

26<sup>th</sup> December 2016

To,  
**Bombay Stock Exchange Ltd.**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

**Scrip Code No. 531120**

Dear Sir,

**Sub- Rectification of date of 67<sup>th</sup> Annual General Meeting mentioned in covering letter for submission of Adopted Annual Report for F.Y. 2015-2016**

Please note that the 67<sup>th</sup> Annual General Meeting of the Company was held on **22<sup>nd</sup> December, 2016** at 11:00 a.m. at the registered office of the Company and the company had submitted the Annual report which was Adopted by the Members at the 67<sup>th</sup> Annual General Meeting on 22<sup>nd</sup> December, 2016.

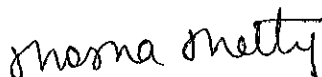
The Company has inadvertently (typo error) mentioned in the covering letter for submission of the Adopted Annual Report, date of 67<sup>th</sup> Annual General Meeting as **"22<sup>nd</sup> September, 2016"** instead of **"22<sup>nd</sup> December, 2016"**

We are re-submitting the Adopted Annual Report along with Notice of 67<sup>th</sup> Annual General Meeting.

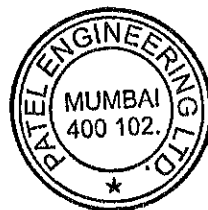
Would request you to take the same on record and oblige.

Thanks & regards,

For Patel Engineering Ltd



**Shobha Shetty**  
Compliance Officer



REGD. OFFICE :

Patel Estate Road, Jogeshwari (W), Mumbai - 400 102. India  
Phone +91 22 26767500, 26782916 • Fax +91 22 26782455, 26781505  
E-mail headoffice@pateleng.com www.pateleng.com



**PATEL ENGINEERING LTD.**

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

Tel No: +91(22) 26767500 Fax: +91(22) 26782455

CIN:L99999MH1949PLC007039, Website: www.pateleng.com

**NOTICE is hereby given that the Sixty Seventh Annual General Meeting of the Members of Patel Engineering Limited will be held on Thursday, December 22, 2016 at 11.00 am 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 :-
  - a. the audited Financial Statement of the Company for the financial year ended March 31, 2016, together with the Reports of the Board and the Auditors thereon; and
  - b. the audited Consolidated Financial Statement of the Company for the financial year ended March 31, 2016 together with the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. Rupen Patel (DIN 00029583) who retires by rotation and, being eligible, offers himself for re-appointment.
3. 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 at such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.

**Special business**

**4. Re-appointment of Mr. Pravin Patel as Whole time Director**

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

**"Resolved that** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any other applicable provision (including any amendment/modification thereof) the consent of the Members be and is hereby accorded for the re-appointment of Mr. Pravin Patel (DIN No.00029453) as Whole time Director of the Company liable to retire by rotation, designated as "Executive Chairman" for a period of three (3) years effective from September 27, 2016, on the terms and remuneration as mentioned in the statement annexed hereto.

**Resolved further that** pursuant to Section II of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment/modification thereof) and subject to such approvals as may be necessary, the Company is authorized to pay minimum remuneration to Mr. Pravin Patel for the financial year, in which there is inadequacy or absence of profits, during the period of three years commencing from September 27, 2016.

**Resolved further that** the Board of Directors and/or Nomination & Remuneration Committee constituted by the Board be and are hereby authorized to increase, vary or amend the remuneration including salary, allowances, perquisites and benefits, minimum remuneration and other terms of his appointment, from time to time, as deemed expedient or necessary".

## 5. Appointment of Mr. Chittaranjan Kumar Singh as Director

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

**Resolved that** Mr. Chittaranjan Kumar Singh (DIN 00196978) who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 30, 2016 and who holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 (the Act) and the Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and the period of office shall be liable to determination by retirement of Director by rotation."

## 6. Appointment of Mr. Chittaranjan Kumar Singh as Whole time Director

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

**Resolved that** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment/modification thereof) and subject to such other necessary approval(s), consent(s) or permission(s), as may be required, the consent of the Members of the Company be and is hereby accorded to appoint Chittaranjan Kumar Singh (DIN 00196978) as a Whole time Director, designated as "Whole time Director-Operations", liable to retire by rotation, for a period of 3 years effective from May 30, 2016 on the terms and remuneration as mentioned in the explanatory statement annexed hereto.

**Resolved further that** pursuant to Section II of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment/modification thereof) and subject to such approvals as may be necessary, the Company is authorized to pay minimum remuneration to Mr. Chittaranjan Kumar Singh for the financial year, in which there is inadequacy or absence of profits, during the period of three years commencing from May 30, 2016.

**Resolved further that** the Board of Directors and/or Nomination & Remuneration Committee constituted by the Board be and are hereby authorized to increase, vary or amend the remuneration including salary, allowances, perquisites and benefits, minimum remuneration and other terms of his appointment, from time to time, as deemed expedient or necessary."

