate of ₹ 53.03). The net impact being a loss of ₹ 77.67 Million been reflected in the Audited Consolidated Financial statements for 2013-14 as "Prior Period Items".
- 38** There has been an audit adjustment recorded in the audited financial of Patel Engineering Singapore Pte Ltd., a wholly owned subsidiary, for the financial year ended March 31, 2013, thereby reducing the payables to related parties by USD 170,000 (₹ 9.30 Million) and increasing Foreign Currency Translation Reserves by said amount, having no impact on profit/loss. The same has not been included in the Consolidated Financial statement of the Company.
- 39** In respect of 54.12 acres of land acquired by PEL Power Limited in earlier years, the original owner of the land had filed a case against the vendor from whom PEL Power Limited had purchased these lands questioning his authority to transfer the property to PEL Power Limited. PEL Power Limited is legally advised that the title to PEL Power Limited valid and good and there can be no claim against PEL Power Limited. Notwithstanding the above PEL Power Limited has impleaded itself in the case in order to effectively defend its ownership in the said land.
- PEL Power Limited together with its fellow subsidiary companies has acquired Land admeasuring 1493 acres in totality for establishing a 1050 MW Merchant Power Plant at Nagapattinam District in Tamilnadu. The management is confident that the title to the above land in clear and the outcome of the proceedings would be in its favour.
- 40** Contingent Liabilities
- (a) Commitment for capital expenditure is ₹ 634.52 Million (P.Y. ₹ 1733.13 Million), advance paid ₹ 7.81 Million (P.Y. ₹ 17.59 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 ₹ 7752.61 Million (P.Y. ₹ 8,823.23 Million) (including Customs ₹ 282.81 Million (P.Y. ₹ 285.75 Million) for the current year includes guarantees given in US\$ 10 Million (P.Y. US\$ 10.00 Million). Corporate guarantees on behalf of subsidiaries and others is ₹ 15497.69 Million (P.Y. ₹ 10,497.29 Million) (against which the Company has obtained counter indemnities for ₹ 4802.69 Million (P.Y. ₹ 3,002.69 Million) 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 (₹ 213.32 Million) before the Hon'ble appeal court. However the management feels that the likelihood of outflow of resources is remote.
- (d) Service tax liability that may arise on matters in appeal ₹ 654.55 Million and advance paid ₹ 2.68 Million. However, this amount is contractually recoverable from the Clients.
- (e) Sales tax ₹ 88.00 Million (P.Y. ₹ 33.51 Million (Advance paid ₹ 18.51 Million (P.Y. ₹ 18.51 Million))). Cess ₹ 53.70 Million (P.Y. ₹ 7.46 Million).
- (f) Income tax liability that may arise on matters in appeal ₹ 981.31 Million (P.Y. ₹ Nil) refer note # 24 (ii).
- (g) Trade Receivables/Client retention to the extent of ₹ Nil (P.Y. ₹ 475 Million) have been discounted with Bank on Recourse Basis.
- (h) Allowances due to employees in remote areas (North East) may accrue in future maximum to the extent of ₹ 4.56 Million (₹ 2.30 Million). The same will be paid to the employees who continue to be on the payrolls upto July 1, 2014 (previously October, 1).
- (i) Michigan Engineers Pvt. Ltd. has received show cause cum demand notices for a sum of ₹ 108.24 Million (P.Y. ₹ 105.74 Million) from Service tax department pertaining to the financial years 2006-07 to 2010-11 and 2012-13.
- (j) In Pan Realtors Pvt. Ltd., Sales Tax due to Commercial Tax Tribunal (Noida) ₹ 645.32 Million (P.Y. ₹ 36.30 Million), Due under Building and other Construction Worker welfare cess Act ₹ 55 Million (P.Y. ₹ 55 Million), Due under Income tax ₹ 9.43 Million (P.Y. Nil), claim from SREI Bank 0.11 Million (P.Y. Nil).
- (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) ASI Constructors Inc. 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). The Company received ₹ 62.15 Million (P.Y. \$ 1.04 Million) settled during the year ended March 31, 2013. As a result of the cost and the risk of collectability of the claim, management has elected to record the claim at ₹ 33.77 Million (P.Y. \$ 0.57 Million) and ₹ 45.33 Million (\$ 0.76 Million) for the financial statement ending March 31, 2014 and 2013 respectively.
- (m) 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 Patel Realty (India) Ltd. (PRIL).

- (n) PRIL is under commitment to construct specific area for land owners.
- (o) PRIL has obliged to provide the construction to land owners under the development agreement.
- (p) In PRIL, claim of ₹ 1.76 Million against the company but not acknowledged as debts represent cases filed by parties in the consumer forum, civil court and high court and disputed by the company as advised by our advocates. In the opinion of the management the claims are not sustainable.
- (q) PRIL has received an order from the learned commissioner of service tax for the period Nov 2009 to Jun 2012 demanding service tax amounting ₹ 220.33 Million along with interest (not quantified in the order) and penalty of ₹ 184.36 Million. The company has filed an appeal before the Customs Excise and Service tax Appellate Tribunal against the said order.
- (r) In Pan Realtors Pvt. Ltd., claims from contractors and customers - Amount unascertainable.
- (s) In Patel Energy Resources Ltd., there is an Income Tax Demand for A.Y. 2011-12 ₹ 2.91 Million for which company has preferred an appeal with CIT (Appeals).
- 41 ASI Constructors Inc. has not reconciled the final profit split and effects of credits issued with their joint venture partners in the amount of ₹ 41.63 Million (P.Y. ₹ 75.35 Million) \$.70 Million (P.Y. \$ 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 ₹ 7.85 Million (P.Y. ₹ 10.91 Million) \$.13 Million (P.Y. \$ 0.20 Million) reserve against the investment in joint venture. At March 31, 2013 the Financial Statements of the company could be affected by ₹ 33.77 Million (P.Y. \$.56 Million) if the Company's joint venture partner is awarded their request. During the year ended March 31, 2014 the Company finalized the profit split of the venture resulting in no effect to the Financial Statements.
- 42 Based on the legal advice received by the PRIL in the light of ruling of Hon'ble Supreme Court in a case (65 VST 1 -2013). the process to
- determine the net tax payable under Karnataka Value Added Tax Act, 2003 (K-VAT) is being carried out. The Management of the Company envisages that there would not be any cash outflow as at the balance sheet date considering the available input tax credit as also recoverability of Karnataka-Vat from the flat buyers in term of the agreement there of. Interest liability if any, will be accounted in the year in which matter is resolved.
- 43 PEL Port Private Ltd. was primarily incorporated to build a captive Port to cater to the needs of PEL Power Ltd. which is engaged in setting up a Merchant Power Plant with capacity of 1045MW at Maruthampallam Village, Nagapattinam District in Tamil Nadu. There is a delay in commencement of construction of Power Plant due to delay in getting Consent for Establishment from Government of Tamilnadu. PEL Power Ltd. is confident in getting the clearance in the near future. Since the Captive Port project is closely interlinked with the above Power Project and in view of the long term potential of that project, the accounts of PEL Port Private Ltd. are compiled on "Going Concern" basis.
- 44 Energy Design Pvt. Ltd. (EDPL) is in process of applying to New Okhla Industrial Development Authority for extending the license for development of land admeasuring 1357.55 sqm in Sector 6, Noida, for activities related to IT and ITES. EDPL is also exploring other object of providing management consultancy services relating to design and development of infrastructure project. The management is confident that the requisite license will be obtained and with substantial and continuous financial support, the accounts of the company have been prepared on "Going Concern" basis.
- 45 **Derivative transactions:**
- a. For Interest Rate Related Risks:
Nominal amounts of interest rate swaps entered into by the company and outstanding as on March 31, 2014 amounts to ₹ 554.24Million (P.Y. ₹ 505.75 Million).
- b. Foreign Currency Exposure that are not hedged by derivative instruments as on March 31, 2014 amounting to ₹ 948.78 Million (P.Y ₹ 808.81 Million).

Foreign currency exposure outstanding at

| Currency | March 31, 2014 | March 31, 2013 |
|----------|----------------|----------------|
| USD | 890.71 | 814.36 |
| Euro | 58.07 | (2.42) |
| JPY | Nil | (8.50) |
| SEK | Nil | 5.37 |

46 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.

47 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.**

Chartered Accountants
Firm Regn No:111327W

CA Mayur Kisnadwala

Partner
Membership No. 33994
Mumbai
June 18, 2014

(Rupen Patel)

Managing Director

(Silloo Patel)

Director

(K.Kannan)

Director

(Shobha Shetty)

Company Secretary

Independent 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, 2014, 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, financial performance and cash flow of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the 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 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) In the case of the Statement of Profit and Loss, of the **Profit** of the Company for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows of the Company 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 Act, 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. As required by Section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, 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, and the Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - (e) On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1) (g) of the Act.