## 7. Payment of Minimum Remuneration to Mr. Rupen Patel, Managing Director

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

**Resolved that** pursuant to the provisions of Section 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013, including the rules made there under and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force ("the Act") and subject to the approval of the Central Government if required and all other sanctions, approvals and permissions as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such sanctions, approvals and permissions, the Company hereby accords its approval from Members for the payment of the remuneration by way of salary and other perquisites and allowances as approved at the extra-ordinary general meeting held on March 19, 2014 and detailed in the explanatory statement annexed hereto as the Minimum Remuneration payable to Mr. Rupen Patel, Managing Director for the rest of the period of tenure of his re-appointment, i.e., 2 years effective from April 1, 2017, subject to limits specified in Schedule V to the Companies Act, 2013, in the event of inadequate or no profit in any financial year during the currency of the tenure of the said Director.

**Resolved further that** for the purpose of giving effect to this resolution, the Board and/or Nomination & Remuneration Committee constituted by 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, proper or desirable including but not limited to making of an application to regulatory authorities, execution of necessary documents and to settle any questions, difficulties and/or doubts that may arise in this regard in order to implement and give effect to the foregoing resolution.”

**8. Ratification of remuneration payable to M/s D. Radhakrishnan & Co. as Cost Auditors of the Company for FY 2015 -16**

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 Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s D. Radhakrishnan & Co., Cost Accountants appointed as Cost Auditors by the Board of Directors of the Company to audit the cost records of the Company for the financial year 2015-16, be paid a remuneration of ₹ 3,50,000 per annum plus applicable service tax.

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

**9. Service of documents**

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

“**Resolved that** pursuant to provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed there under, consent of the Members be and is hereby accorded to the Board (hereinafter referred to as the “Board”, which term shall include committee(s) constituted by the Board to exercise certain powers of the Board, including the powers accorded by this Resolution) to charge from any Member from whom request for delivery of documents through a particular mode has been received, an amount actually borne by the Company to deliver the documents through said mode.

**Resolved further that** for the purpose of giving effect to this resolution, directors or key managerial personnel of the Company be and are hereby severally authorized to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds matters and things as may be necessary, proper or desirable or expedient to give effect to the above resolution.”

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

Mumbai,  
November 11, 2016

Shobha Shetty  
Company Secretary

**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. 4 to 9 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.

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 holders are requested to:-
  - i) bring their copy of Annual report and Attendance Slip at the venue of the meeting.
  - ii) carry government recognize photo ID card proof for identification/verification purpose.
  - iii) note that Members present in person or through registered proxy shall be entertained at the meeting.
  - iv) note that the attendance slip/proxy form should be signed as per the specimen signature registered with the Registrar Share Transfer Agent (R&STA).
  - v) Quote Folio No./DP & Client Id. No. in all correspondences with R&STA/Company.
  - vi) Corporate Members intending to send their authorized representative to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Registers under the Companies Act, 2013 will be available for inspection at the Registered Office of the Company during business hours between 11.00 am to 1.00 p.m. except on holidays.
5. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to section 72 of the Companies Act, 2013 read with relevant Rules made thereunder. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in and signed to the Company's Registrar & Share Transfer Agent.
6. Members holding shares in physical form are requested to intimate the details to the Company's registered office or to the Registrar & Transfer Agents of the Company, Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078.
  - i) Any change in their address/E-mail/ECS Mandate
  - ii) Particulars of Bank in case same has not been sent earlier.Members having shares in dematerialized form are requested to notify all changes with respect to their change in email ID, ECS Mandate and bank details to the Depository Participant.
7. Members are requested to note that dividends not claimed or encashed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.

8. 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.
9. Kindly email your grievances to [investors@pateleng.com](mailto:investors@pateleng.com).
10. The Members are requested to note that the Company due to delay in finalization of Financials of Overseas Subsidiaries of the Company, applied for extension of conveying the 67<sup>th</sup> Annual General Meeting (AGM) and has received an order issued by Registrar of Companies, Mumbai dated September 7, 2016 under Section 96(1) of the Companies Act, 2013 to conduct the said AGM on or before December 31, 2016.

## 11. E-voting

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and SEBI (Listing obligation and disclosure Requirements) Regulations, 2015 the Company is pleased to provide its Members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (the AGM) by electronic means and the business may be transacted through e-Voting services. The facility of casting votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).
- II. The facility for casting vote through ballot paper shall be made available at the AGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The Members who had cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period shall commence on December 19, 2016 (9.00 a.m.) and close on December 21, 2016 (5.00 p.m). During this period Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. December 15, 2016, may cast their vote by remote e-voting. 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 or cast their vote again.
- V. The process and manner for remote e-voting are as under:

In case of Members receiving e-mail:

- (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on "Shareholders"
- (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](http://www.evotingindia.com). and voted on an 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:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) - Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.

Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.  - If both the details are not recorded with the depository or company please enter the Member id /folio number in the Dividend Bank details field as mentioned in instruction (iv).
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- (vii) After entering these details appropriately, click on “SUBMIT” tab.
- (viii) Members holding shares in physical form will then directly reach the Company 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 EVSN for the relevant Patel Engineering Limited 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 a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL’s, mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created 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 linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.