For **Vatsaraj & Co.**
Chartered Accountants
FRN: 111327W

CA Mayur Kisnadwala
Partner
M. No.: 33994

Mumbai
May 30, 2014

Annexure To Independent Auditors' Report

(Referred to in paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date:

- (i) In respect of its fixed assets:
 - 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) In respect of its Inventories:
 - a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and on the basis of information and explanations given to us, the procedures of physical verification of inventories 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 inventories. We have been informed by the management, that the discrepancies between the physical stock and book records were not material.
- (iii) In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a) The Company has granted unsecured loans, at call, to two companies (including interest free loan to one company) covered in the register maintained under section 301 of the Companies Act 1956, aggregating to a maximum outstanding of ₹ 963.193 million during the year and ₹ 963.193 million outstanding at the year end.
 - b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, 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 loans.
 - e) The Company has taken interest free unsecured loans from two LLP Firms covered in the register maintained under section 301 of the Companies Act 1956, aggregating to a maximum outstanding of ₹ 447.75 million during the year and ₹ 37.75 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) According to the information and explanations given to us, repayments of the principal have been regularly made as stipulated.
- (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 work executed. *However the internal controls over accounting of purchases of inventory/fixed assets and consumption needs to be strengthened.*
- (v) In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.
 - b) As explained to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ 5,00,000/- in respect of any party during the year are at a negotiated price, fixed at reasonable levels, having regard to the technical requirements/quality consideration and alternate source of availability. There are no comparable transactions with the Company of similar nature.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from public and consequently, the directives issued by the Reserve Bank of India and the provision of section 58(A), 58(AA) or any other relevant provisions of the Companies Act 1956 and the rules framed there under are not applicable.
- (vii) The internal audit function is carried out by a firm of independent Chartered Accountants appointed by the management and is commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government of India, regarding the maintenance of cost records under clause (d) of Subsection (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have, however not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) In respect of Statutory dues:
 - a) As per information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Wealth tax, Provident fund, investor education and protection fund, Custom duty, excise duty and Cess with the appropriate authorities except for Sales tax, Service tax and Income tax deducted at source, dues aggregating to ₹ 22.390 million outstanding for period exceeding six months as at the year end.

- 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, 2014 on account of disputes are given below:

| Particulars | Financial year to which amount relates | Forum where dispute is pending | ₹ in Million |
|-------------|--|--------------------------------|--------------|
| Cess | 2007-2008 and 2008-2009 | High Court | 53.70 |
| Sales Tax | 2001-2002 to 2003-2004 | Appellate Tribunal | 57.65 |
| Entry Tax | 2010-2011 | High Court | 11.35 |
| Service Tax | December 2005 to September 2009 | Appellate Tribunal | 654.55 |
| Income Tax | 2004-2005 to 2010-2011 | High Court | 935.06 |

- x. The Company does not have any accumulated losses as at the end of the financial year. The Company 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 raised.
- 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 made preferential allotment of shares to parties covered in the register maintained Under Section 301 of the Act. The price at which the shares have been issued has been determined as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009, which in our opinion is not prejudicial to the interest of the Company.
- xix. The Company has created securities/charges in respect of secured debentures issued.
- xx. The Company has not raised any money by public issue during the year.
- xxi. During the course of our audit carried out in accordance with the generally acceptable auditing practices and as informed by the Management, no fraud on or by the Company has been noticed or reported during the year.

For **Vatsaraj & Co.**
Chartered Accountants
FRN: 111327W

CA Mayur Kisnadwala
Partner
M. No. 33994

Mumbai
May 30, 2014

Balance Sheet as at March 31, 2014

(₹ in Million)

| | Notes | As at March 31, 2014 | As at March 31, 2013 |
|--|-------|-------------------------|-------------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 3 | 76.81 | 69.83 |
| (b) Reserves and surplus | 4 | 16,066.91 | 14,512.51 |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 12,412.13 | 11,401.23 |
| (b) Deferred Tax Liability (Net) | 27 | - | 9.51 |
| (c) Other Long term liabilities | 6 | 6,907.69 | 3,729.77 |
| (d) Long-term provisions | 7 | 32.44 | 41.83 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 8 | 20,426.12 | 13,449.60 |
| (b) Trade payables | 9 | 5,116.78 | 6,260.07 |
| (c) Other current liabilities | 9 | 6,124.41 | 6,121.76 |
| (d) Short-term provisions | 7 | 15.36 | 22.75 |
| TOTAL | | 67,178.65 | 55,618.86 |
| II. ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | 16 | | |
| i. Tangible assets | | 2,449.52 | 2,938.22 |
| ii. Intangible assets | | 19.26 | 33.78 |
| iii. Capital work-in-progress | | 207.02 | 183.57 |
| | | 2,675.80 | 3,155.57 |
| (b) Non-current investments | 10 | 5,896.38 | 5,711.64 |
| (c) Deferred Tax Assets (Net) | | 31.04 | - |
| (c) Long-term loans and advances | 11 | 12,050.96 | 8,094.98 |
| (d) Non Current Bank Deposits | 15 | 18.42 | 12.54 |
| (e) Non Current Trade Receivables | 13 | 8,989.39 | 686.98 |
| 2 Current assets | | | |
| (a) Investments- current | 10 | 0.05 | 0.05 |
| (b) Inventories | 12 | 23,196.99 | 19,145.15 |
| (c) Trade receivables | 13 | 3,719.30 | 8,008.61 |
| (d) Cash and cash equivalents | 15 | 1,072.43 | 1,825.50 |
| (e) Short-term loans and advances | 11 | 9,520.91 | 8,968.32 |
| (f) Other current assets | 14 | 6.98 | 9.53 |
| TOTAL | | 67,178.65 | 55,618.86 |
| 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.**

Chartered Accountants
Firm Regn No:111327W

(Rupen Patel)
Managing Director

(Silloo Patel)
Director

(K.Kannan)
Director

CA Mayur Kisnadwala

Partner
Membership No. 33994
Mumbai
May 30, 2014

(Shobha Shetty)
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2014

(₹ in Million)

| | Notes | As on March 31, 2014 | As on March 31, 2013 |
|--|-------|-------------------------|-------------------------|
| I. Revenue from operations | 17 | 27,039.55 | 31,032.11 |
| II. Other income | 18 | 1,479.12 | 1,079.73 |
| III. Total Revenue (I + II) | | 28,518.67 | 32,111.84 |
| IV. Expenses: | | | |
| Cost of Construction | 19 | 21,151.25 | 24,670.02 |
| Employee benefits expense | 20 | 961.34 | 795.72 |
| Finance costs | 21 | 4,286.29 | 4,201.11 |
| Depreciation and amortization expense | 22 | 542.29 | 525.48 |
| Other expenses | 23 | 1,215.07 | 1,152.25 |
| Total expenses | | 28,156.23 | 31,344.59 |
| V. Profit before exceptional and extraordinary items and tax (III-IV) | | 362.44 | 767.25 |
| VI. Exceptional items | | - | - |
| VII. Profit before extraordinary items and tax (V - VI) | | 362.44 | 767.25 |
| VIII. Extraordinary Items | | - | - |
| IX. Profit before tax (VII- VIII) | | 362.44 | 767.25 |
| X. Tax expense: | | | |
| (1) Current tax | 25 | 153.00 | 331.65 |
| (2) Deferred tax | 27 | (40.54) | (56.58) |
| XI. Profit/(Loss) for the period (IX-X) | | 249.98 | 492.18 |
| XII. Earnings per equity share: | 29 | | |
| (1) Basic | | 3.28 | 7.05 |
| (2) Diluted | | 3.25 | 7.05 |
| Summary of Significant Accounting Policies | 2 | | |

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

As per our report of even date

For and on behalf of Board

For **Vatsaraj & Co.**

Chartered Accountants

Firm Regn No:111327W

(Rupen Patel)

Managing Director

(Silloo Patel)

Director

(K.Kannan)

Director

CA Mayur Kisnadwala

Partner

Membership No. 33994

Mumbai

May 30, 2014

(Shobha Shetty)

Company Secretary

Cash Flow Statement for the year ending March 31, 2014

(₹ in Million)

| | 2014 | 2013 |
|---|-------------------|-------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX AND EXTRA-ORDINARY ITEMS | 362.44 | 767.26 |
| Adjustment for: | | |
| Depreciation | 542.29 | 525.48 |
| Interest charged | 4,286.29 | 4,201.11 |
| Interest and Dividend received | (1,038.49) | (867.33) |
| Foreign Exchange Loss/ (Gain) | 282.00 | 123.12 |
| Provision for Leave Salary | 12.69 | 2.60 |
| Provision for Gratuity | 0.07 | 9.55 |
| Loss of Assets exhausted / sold | 16.07 | 17.65 |
| (Gain) / Loss on Investment/Written off | (8.84) | 9.86 |
| Profit on sale of Assets | (152.44) | (48.60) |
| Excess Credit written back | (158.40) | (58.38) |
| Irrecoverable debts & advances written off | 132.15 | 173.82 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 4,275.82 | 4,856.14 |
| Adjustment for changes in: | | |
| Trade & other receivables | (5,259.25) | 1,117.92 |
| Inventories | (4,202.67) | (4,799.11) |
| Trade payable, Liabilities and Provisions (excluding Proposed Dividend & Income tax) | 2,433.62 | (113.26) |
| Cash generated from operations | (2,752.48) | 1,061.69 |
| Direct tax paid | (592.05) | (381.05) |
| NET CASH FROM OPERATING ACTIVITIES | (3,344.53) | 680.64 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (489.65) | (163.73) |
| Share Application Money (given) / returned | (26.67) | - |
| (Increase)/Decrease in Capital Advances & Creditors | (152.09) | (96.04) |
| Sale of Fixed Assets | 563.50 | 117.07 |
| Investments in / Loans to Subsidiaries/ JV/ Associates | (1,930.03) | (2,520.28) |
| Disinvestment in Subsidiaries | 115.38 | - |
| Interest and Dividend received | 852.28 | 179.77 |
| NET CASH USED IN INVESTING ACTIVITIES | (1,067.28) | (2,483.21) |

(₹ in Million)

| | 2014 | 2013 |
|--|-----------------|-----------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase in Borrowings | 8,179.34 | 6,555.53 |
| Dividend Paid | (0.39) | (27.66) |
| Interest Paid | (4,210.02) | (4,281.53) |
| NET CASH USED IN FINANCING ACTIVITIES | 3,968.94 | 2,246.34 |
| Net Increase/Decrease in Cash & Cash Equivalent (A+B+C) | (442.88) | 443.77 |
| Opening Balance of Cash & Cash Equivalents | 1,838.03 | 1,517.39 |
| Balance of Cash & Cash Equivalents | 1,395.16 | 1,961.16 |
| Notes to Cash flow Statement | | |
| 1. Cash and Cash Equivalents | | |
| Cash on hand & Balance with banks | 1,090.85 | 1,838.04 |
| Effect of exchange rate changes | 304.31 | 123.12 |
| Closing Cash and Cash Equivalents as restated | 1,395.16 | 1,961.16 |

As per our report of even date

For and on behalf of Board

For **Vatsaraj & Co.**Chartered Accountants
Firm Regn No:111327W**CA Mayur Kisnadwala**Partner
Membership No. 33994
Mumbai
May 30, 2014**(Rupen Patel)**
Managing Director**(Silloo Patel)**
Director**(K.Kannan)**
Director**(Shobha Shetty)**
Company Secretary

Notes to financial statement for the year ended March 31, 2014

1 BASIS OF PREPARATION

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

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 revenue and expenses during the reporting period.

Differences between actual results and estimates are recognized in the period 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. Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciations / amortization and impairment loss, if any.

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: Tangible Assets : Factory Building/ Building - 28/60 years, Machinery- 8 ½ years, Motor Cars - 10years, Motor Truck- 8 ½ years, Furniture- 6 years, Office Equipments- 6 years, Electrical Equipments- 6 years, Cycle- 2 years, Motor cycle- 7 years, Rails and Trolley- 7 years and Ship 8½ years. Intangible Assets : Computer / Soft-ware- 3 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

Current Investments are carried at lower of cost or quoted/ fair value. Long term 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. Dividend income is recognised when the right to receive payment is established . 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 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 and in other cases amortised over the balance period of such long term monetary items. The unamortized balance is carried in the Balance Sheet as "Foreign Currency Monetary items Translation Difference Account" as a separate line item under "Reserve and Surplus Account".

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, Contingent Liabilities and Contingent Assets**

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

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

requires an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent Assets are neither recognized nor disclosed in the financial statements.

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. Other Borrowing costs are charged to statement of profit and loss as incurred.

o) **Leases**

Lease rentals in respect of assets acquired under operating lease are charged to Statement of Profit and Loss.

p) **Financial Derivative & Hedging transactions**

In respect of Financial Derivative & Hedging Contracts, gain / loss on settlement are recognized and charged to Profit and Loss Accounts along with underlying transactions.

3. **SHARE CAPITAL**

| | 2014 | | 2013 | |
|---|----------------------|-----------------------|----------------------|-----------------------|
| | No. of Shares | (₹ in Million) | No. of Shares | (₹ in Million) |
| a) Authorized | | | | |
| Equity shares of ₹ 1 each | 230,000,000 | 230.00 | 250,000,000 | 250.00 |
| Preference shares of ₹ 1 each | 20,000,000 | 20.00 | - | - |
| b) Issued, subscribed and fully paid up | | | | |
| Equity shares of ₹ 1 each | 76,244,325 | 76.24 | 69,827,151 | 69.83 |
| Optionally Convertible Preference shares of ₹ 1 each (Refer Note # 39) | 561,957 | 0.57 | - | - |
| | 76,806,282 | 76.81 | 69,827,151 | 69.83 |
| c) i) Reconciliation of Equity Shares outstanding at the beginning and at end of the year | No. of Shares | (₹ in Million) | No. of Shares | (₹ in Million) |
| Outstanding at the beginning of the year | 69,827,151 | 69.83 | 69,827,151 | 69.83 |
| Add :- Issued during the year | 6,417,174 | 6.41 | - | - |
| Outstanding at the end of the year | 76,244,325 | 76.24 | 69,827,151 | 69.83 |
| ii) Reconciliation of Optionally Convertible Preference Shares outstanding at the beginning and at end of the year | No. of Shares | (₹ in Million) | No. of Shares | (₹ in Million) |
| Outstanding at the beginning of the year | - | - | - | - |
| Add :- Issued during the year | 6,979,131 | 6.98 | - | - |
| Less:- Converted during the year | 6,417,174 | 6.41 | - | - |
| Outstanding at the end of the year | 561,957 | 0.57 | - | - |
| 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 | 7.93 | 6,045,000 | 8.66 |
| ii) Praham India LLP | 16,744,424 | 21.96 | 14,037,000 | 20.10 |
| iii) Patel Corporation LLP | 18,103,300 | 23.74 | 14,303,300 | 20.48 |

4 RESERVES & SURPLUS

(₹ in Million)

| | 2014 | 2013 |
|--|------------------|------------------|
| Reserves | | |
| Capital Reserve | | |
| As per last Balance Sheet | 266.51 | 293.01 |
| Add/ (Less) : Adjustment for Share in valuation of Partnership firm | - | (26.50) |
| Closing Balance | 266.51 | 266.51 |
| General Reserve | | |
| As per last Balance Sheet | 2,076.97 | 2,076.97 |
| Securities Premium Reserve | | |
| As per last Balance Sheet | 7,511.07 | 7,511.07 |
| Add: Premium on conversion of OCPs to Equity Shares (Refer Note # 39) | 362.56 | - |
| Closing Balance | 7,873.63 | 7,511.07 |
| Debenture Redemption Reserve | | |
| As per last Balance Sheet | 626.25 | 630.00 |
| Transfer (to) from Profit and Loss Account during the period (net) | 108.75 | (3.75) |
| Closing Balance | 735.00 | 626.25 |
| Foreign Currency Monetary Item Translation Difference | (104.73) | (65.27) |
| Surplus in the statement of profit and loss | | |
| As per last Balance Sheet | 4,096.98 | 3,601.04 |
| Add : Reversal of Prudent Provision for Tax (Refer Note #25 (ii)) | 981.31 | |
| Add : Net Profit for the year | 249.98 | 492.19 |
| | 5,328.27 | 4,093.23 |
| b) Appropriations for : | | |
| i) Transfer to (from) Debenture Redemption Reserve | 108.75 | (3.75) |
| Closing Balance | 5,219.52 | 4,096.98 |
| Total Reserve & Surplus | 16,066.91 | 14,512.51 |

5 LONG TERM BORROWINGS

(₹ in Million)

| | Non-Current Portion | | Current Maturities | |
|--|---------------------|------------------|--------------------|------------|
| | 2014 | 2013 | 2014 | 2013 |
| I Secured Loans | | | | |
| a) Debentures ¹ | 4,000.00 | 4,950.00 | 950.00 | 450.00 |
| b) Term Loans | | | | |
| - From Bank ² | 8,153.18 | 6,084.60 | 1,082.33 | 737.02 |
| - From Others ³ | 258.95 | 366.63 | 292.76 | 315.67 |
| II Unsecured Loans | | | | |
| c) From Banks | - | - | - | 1,000.00 |
| Amount disclosed under "Other Current Liabilities" in Note No. 9 | - | - | (2,325.08) | (2,502.69) |
| | 12,412.13 | 11,401.23 | - | - |

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. ₹ 900 Million) and are to be redeemed on July 20, 2016 in a single instalment, 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 ₹ 700.00 Million (P.Y. ₹ 1,000 Million). These Debentures will be redeemed as follows - 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) 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 ₹ 350.00 Million (P.Y. ₹ 500 Million). These Debentures will be redeemed as follows- 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. Interest rate has been revised to 13% (P.Y. 12%) w.e.f. 18th Oct. 2013.
- 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 against immovable property of the Company and its subsidiaries. Interest rates revised to 13% w.e.f. October 2013.

- 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 both the above series of Secured Redeemable Non Convertible Debenture issued during the year. Further, in terms of clarification vide circular no. 04/2013 dated 11.2.2013 issued by the Ministry of Corporate Affairs, Government of India, the Company had not made the required deposit/ investment to secure the repayment of debentures maturing during 2013-14. However, the Company has redeemed/paid all its debentures

maturing in 2013-14 in time.

2 Term Loan 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. Term Loan includes Working Capital Term Loan secured by a First Pari-passu charge on the receivables and WIP, mortgage over certain Lands owned by Subsidiary companies and pledge of 30% shareholding of subsidiaries owning real estate Lands. The Promoters Mr. Pravin Patel and Mr. Rupen Patel has provided personal guarantees for the above loan. Subsequently, the Company has counter indemnified the guarantees provided by the Promoters.

3 Term Loan 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%- 13% on an average, with a repayment period of 3-5 years respectively.

4 Unsecured Loans -From Bank

- Includes ₹ NIL Millions (P.Y. 1,000 Millions) Loans repayable within a period of 2 years carrying an average Interest rate of 11-13% p.a.

6 OTHER LONG TERM LIABILITY

(₹ in Million)

| | 2014 | 2013 |
|-----------------------|-----------------|-----------------|
| Trade Payables | 1,757.90 | 303.53 |
| Capital Creditors | 15.88 | 1.25 |
| Other | | |
| Contractee Advances | 5,113.36 | 2,775.27 |
| Deposits ¹ | 0.33 | 636.59 |
| Other Liability | 20.22 | 13.13 |
| | 6,907.69 | 3,729.77 |

¹ includes balance in current account with Associates.

7 PROVISIONS

(₹ in Million)

| | Long term | | Short term | |
|---|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| Provision for Employee Benefits (Note No. 24) | | | | |
| Provision for Gratuity | 4.61 | 9.55 | 5.01 | - |
| Provision for Leave Salaries | 27.84 | 14.00 | 9.20 | 10.34 |
| Provision - Others* | - | 18.28 | 1.15 | 12.41 |
| | 32.44 | 41.83 | 15.36 | 22.75 |

* Includes Provision for Tax which is Net of Advance Tax and TDS-₹ Nil (P.Y. ₹ 18.28 Million).

8 SHORT TERM BORROWINGS

(₹ in Million)

| | 2014 | 2013 |
|---|------------------|------------------|
| I Secured Loans | | |
| Short Term Loans | | |
| - From Bank ¹ | 4,541.53 | 500.00 |
| Loans Repayable on Demand | | |
| - From Bank ² | 12,066.13 | 11,100.51 |
| II Unsecured Loans | | |
| - From Bank ³ (a) | 3,786.71 | 1,450.00 |
| - From Related Parties ³ (b) | 31.75 | 399.09 |
| | 20,426.12 | 13,449.60 |

Short Term Loan

1 Includes Loans against Equipments Financed and by earmarking from bank Guarantee limits, at Interest rate of 12.25% -12.75% (P.Y. 12.25%) payable within a year.

2 Loans Repayable on Demand

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

Terms of Repayment :

Cash Credit- Yearly Renewal , except for a 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%)

3 Unsecured Loan

a Includes loans from Banks which are payable at yearly rests with an average Interest cost ranging between 12.60% to 13.75% (P.Y. 11% - 12%)

b Includes loans from related parties carrying nil Interest rates, which are payable on demand. Such loan amount to be appropriated upon exercise of the option of conversion of Optional Convertible Preference Shares into Equity Shares (refer note # 39).

9 OTHER CURRENT LIABILITIES

(₹ in Million)

| | 2014 | 2013 |
|---|------------------|------------------|
| (a) Trade Payable¹ | 5,116.78 | 6,260.07 |
| (b) Other Liabilities | | |
| Current maturities of long-term debt; | 2,325.08 | 2,502.69 |
| Interest accrued but not due on borrowings; | 144.67 | 68.40 |
| Contractee Advances | 2,170.64 | 1,537.72 |
| Unpaid Dividend | 2.96 | 3.36 |
| Other Payables | | |
| Deposits | - | 0.35 |
| Payable to Employees | 191.81 | 132.77 |
| Other Liabilities ¹ | 696.88 | 1,001.37 |
| (c) Balance in Current Account | | |
| (i) With Subsidiaries, associates | 42.29 | 360.00 |
| (ii) With Joint Ventures | 550.06 | 515.09 |
| | 6,124.41 | 6,121.76 |
| | 11,241.19 | 12,381.83 |

¹ a) The Company has no amounts due to suppliers under the Micro Small and Medium Enterprise Development Act, 2006, as at March 31, 2014.

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

b) Other Liabilities includes statutory dues and advances received against sale of assets.

c) Includes ₹ Nil (P.Y. ₹ 87.13 Million) against lease of office premises.

10 INVESTMENTS

(₹ in Million)

| | 2014 | 2013 |
|--|----------|----------|
| NON- CURRENT INVSETMENTS | | |
| TRADE INVESTMENTS : | | |
| Quoted Equity Instruments | | |
| 17,77,116 shares (19,42,574) of KNR Construction Ltd., Face Value ₹ 10/- per share | 310.31 | 330.24 |
| Unquoted Equity Instruments | | |
| - In Subsidiaries | | |
| 8,85,220 shares (8,85,220) of Michigan Engineers Pvt. Ltd., Face Value ₹ 10/- share | 111.86 | 111.86 |
| 10,00,00,000 shares (10,00,00,000) of Patel Realty (I) Ltd., Face Value ₹ 10/- share | 1,000.00 | 1,000.00 |
| 20,207 shares (20,207) of ASI Constructors INC. par value US \$ 0.0099 per share | 170.54 | 170.54 |
| Investment in Redeemable Preference Shares | | |
| - In Subsidiaries | | |
| 50,000 (50,000) Shares of ASI Const. Inc, Par value US\$ 100 per share | 225.97 | 225.97 |

(₹ in Million)

| | 2014 | 2013 |
|---|-----------------|-----------------|
| OTHER INVESTMENTS : | | |
| Quoted Equity Instruments | | |
| 66,640 shares (66,640) of Kingfisher Airlines Ltd., Face Value ₹ 10/- per share * | - | - |
| * written off in FY 2012-13 | | |
| Unquoted Equity Instruments | | |
| - In Subsidiaries | | |
| 4,22,580 shares (4,91,400) of Patel Engineering Inc. of par value US \$0.001 per share | 394.71 | 459.02 |
| 60,000 shares (60,000) of Zeus Minerals Trading Pvt.Ltd., F.V. ₹ 10/- share | 0.60 | 0.60 |
| 7,210,000 shares (7,210,000) of Bhooma Realties Pvt. Ltd., Face Value ₹ 10/-share | 72.28 | 72.28 |
| 7,880,000 shares (7,880,000) of Shasvat Land Projects Pvt. Ltd., Face Value ₹ 10/-share | 79.00 | 79.00 |
| 7,000,000 shares (7,000,000) of Pandora Infra Pvt. Ltd., Face Value ₹ 10/-share | 70.18 | 70.18 |
| 9,100,000 shares (9,100,000) of Patel Engineers Pvt. Ltd., Face Value ₹ 10/-share | 91.23 | 91.23 |
| 5,510,000 shares (5,510,000) of Vismaya Constructions Pvt. Ltd., Face Value ₹ 10/-share | 55.24 | 55.24 |
| 14,070,000 shares (14,070,000) of Patel Patron Pvt. Ltd., Face Value ₹ 10/-share | 141.05 | 141.05 |
| 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 ₹ 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/- share | 1.00 | 1.00 |
| 23,65,000 shares (23,65,000) of Patel Engineering Singapore Pte. Ltd. F.V. US \$ 1/- per share | 94.46 | 94.46 |
| 20,90,00,000 shares (20,90,00,000) of Patel Energy Resources Ltd. F.V. ₹ 10 per share | 2,090.00 | 2,090.00 |
| 26,193,077 shares (Nil) of Patel Engineering Lanka Ltd. Face Value LKR 1/- per share | 11.21 | 11.21 |
| - In Associates | | |
| 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 |
| 2,40,04,798 shares (1,60,03,200) of Raichur Sholapur Transmission Company Ltd., Face Value ₹ 10/- per share | 240.05 | 160.03 |
| - In Other | | |
| 40,31,820 Shares (23,66,820) of ACP Tollways Pvt. Ltd., Face Value ₹ 100/- per share | 403.18 | 236.68 |
| Investment in Redeemable Preference Shares | | |
| 56,231,670 shares (9,000,000) of Patel Engineering Lanka Ltd. F.V. LKR 1 per share | 26.32 | 3.86 |
| Investment in Government Securities^{III} | 0.12 | 0.12 |
| Investment in Partnership Firms^{IV} | 0.03 | 0.03 |
| TOTAL NON -CURRENT INVESTMENT | 5,896.38 | 5,711.64 |
| CURRENT - INVESTMENTS | | |
| Trade Investments - Unquoted | | |
| 4,900 shares (4,900) of Shreeanant Construction Pvt. Ltd., Face Value ₹ 10/- per share | 0.05 | 0.05 |
| TOTAL CURRENT INVESTMENT | 0.05 | 0.05 |

^I Aggregated amount of Unquoted Investments as at 31st March 2014 ₹ 5,586.07 Million (₹ 5,381.46 Million)

^{II} Aggregated amount of Quoted Investments as at 31st March 2014 ₹ 310.31 Million, Market value ₹ 151.20 Million (P.Y. ₹ 330.24 Million, Market value ₹ 177.30 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. ₹ 75,000), profit sharing is as follows :- the company 5% (P.Y. 5%), Ace Housing & Const. Ltd. 45% (P.Y. 45%) & P.Patel 50% (P.Y. 50%).

A firm Patel Advance JV having nil fixed capital, profit sharing is as follows : the Company 27% (P.Y.27%), Advance Const. Co. Pvt. Ltd. 26% (P.Y. 26%) Patel Realty (I) Ltd. 26% (P.Y. 26%) & Apollo Buildwell Pvt. Ltd. 21% (P.Y. 21%)

11 LOANS & ADVANCES

(₹ in Million)

| | Non-Current | | Current | |
|--|------------------|-----------------|-----------------|-----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Capital Advance | | | | |
| Unsecured, Considered Good | 184.44 | 17.72 | - | - |
| Security Deposit | | | | |
| Unsecured, Considered Good | 1,289.82 | 650.87 | 1,016.07 | 806.63 |
| Balance in Current Account with Subsidiaries/Associates/Joint Ventures/ Partnership | | | | |
| Unsecured, Considered Good | 5,618.41 | 4,225.52 | 2,426.62 | 2,158.45 |
| Advance Recoverable in cash or in Kind | | | | |
| Unsecured, Considered Good (Net of Provision) ¹ | 1,679.98 | 1,918.08 | 5,119.03 | 4,909.82 |
| Other Loans and advances | | | | |
| Prepaid Expenses | 29.03 | 64.28 | 148.18 | 116.66 |
| VAT Input Credit | - | 94.58 | 161.61 | 56.40 |
| Service Tax and Cenvat Credit | - | 2.68 | 348.63 | 400.30 |
| Advance Tax (Net) | 1,406.16 | 129.76 | 114.42 | - |
| Accrued Interest | 1,843.13 | 989.78 | 157.78 | 495.46 |
| Advances to Employees | - | 1.71 | 28.57 | 24.60 |
| | 3,278.32 | 1,282.79 | 959.19 | 1,093.42 |
| | 12,050.96 | 8,094.98 | 9,520.91 | 8,968.32 |

- ¹
- Advances Recoverable in Cash or in kind or for value to be received includes ₹ 13.88 Million (P.Y. ₹ 7.73 Million) due from officers of the Company and ₹ 0.13 Million (P.Y. ₹ 164.52 million) due from company in which Directors are Directors.
 - Includes secured advance to piece workers ₹ 91.39 Million (P.Y. ₹ 18.43 Million)
 - includes share application Money in Raichur Sholapur Transmission Company Ltd. ₹ 26.67 Million - Pending allotment

12 INVENTORIES*

(₹ in Million)

| (At lower of cost or net realisable value/Contract Rates) | Current | |
|---|------------------|------------------|
| | 2014 | 2013 |
| Stores, Embedded Goods and Spare Parts etc. (Includes Stores in Transit ₹ 40.47 Million (₹ 61.07 Million)) | 1,331.85 | 1,664.94 |
| Work in Progress | 23,910.88 | 19,375.13 |
| Less : Advance against Material & Works | 2,045.75 | 1,894.92 |
| | 21,865.14 | 17,480.21 |
| Others | - | - |
| | 23,196.99 | 19,145.15 |

*(As technically valued & certified by the Management)

13 TRADE RECEIVABLES

(₹ in Million)

| | Non-Current | | Current | |
|---|-----------------------|---------------|-----------------|-----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Unsecured, Considered Good unless otherwise stated | | | | |
| Receivables outstanding for a period exceeding six months | | | | |
| Considered good | 8,867.83 | 499.68 | 62.11 | 4,420.40 |
| | (A) 8,867.83 | 499.68 | 62.11 | 4,420.40 |
| Other Receivables | | | | |
| Considered good | (B) 121.55 | 187.30 | 3,657.19 | 3,588.21 |
| | (A+B) 8,989.39 | 686.98 | 3,719.30 | 8,008.61 |

(refer note no. 41 (g))

14 OTHER CURRENT ASSETS

(₹ in Million)

| | 2014 | 2013 |
|----------------------|-------------|-------------|
| Other Current Assets | 6.98 | 9.53 |
| | 6.98 | 9.53 |

15 CASH AND BANK BALANCES

(₹ in Million)

| | Non-Current | | Current | |
|--|--------------|--------------|-----------------|-----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Cash & Cash Equivalents | | | | |
| Balance with Banks | | | | |
| - On current accounts with Scheduled Banks* | - | - | 1,010.84 | 1,620.69 |
| - On Fixed Deposits accounts with Scheduled Banks ¹ | 18.42 | 12.54 | 36.26 | 184.23 |
| - Balances with Non Scheduled Banks | - | - | 1.69 | 6.51 |
| - Cheques in hand | - | - | 17.62 | 3.16 |
| Cash on Hand | - | - | 6.01 | 10.90 |
| | 18.42 | 12.54 | 1,072.43 | 1,825.50 |

* Includes amount earmarked for Unclaimed dividend ₹ 2.94 Million (P.Y. ₹ 3.51 Million).

¹ Includes fixed deposit given towards margin money and Earnest money deposit.

16 FIXED ASSETS (₹ in Million)

| Particulars | Gross Block | | Depreciation and Amortization | | Net Book Value | |
|--------------------------------|---------------------|--------------------------------|-------------------------------|-------------------------|----------------------|----------------------|
| | As at April 1, 2013 | Addition Deduction/ Adjustment | As at April 1, 2013 | For the year Adjustment | As at March 31, 2014 | As at March 31, 2013 |
| TANGIBLE ASSETS | | | | | | |
| Land ¹ | 105.13 | 63.38 | - | - | - | 168.51 |
| Building ² * | 352.20 | 31.57 | 94.70 | 7.62 | 10.56 | 239.82 |
| Plant & Equipment ³ | 4,145.98 | 270.30 | 3,681.58 | 382.63 | 402.21 | 1,462.78 |
| Furniture & Fixtures | 31.74 | 2.00 | - | 3.12 | - | 6.85 |
| Vehicles ⁴ | 1,143.12 | 92.82 | 22.86 | 118.34 | 12.27 | 548.71 |
| Office Equipments | 36.35 | 0.21 | 0.01 | 2.27 | - | 4.80 |
| Others ⁵ | 28.76 | - | 28.76 | 3.69 | - | 4.48 |
| Electric equipment | 34.16 | 1.13 | - | 3.14 | 0.04 | 7.20 |
| Computer Equipments | 48.12 | 4.01 | 0.44 | 6.18 | 0.50 | 6.38 |
| TOTAL | 5,925.56 | 465.42 | 852.71 | 526.99 | 425.58 | 2,449.52 |
| | | | | | | 2,938.22 |
| INTANGIBLE ASSETS | | | | | | |
| Computer Software | 55.55 | 0.78 | - | 15.30 | - | 19.26 |
| GROSS TOTAL | 5,981.11 | 466.20 | 852.71 | 542.29 | 425.58 | 2,468.78 |
| Previous Year | 5,085.58 | 1,015.73 | 120.19 | 525.48 | 34.07 | 2,972.00 |

Notes

- Land includes ₹ 9.04 Million (P.Y. ₹ 9.04 Million) held in the name of Directors, relatives of Directors and employees for and on behalf of the Company
- Building includes Building [Gross Block - ₹ 133.06 million (P.Y. ₹ 210.07 Million), Accumulated Depreciation ₹ 19.93 Million (P.Y. ₹ 28.42 Million)] and Factory Building [Gross Block - ₹ 156.01 million (₹ 142.13 Million), Accumulated Depreciation ₹ 29.31 million (P.Y. ₹ 23.77 Million)]
 - Includes ₹ 0.02 Million (P.Y. ₹ 0.02 Million) being the value of 30 shares and share deposits in Co - operative Societies

| 3 Vehicles includes | Gross Block 2013-14 | Gross Block 2012-13 | Acc Dep. 2013-14 | Acc Dep. 2012-13 |
|---------------------|---------------------|---------------------|------------------|------------------|
| | Motor Car | 222.41 | 220.61 | 113.90 |
| Motor Truck | 988.55 | 920.90 | 549.47 | 454.81 |
| Motor Cycle | 2.12 | 1.61 | 1.01 | 0.81 |
| Others includes | | | | |
| Ship | 2.81 | 2.81 | 2.77 | 2.76 |
| Rails and Trolley | 25.95 | 25.95 | 21.51 | 17.83 |

³ Includes Assets costing ₹ 30.21 Million (P.Y. ₹ 398.76 Million) yet to commissioned/erected/put to use, ₹ 22.38 Million (P.Y. ₹ 1.69 Million) towards exchange rate difference and ₹ 31.98 Million (P.Y. ₹ Nil) reversal of excise duty claimed in earlier year as CENVAT credit .

* Deductions to Land and Building includes ₹ 84.14 Million (P.Y. ₹ 35.86 Million) transferred to Project Development Expenses

| 17 REVENUE FROM OPERATIONS | | (₹ in Million) | |
|--|------------------|------------------|--|
| | 2014 | 2013 | |
| (a) Revenue/Turnover (refer Note #38 b) | 22,352.34 | 26,044.77 | |
| Add: Increase/(Decrease) in Work in Progress | 4,535.76 | 4,555.62 | |
| Total Turnover | 26,888.10 | 30,600.39 | |
| (b) Other operating Income | | | |
| Lease and Service Charges [TDS. ₹ 0.27 Million (P.Y. ₹ 0.19 Million)] | 3.04 | 4.30 | |
| Share of profit from JV /Partnership | 41.09 | 18.62 | |
| Other Income | 107.33 | 408.79 | |
| | 27,039.55 | 31,032.11 | |
| 18 OTHER INCOME | | (₹ in Million) | |
| | 2014 | 2013 | |
| Dividend Income | 1.93 | 1.94 | |
| Gain on Sale of Assets | 152.44 | 48.60 | |
| Net Gain on Sale of Investments | 8.84 | - | |
| Other non operating Income | 120.94 | 105.42 | |
| Interest Income (Gross) [TDS. ₹ 13.03 Million (P.Y. ₹ 6.11 Million)] | 1,036.56 | 865.39 | |
| Excess Credit written back | 158.40 | 58.38 | |
| | 1,479.12 | 1,079.73 | |
| 19 COST OF CONSTRUCTION | | (₹ in Million) | |
| | 2014 | 2013 | |
| Stores, Embedded goods and Spare Parts* | | | |
| Inventories at the Beginning of the year | 1,664.94 | 1,421.45 | |
| Add: Purchase (Net) | 3,415.60 | 2,533.10 | |
| | 5,080.54 | 3,954.55 | |
| Inventories at the end of the year | 1,331.85 | 1,664.94 | |
| Consumption of Stores and Spares | 3,748.69 | 2,289.61 | |
| Piece Rate Expenses (Net) | 14,579.20 | 18,855.14 | |
| Repairs to Machinery | 16.99 | 11.22 | |
| Transportation, Hire etc. | 1,319.91 | 1,286.25 | |
| Power, Electricity & Water Charges | 550.45 | 266.45 | |
| Project Development Cost | 780.01 | 1,599.72 | |
| Technical Consultancy Fees | 79.32 | 149.35 | |
| Other Construction Costs | 76.67 | 212.29 | |
| | 21,151.25 | 24,670.02 | |
| * Stores, embedded goods and Spares etc., consumed include materials issued to Sub Contractors. It also includes materials of ₹ 40.47 Million (P.Y. ₹ 61.07 Million) in transit. | | | |
| 20 EMPLOYEE BENEFITS EXPENSE | | (₹ in Million) | |
| | 2014 | 2013 | |
| Salaries, Wages, and Bonus | 850.39 | 712.33 | |
| Contribution to Provident and Other Funds | 46.96 | 41.60 | |
| Staff Welfare Expenses | 63.99 | 41.80 | |
| | 961.34 | 795.72 | |
| 21 FINANCE COSTS | | (₹ in Million) | |
| | 2014 | 2013 | |
| Interest Expense ¹ | 4,098.78 | 4,056.51 | |
| Other Borrowing Costs | 187.51 | 144.60 | |
| | 4,286.29 | 4,201.11 | |

¹ Excludes Interest of ₹ 491.51 Million (P.Y. ₹ 467.00 Million) towards Capitalisation and Project Development.

22 DEPRECIATION & AMORTISATION

(₹ in Million)

| | 2014 | 2013 |
|-----------------------------------|---------------|---------------|
| Depreciation of tangible assets | 526.99 | 508.31 |
| Amortisation of intangible assets | 15.30 | 17.17 |
| | 542.29 | 525.48 |

23 OTHER EXPENSES

(₹ in Million)

| | 2014 | 2013 |
|---|-----------------|-----------------|
| Other Administrative Costs | | |
| Rent | 35.47 | 34.51 |
| Repairs and Maintenance - Building | 4.37 | 1.01 |
| Insurance | 114.89 | 109.16 |
| Rates and taxes | 205.35 | 177.74 |
| Advertisement and Selling Expenses | 8.72 | 7.97 |
| Travelling and Conveyance | 58.04 | 67.89 |
| Directors Fees | 1.18 | 1.30 |
| Auditor's remuneration | | |
| Audit fees | 4.10 | 3.75 |
| Tax Audit fees | 1.20 | 1.00 |
| Taxation Matters | 2.07 | 1.87 |
| Other Capacity | 1.73 | 1.05 |
| Certification | 1.50 | 1.25 |
| Reimbursement of Expenses | 0.21 | 0.28 |
| | 10.81 | 9.21 |
| Communication expenses | 20.04 | 18.62 |
| Printing and Stationery | 11.74 | 14.98 |
| Legal and consultancy charges | 141.56 | 199.17 |
| Loss on Sale/ Discard of fixed assets | 16.07 | 17.65 |
| Irrecoverable Debts/ Advances written off | 132.15 | 173.82 |
| Net loss on foreign currency translation | 304.30 | 123.12 |
| Loss on Investment/Written off | - | 9.86 |
| Other Expenses ¹ | 150.39 | 186.24 |
| | 1,215.07 | 1,152.25 |

¹ Includes Miscellaneous expenses which includes Other Repairs - ₹ 9.83 Million (P.Y. ₹ 17.61 Million), Tender fees, office and General Charges, Entertainment and rebate to clients etc., and donation of ₹ NIL (P.Y. 0.30 Million) to trust in which the director is trustee.

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, 2014 and March 31, 2013:

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

(₹ in Million)

| | 2014 | 2013 |
|---|-------------|-------------|
| Current service Cost | 7.54 | 7.16 |
| Interest Cost | 1.22 | 0.79 |
| Expected Return on Plan Assets | (1.58) | (1.42) |
| Net actuarial Gain | (0.50) | (2.58) |
| Total Expenses recognized in the Profit and Loss Account | 6.68 | 3.95 |

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

(₹ in Million)

| | 2014 | 2013 |
|--|---------------|-------------|
| Present Value of Funded Obligation as at year end | (20.90) | (14.76) |
| Fair Value of Plan Assets as at year end | 18.04 | 18.12 |
| Funded (Asset)/Liability recognized in the Balance Sheet | (2.86) | 3.36 |

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

(₹ in Million)

| | 2014 | 2013 |
|---|--------------|--------------|
| Liability at the beginning of the year | 14.76 | 9.34 |
| Interest cost | 1.22 | 0.79 |
| Current service cost | 7.54 | 7.16 |
| Benefit Paid | (2.21) | (0.06) |
| Actuarial (gains) / losses on obligations | (0.41) | (2.47) |
| Liability at the end of the year | 20.90 | 14.76 |

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

(₹ in Million)

| | 2014 | 2013 |
|--|-------------|---------------|
| Fair Value of Plan Assets at the beginning of the year | 18.12 | 16.51 |
| Expected Return on Plan Assets | 1.58 | 1.42 |
| Contributions | 0.46 | 0.14 |
| Benefit Paid | (2.21) | (0.06) |
| Actuarial gain/(loss) on Plan Assets | 0.09 | 0.11 |
| Fair Value of Plan Assets at the end of the year | 18.04 | 18.12 |
| Total Actuarial Gain/(Loss) To Be Recognized | 0.50 | (2.58) |

(v) Actual return on Plan Assets

(₹ in Million)

| | 2014 | 2013 |
|--------------------------------|-------------|-------------|
| Expected Return on Plan Assets | 1.58 | 1.42 |
| Actuarial Gain on Plan Assets | 0.09 | 0.11 |
| Actuarial Gain on Plan Assets | 1.67 | 1.53 |

(vi) The Company expects to contribute ₹ 10.03 Million (P.Y. ₹ 4.17 Million) to Gratuity Funded Plan in FY 2014-15

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

| | 2014 | 2013 |
|-----------------------|------|------|
| Insurer Managed Funds | 100% | 100% |

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

| | 2014 | 2013 |
|---|-----------|-----------|
| Discount rate | 9.31% | 8.25% |
| Rate of increase in Compensation Levels | 5.00% | 5.00% |
| Expected Rate of Return on Plan Assets | 8.70% | 8.70% |
| Attrition rate | 2.00% | 2.00% |
| Average Age of retirement (years) | 60 | 60 |

ix) Experience Adjustments

(₹ in Million)

| | 2014 | 2013 |
|--------------------------------|-------------|-------------|
| On Plan Obligation (gain)/loss | 1.84 | (2.77) |
| On Plan Asset (Loss)/Gain | 0.09 | 0.11 |

- 25 (i) Income-tax assessments are completed up to A.Y. 2011-2012. Several appeals for the earlier assessment years are pending before the Appellate Authorities and the aggregate demand for the same amounting to ₹ 1,584.95 Million (P.Y. ₹ 692.49 Million) has been already adjusted / paid. The Company has made a provision for tax of ₹ 149.63 Million net of ₹ 7.07 million reversal of excess liability of earlier years (P.Y. ₹ 330.50 Million including liability for earlier years of ₹ 100.50 Million) under all proceeding under the Income Tax Act, 1961, and Deferred Tax Liability (Assets) of ₹ (40.64) Million (P.Y. ₹ 56.28 Million). The Company has been advised that it is not liable to Wealth-Tax except on Motor Cars. Accordingly, Wealth Tax of ₹ 3.37 Million (P.Y. ₹ 1.15 Million) has been provided including liability of ₹ 2.27 Million (P.Y. ₹ Nil) of previous years under all proceeding under the act.
- (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 in earlier years. Interest liability of ₹ 935.06 million has not been provided considering the Company has legally contested the validity of the above amendment and intention of the said section. Recently the appellate authority held that company is eligible for the said deduction on certain projects. Accordingly, the corresponding excess provision for the tax of ₹ 981.31 Million has been adjusted and credited to Reserves. 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, certain projects which were hitherto not liable for service tax became liable to tax by virtue of the said amendment effective 1st July 2012. The amount of service tax on such projects is reimbursable by the client as per the contract conditions and the same has been reflected as Trade Receivables. However in few cases where the client has not accepted this liability, the same has been debited to the profit & loss account.

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:

| | (₹ in Million) | |
|---|----------------|-------|
| | 2014 | 2013 |
| Deferred Tax Liability (DTL) | | |
| Related to depreciation on fixed assets | - | 22.60 |
| | (A) | 22.60 |
| Deferred Tax Assets (DTA) | | |
| Related to depreciation on fixed assets | 7.52 | - |
| Disallowances under the Income Tax Act | 23.52 | 13.09 |
| | (B) | 13.09 |
| Liability for Deferred Tax (net) | (A – B) | 9.51 |
| | (31.04) | |

28 LEASE

The Company has taken various construction equipments under non cancellable operating leases. The future minimum lease payment in respect of these as at March 31, 2014 are as follows:

| | (₹ in Million) | |
|--|----------------|-------|
| | 2014 | 2013 |
| Minimum lease obligation payable as at March 31, | | |
| a) within one year of the Balance Sheet date | 266.88 | 55.95 |
| b) due in a period between one year and five years | 348.36 | 55.95 |
| 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.

29 EARNING PER SHARE

| | 2014 | 2013 |
|---|------------|------------|
| Net profit as per profit and Loss Account available for shareholders for both Basic and diluted Earnings Per Shares of ₹ 1 Each | 249.98 | 492.19 |
| Weighted Average Number of Equity shares for earning per share | 76,244,325 | 69,827,151 |
| Earning Per Share (Basic) ₹ | 3.28 | 7.05 |
| Earning Per Share (Diluted) ₹ | 3.25 | 7.05 |

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

Subsidiaries of Patel Realty (India) Limited

| | |
|---|---|
| 1. Bellona Estate Developers Ltd. (earlier known as 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. ¹ |
| 7. Praval Developers Pvt. Ltd. | 16. Capacit'e Engineering Pvt. Ltd. ¹ |
| 8. Nirman Constructions Pvt. Ltd. | 17. Nirmal Capacite Construction Pvt. Ltd. ¹ |
| 9. Azra Land Projects Pvt. Ltd. | 18. PBSR Developers Pvt. Ltd. |

¹ ceases to be subsidiary w.e.f. September 30, 2013

Subsidiaries of Patel Engineers Private Limited

| |
|------------------------------|
| 1. Phedra Projects Pvt. Ltd. |
|------------------------------|

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 Urjaa Vyapaar Pvt. Ltd. |
| 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. | 2. ASI RCC India Ltd. |
| 3. Westcon Microtunnelling Inc. | |

Subsidiaries of Patel Engineering (Mauritius) Ltd.

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

Associates:

- | | |
|--|---|
| 1. Enpro Ltd. | 4. Patel KNR Heavy Infrastructure Ltd. |
| 2. Patel KNR Infrastructure Ltd. | 5. Raichur Sholapur Transmission Company Ltd. |
| 3. ACP Tollways Pvt. Ltd. ¹ | 6. TERRA Land Developers Pvt Ltd. |
- ¹ ceases to be associates w.e.f. July 8, 2013

Joint Ventures:

Refer Note #36

Partnership

- AHCL PEL
- Patel Advance JV

Others

- Patel Corporation LLP
- 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.

(₹ in Million)

| Particular | Subsidiary Companies | | Associates/ Joint Ventures / Partnership/Others | |
|---|----------------------|----------|---|----------|
| | 2013-14 | 2012-13 | 2013-14 | 2012-13 |
| - Revenue/Turnover | 596.19 | 811.05 | 3,228.01 | 1,302.35 |
| - Piece Rate Expenses | 80.34 | 188.67 | - | - |
| - Investment in Equity / Purchase of Shares | - | 12.58 | 80.02 | 166.60 |
| - Investment in Preference shares | 22.46 | 3.85 | - | - |
| - Sale of Investments | 64.31 | 0.10 | - | - |
| - Share Application Money | - | - | 26.67 | - |
| - Advances received | 1,418.35 | 1,425.75 | 1,698.53 | 203.11 |
| - Advances recovered/repaid | 433.85 | 2,744.90 | 330.70 | 184.00 |
| - Inter Company deposit received | - | - | 435.85 | 459.09 |
| - Inter Company deposit paid | - | - | 68.51* | 420.07 |
| - Share of Profit | - | - | 64.85 | 36.84 |
| - Share of loss | - | - | 23.76 | 18.21 |
| - Miscellaneous Receipts | 15.68 | 13.63 | 6.55 | 17.03 |
| - Loans/Advances given | 4,766.50 | 8,369.09 | 2,311.77 | 232.96 |
| - Loan/ Advances returned | 4,048.29 | 5,176.37 | 479.57 | 1,116.33 |
| - Purchase of Assets | - | 1.09 | - | 63.23 |
| - Sale of Assets | - | 2.26 | - | - |
| - Corporate Guarantee Outstanding as at the end of the year | 9,760.00 | 6,122.60 | 4,209.70 | 4,209.70 |
| - Bank Guarantee outstanding as at the end of the year | 1,571.00 | 1,158.84 | 943.64 | 998.51 |
| - Outstanding Balance included in Current/ Non Current Assets | 6,254.38 | 5,425.70 | 2,852.21 | 1,280.09 |
| - Outstanding Balance included in Current / Non Current Liabilities | 2,377.91 | 1,371.62 | 2,302.56 | 2,500.80 |
| - Receipt / Purchase of Stores | - | - | - | 0.75 |
| - Reimbursement of Expenses to | - | 3.33 | - | 1.92 |
| - Reimbursement of Expenses from | 11.64 | 18.25 | 4.62 | - |
| - Consultancy Fees paid | 7.74 | 41.18 | - | - |
| - Rent Income | 1.41 | 1.41 | 0.05 | 0.06 |
| - Rent paid | 4.71 | 4.19 | - | - |
| - Hire Charges received | - | 0.62 | - | - |
| - Interest Income | 510.90 | 319.47 | 14.76 | 59.51 |
| - Interest Expenses | 1.06 | 44.15 | - | - |
| - Rebate | - | 150.00 | - | - |
| - Sundry Balances Written Off | - | - | 2.05 | - |
| - Issue of shares | - | - | 369.55 | - |
| - Development Expenses | - | 150.92 | - | - |

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

* includes loan converted into convertible preference shares

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

(₹ in Million)

| Particular | 2013-14 | 2012-13 |
|---|---------|---------|
| Managerial Remuneration | 27.20 | 31.05 |
| Salary and contribution to provident fund | 3.02 | 1.49 |
| Rent Income | 0.92 | 0.92 |
| Deposit | 0.40 | 0.40 |
| Rent Paid | - | 1.91 |
| Director's Seating fees | 0.10 | 0.30 |
| Other Expenses | 0.15 | 0.16 |
| Outstanding Balance | 22.70 | 16.33 |

- 31 The Company has main reportable business segment namely "Civil Construction".
- 32 Income consisting of Construction income of ₹ 50.69 Million (P.Y. ₹ 3.43 Million) and Other Income of ₹ 13.35 Million (P.Y. ₹ 14.10 Million) and Expenses consisting of Piece Rate Expenses ₹ 10.37 (P.Y. ₹ Nil) and Other Expenses ₹ 213.80 Million (P.Y. ₹ 49.47 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 and further amended on December 29, 2011, the Company has carried over exchange (gain)/loss of ₹ 104.73 million (P.Y. ₹ 65.27 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 ₹ 22.38 million (P.Y. ₹ 1.69 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: | (₹ in Million) | |
|-----------------------------------|----------------|---------------|
| | 2014 | 2013 |
| Stores materials | 9.29 | 62.22 |
| Components and Spare Parts | 0.37 | 56.39 |
| Capital Goods | 76.66 | 82.66 |
| | 86.32 | 201.27 |

| b) Expenditure in Foreign Currency: | (₹ in Million) | |
|-------------------------------------|----------------|---------------|
| | 2014 | 2013 |
| At USA Office | 0.77 | 4.46 |
| Interest Paid | 76.06 | 36.23 |
| Consultancy fees | 35.57 | 77.96 |
| Travelling Expenses | 6.71 | 6.88 |
| Subscription and Other Expenses | 0.09 | 3.22 |
| Bank Charges | 0.06 | 0.21 |
| P.W. Wages | - | 8.37 |
| WCT and Cess | 0.80 | 0.84 |
| Mauritius Office | 1.10 | 0.71 |
| | 121.16 | 138.89 |

| c) Earnings in Foreign Exchange: | (₹ in Million) | |
|----------------------------------|----------------|---------------|
| | 2014 | 2013 |
| Contract Receipts | 93.62 | 156.98 |
| At USA Office | 0.00 | 0.01 |
| | 93.62 | 156.99 |

| d) Value of imported and indigenous Stores material, Spare Parts and Components Consumed: | 2014 | | 2013 | |
|---|-----------------|---------------|-----------------|---------------|
| | ₹ in Million | % | ₹ in Million | % |
| Imported | 69.81 | 1.9% | 96.96 | 4.2% |
| Indigenous | 3,678.88 | 98.1% | 2,192.65 | 95.8% |
| | 3,748.69 | 100.0% | 2,289.61 | 100.0% |

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

| Name of the Joint Venture / Consortium | Name of the J.V / Consortium Member | Patel's Share |
|--|--|-------------------|
| LGE&C-PATEL J.V. | L.G. Engineering and Construction, Korea | 100% (25%+75%) |
| PATEL –KNR J.V. | KNR Constructions Ltd. | 50% |
| KNR – PATEL J.V. | KNR Constructions Ltd. | 49% |
| PATEL – SOMA J.V | Soma Enterprises Ltd. | 50% |
| PATEL – MICHIGAN JV | Michigan Engineers Pvt. Ltd. | 10% |
| PATEL-SA JV | Sandeep Associates | 75% |
| PATEL L & T JV | L&T | 60% |
| Patel Sew JV | Sew Constructions Ltd. | 60% |
| Era Patel Advance JV | Era Infra Engineering Ltd., Advance Construction Company Pvt Ltd., | 30% |
| Era Patel Advance Kiran JV | Era Infra Engineering Ltd., Advance Construction Company Pvt Ltd., Kiran Udhog | 47.06% |
| Patel Sotravic JV | Sotravic, Mauritius | 75% |
| Patel ARSS JV | ARSS Infrastructures Projects Ltd. | 51% |
| Patel – Siddhivinayak JV | Siddhivinayak Constructions | 51% |
| Patel – V Arks JV | V Arks Engineers Pvt. Ltd. | 65% |
| Navyuga – Patel – BHEL | Navyuga Engineering Co. Ltd. | 42.23% |
| Patel – Avantika – Deepika – BHEL | Avantika Contractors India Pvt. Ltd. | 52.83% |
| Patel – V Arks - Precision | V Arks Engineers Pvt. Ltd. | 60% |
| Patel Leena JV | Leena Powertech Pvt. Ltd. | 50% |
| CICO-Patel JV | Chongqing International Construction Corporation | 49% |
| Patel APCO JV | APCO Infratech Ltd. | 50% |

- 37** Disclosure required in accordance with Accounting Standard – 7 (Revised). In respect of contracts entered into on or after 1st April 2003, contract revenue recognized as gross construction ₹ 24,724.63 Million contract costs incurred and recognized profit (less recognized losses) ₹ 109,818.75 Million advance received ₹ 1,373.33 Million retention deposit ₹ 2,005.99 million and gross amount due from clients for contract works included under current assets ₹ 14,246.76 Million.
- 38**
- 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).
 - 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.
 - 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, 2014 ₹ 1865.38 Million (P.Y. ₹ 1,865.38 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.
 - Arbitration awards received in favour of the Company amounting to ₹ 61.71 million (P.Y. ₹ 778.52 million) is accounted for as construction Receipts.
 - The company is executing a contract for development of real-estate project for the Client viz Terra Land Developers Pvt. Ltd. The Client is in process of changing purpose of project from commercial to residential project, as a result of this cost incurred of ₹ 285.13 million (P.Y. ₹ 231.32 million), pending achievement of milestone as per the contract, is included in closing Work-in-Progress.
- 39** The Allotment Committee of Directors of the Company at their meeting held on March 21, 2014 has converted unsecured loan from the Promoters entities by allotment of 69,79,131 Zero Coupon Optional Convertible Preference shares(OCPS) of Re. 1 each fully paid up aggregating to ₹ 69,79,131 to the Promoter entities of the Company on Preferential basis with an option to convert into Equity shares, partially or fully, in one or more tranches, in one or more financial year at price of ₹ 57.50 per share (including premium of ₹ 56.50 per share). The Promoter entities have exercised their option and the Committee on March 31, 2014 has allotted 64,17,174 shares and the balance 5,61,957 shares has been allotted on April 15, 2014.
- 40 Derivative transactions :**
- For Interest Rate Related Risks:
Nominal amounts of interest rate swaps entered into by the Company and outstanding as on 31st March 2014 amounts to ₹ 554.24 Million (P.Y. ₹ 505.75 Million).

- b. Foreign Currency Exposure that are not hedged by derivative instruments as on March 31, 2014 amounting to ₹ 948.78 Million (P.Y ₹ 808.81 Million).

| Currency | Foreign currency exposure outstanding at ₹ in Million | |
|----------|---|----------------|
| | March 31, 2014 | March 31, 2013 |
| USD | 890.71 | 814.36 |
| Euro | 58.07 | (2.42) |
| JPY | Nil | (8.50) |
| SEK | Nil | 5.37 |

41 Contingent Liabilities

- (a) Commitment for capital expenditure is ₹ 204.21 Million (P.Y. ₹ 442.06 Million), advance paid ₹ 7.81 Million (P.Y. ₹ 17.59 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 ₹ 7,203.70 million (P.Y. ₹ 7,502.76 million) (including Customs ₹ 305.81 million (P.Y. ₹ 285.75 million) Entry Tax ₹ 37.57 Million (P.Y. ₹ 37.57 Million) for the current year includes guarantees given in US\$ 10 Million (P.Y. US\$ 10.00 million). Corporate guarantees on behalf of subsidiaries and others is ₹ 14,034.69 million (P.Y. ₹ 10,397.29 million) (against which the Company has obtained counter indemnities for ₹ 4,802.69 million (P.Y. ₹ 3,002.69 Million) 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 (₹ 213.32 Million) before the Hon'ble appeal court. However the management feels that the likelihood of outflow of resources is remote.
- (d) Service tax liability that may arise on matters in appeal ₹ 654.55 Million and advance paid ₹ 2.68 Million. However, this amount is contractually recoverable from the Clients.
- (e) Sales tax ₹ 88.00 Million (P.Y. ₹ 33.51 Million (Advance paid ₹ 18.51 Million(P.Y. ₹ 18.51 million))). Cess ₹ 53.70 Million (P.Y. ₹ 7.46 Million).
- (f) Income tax liability that may arise on matters in appeal ₹ 981.31 Million (P.Y. ₹ Nil) refer note # 25 (ii).
- (g) Trade Receivables/ Client Retention to the extent of ₹ Nil (P.Y. ₹ 475.00 Million) have been discounted with Bank on Recourse Basis.
- (h) Allowances due to employees in remote areas (North East) may accrue in future maximum to the extent of ₹ 4.56 Million (₹ 2.30 Million).

The same will be paid to the employees who continue to be on the payrolls upto July 1, 2014 (previously October, 1).

42 Disclosures as required under Clause 32 of listing agreements:

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

(₹ in Million)

| Name of Companies / Associates | As at March 31, 2014 | As at March 31, 2013 | Maximum Amount outstanding (2013 - 14) | Maximum Amount outstanding (2012 - 13) |
|--------------------------------------|----------------------|----------------------|--|--|
| Subsidiaries | | | | |
| 1 Michigan Engineers Pvt. Ltd. | 19.94 | 18.88 | 19.94 | 61.86 |
| 2 Patel Patron Pvt. Ltd. | 34.52 | 34.43 | 34.52 | 34.43 |
| 3 PEL Power Ltd. | 374.93 | 296.99 | 374.93 | 297.00 |
| 4 Patel Realty (India) Ltd. | 125.15 | 606.88 | 944.13 | 986.45 |
| 5 Patel Energy Ltd. | 327.78 | 261.95 | 327.78 | 261.95 |
| 6 Patel Engineering (Mauritius) Ltd. | 10.59 | 4.78 | 10.59 | 4.78 |
| 7 Patel Eng. Infrastructure Ltd. | 25.65 | 352.66 | 464.05 | 1,035.34 |
| 8 PAN Realtors Pvt. Ltd. | 0.23 | 0.23 | 0.23 | 1.97 |
| 9 Phedra Projects Pvt Ltd. | 6.42 | 5.61 | 6.42 | 34.79 |
| 10 Vismaya Constructions Pvt. Ltd. | 24.15 | 24.14 | 24.15 | 24.14 |
| 11 Shashvat Land Projects Pvt. Ltd. | 172.71 | 172.71 | 172.71 | 172.71 |
| 12 Bhooma Realtors Pvt. Ltd. | 203.12 | 203.00 | 203.12 | 292.92 |
| 13 Pandora Infra Pvt. Ltd. | 248.23 | 248.23 | 248.23 | 248.23 |
| 14 Patel Eng. (Singapore) Pte. Ltd. | 46.63 | 29.33 | 46.63 | 29.33 |
| 15 Dirang Energy Pvt. Ltd. | 9.75 | 7.89 | 29.23 | 11.09 |

(₹ in Million)

| Name of Companies / Associates | As at March 31, 2014 | As at March 31, 2013 | Maximum Amount outstanding (2013 – 14) | Maximum Amount outstanding (2012 – 13) |
|---|----------------------------|----------------------------|---|---|
| 16 Patel Mining Divn. Lda, | 6.64 | 6.06 | 6.64 | 6.07 |
| 17 Patel Energy Resources Ltd. | 3,765.78 | 2,432.65 | 3,765.78 | 2,597.76 |
| 18 Patel Mining (Mauritius) Ltd. | 142.35 | 121.98 | 142.35 | 121.98 |
| 19 Energy Design Pvt. Ltd. | 59.76 | 59.76 | 59.76 | 59.76 |
| 20 PT Patel Surya Minerals | 5.90 | 5.39 | 5.90 | 5.39 |
| 21 ASI Constructors Inc. | - | - | - | 2.09 |
| 22 Patel Lands Ltd. | 24.73 | 24.98 | 24.98 | 24.98 |
| 23 Patel Hydro Powers Ltd. | 0.24 | 1.16 | 1.22 | 1.16 |
| 24 Patel Engineering (Lanka Pvt Ltd.) | 5.85 | 1.40 | 5.85 | 1.40 |
| 25 Patel Engineers Pvt Ltd. | 1.45 | 0.01 | 1.45 | 0.01 |
| 26 Patel Concrete and Quarries Pvt. Ltd. | 75.26 | 76.01 | 76.01 | 76.01 |
| 27 Zeus Minerals Trading Pvt. Ltd. | 74.64 | 74.94 | 74.94 | 74.94 |
| 28 Nirman Construction Pvt Ltd. | - | - | 2.20 | - |
| 29 Naulo Nepal Hydroelectric Pvt. Ltd. | 0.13 | - | 0.13 | - |
| Associates | | | | |
| 30 ENPRO Limited ¹ | 175.58 | 164.52 | 175.58 | 172.10 |
| 31 Raichur Solapur Transmission Co. Ltd. | 0.26 | 0.25 | 0.26 | 0.32 |
| 32 PATEL-KNR Infrastructure Pvt. Ltd. | 1.52 | 1.52 | 1.52 | 1.59 |
| 33 PATEL-KNR Heavy Infrastructure Pvt. Ltd. | 25.01 | 17.29 | 25.01 | 47.90 |
| 34 Terra Land Developers Pvt Ltd. | 787.61 | - | 787.61 | |
| 35 ACP Tollways Pvt. Ltd. ² | 1.68 | 1.69 | 1.68 | 1.71 |
| Total | 6,784.17 | 5,257.32 | 8,065.52 | 6,692.16 |

¹ Holding Nil shares {P.Y 42,500 Shares (0.0684%)} of the company as investment.

² ceased to be associate w.e.f. July 8, 2013.

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.**

Chartered Accountants
Firm Regn No:111327W

(Rupen Patel)
Managing Director


(Silloo Patel)
Director

(K.Kannan)
Director

CA Mayur Kisnadwala

Partner
Membership No. 33994
Mumbai
May 30, 2014

(Shobha Shetty)
Company Secretary



**First Lake
Tapping in Asia**

**First Roller Compacted
Concrete Dam in India**

**Asia's largest
Surge Shaft**

**Fastest Conventional
Tunneling in the World**

**Largest Underground
Cavern in Asia**

**First Indian company
to be awarded
Micro-tunneling project**



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www.pateleng.com

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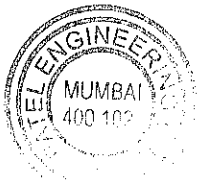


www.pateleng.com/ir/annualreports.html

FORM B

| | | |
|----|---|---|
| 1 | Name of the Company | PATEL ENGINEERING LIMITED |
| 2 | Annual Financial Statements for the year ended | March 31, 2014 |
| 3. | Type of Audit observation | Strengthening of Internal control and delay in payment of statutory dues beyond 6 months. |
| 4. | Frequency of observation | Reported in F.Y. 2012-13 |
| 5 | Audit observation point No.(iv) and (ix) (a) of the Annexure to Auditors' Report on page 58 of the Annual Report | <p>(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 work executed. <i>However the internal controls over accounting of purchases of inventory/fixed assets and consumption needs to be strengthened.</i></p> <p>(ix) (a) As per information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Wealth tax, Provident fund, investor education and protection fund, Custom duty, excise duty and Cess with the appropriate authorities except for Sales tax, Service tax and Income tax deducted at source, dues aggregating to Rs. 22.390 crores outstanding for period exceeding six months as at the year end.</p> |
| 6 | Comment from the Board/ Audit Committee Chairman | <p>(A) The Company has implemented ERP system i.e Built Smart, various modules with respect accounting for Stores, assets etc. at all our operational sites including yards. The data captured in the system from time to time has an impact on strengthening the internal control.</p> <p>(B) Out of the total statutory dues of Rs.22.39 crores outstanding beyond 6 months, an amount of Rs.7.58 crores was towards service tax, Rs. 7.07crores was towards TDS and the balance Rs.7.74 crores towards sales tax/VAT. This delay is mainly due to the cash flow mismatch/ liquidity issue, however, amount Rs. 7.07</p> |



| | | |
|----|--|--|
| | | crores of TDS and Rs. 1.45 crores of service tax has been paid by the company upto Aug 31,2014 towards said dues. The sales tax/ VAT is to be payable. |
| 7. | <p>To be signed by -</p> <p>Rupen Patel, Managing Director</p> <p>Silloo Patel CFO</p> <p>Mr. K. Kannan Audit Committee Chairman</p> <p>Mayur Kisnadwala, Partner, Vatsaraj & Co</p> <p>October 9, 2014 Mumbai</p> | <p><i>Rupen</i></p> <p><i>Silloo Patel</i></p> <p><i>K. Kannan</i></p> <p><i>Mayur Kisnadwala</i></p>  <p>A circular professional seal for a Mechanical Engineer in Mumbai, registration number 400102.</p> |