- (xix) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or write an email to Ms. Shobha Shetty, Company Secretary of the Company at [investor@pateleng.com](mailto:investor@pateleng.com).

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

**Item no. 4 : Re-appointment of Mr. Pravin Patel as the Whole time Director**

Mr. Pravin Patel, 79 is presently the Executive Chairman of the Company. Mr. Pravin Patel in the past has successfully led the Company as Non-Executive Chairman/Whole-time Director and under his leadership the Company has emerged as one of the leader in infrastructure sector. In light of the prevailing adverse circumstances through which the infrastructure industry is passing through, it is deemed expedient to seek his continuous association with the Company as a Whole Time Director designated as Executive Chairman of the Company, so that the Company can benefit from his extensive experience and pragmatic leadership abilities.

The Members at the 64<sup>th</sup> Annual General Meeting held on September 27, 2013, appointed Mr. Pravin Patel as the Whole Time Director of the Company for a period of three years effective from September 27, 2013. The terms of appointment of Mr. Pravin Patel expired on September 26, 2016. The Board of Directors of the Company at its meeting held on May 30, 2016 with the consent of Mr. Pravin Patel; have subject to the approval of the Members reappointed him as the Whole time Director of the Company for a period of three years effective from September 27, 2016.

<b>Statement pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:</b>	
<b>Name of Director</b>	<b>Mr. Pravin Patel</b>
Brief Resume	Mr. Pravin Patel, 79 years is a BA, Graduate in Town Planning from USA, Graduate in Financial Management from London School of Economics.
Nature of his expertise in specific functional areas	Mr. Pravin Patel manages the affairs of the Company on day to day basis and has expertise in financial management, town planning, architecture, administration and Business Developments.
Disclosure of relationships between Directors inter-se	Related to Mr. Rupen Patel, Managing Director.
Directorships in other Listed Companies	Nil
Membership of the Committees of the Board of other Listed Companies	Nil
<b>Additional Information pursuant to Secretarial Standard - 2</b>	
Date of first appointment	August 29, 1989
Remuneration last drawn (FY 2015-16)	₹0.11 million
Shareholding in the Company	40,800 shares (0.05%)
Number of Board meeting attended during 2016-17 (from April 2016 till November 11, 2016)	Mr. Pravin Patel has attended 5 meeting out of 5 meetings held.
Other directorship/membership/chairmanship of the Committees of other Boards (as on November 11, 2016)	<b>Directorship:</b> Patel Patron Pvt. Ltd, Michigan Engineers Pvt. Ltd, Phedra Projects Pvt. Ltd, Patel Realty (India) Ltd, Saskang Rong Energy Pvt. Ltd, Vismaya Constructions Pvt. Ltd, Pandora Infra Pvt. Ltd, Bhooma Realities Pvt. Ltd, PAN Realtors Pvt. Ltd., Landview India Pvt. Ltd., Aabha Land Projects Pvt. Ltd., Nirvana Lands Pvt. Ltd. <b>Membership:</b> Landview India Pvt. Ltd. (99%), Nirvana Lands Pvt. Ltd. (47.50%), Aabha Land Projects Pvt. Ltd. (59.80%), Terraland Developers Ltd. (9%).



Subject to the approval of Members, the Board of Directors of the Company at its meeting held on May 30, 2016, based on the recommendation of the Nomination & Remuneration Committee, has re-appointed Mr. Pravin Patel as the Whole-time Director of the Company designated as Executive Chairman for a period of 3 (Three) years w.e.f. September 27, 2016 on such terms and conditions as briefed below:

**I Duties:** Mr. Pravin Patel, shall subject to superintendence, control and directions of the Board of Directors devote his whole time to the business of the Company and carry out such duties as may be entrusted to him by Board from time to time, in the best interest of the business of the Company and the business of any one or more of its associated companies, subsidiaries and/or joint ventures, 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.

## **II Remuneration**

a) **Salary :** ₹ 1 per annum

b) **Perquisites and allowances:**

In addition to salary, Mr. Patel will be entitled to perquisites and allowances like furnished accommodation or house rent allowances, coverage under medical/accident insurance, contribution to provident fund and superannuation fund, payment of gratuity, if any and such other perquisites and allowance in accordance with the Company's rules or as may be agreed by the Board subject to the overall ceiling stipulated in the Companies Act, 2013 including any statutory modification(s) or re-enactment(s) thereof.

Medical payment/reimbursement: Payment/reimbursement of medical expenses incurred including premium paid on health insurance policies, whether in India or abroad, for self and family including hospitalization, surgical charges and nursing charges for self and family.

Leave travel concession: A return holiday package (including accommodation) once in a year by first/business class with family or reimbursement of expenses incurred by him on such travel/accommodation.

c) **other terms :**

- Use of Car and Telephone: The Company shall provide a car with driver for business and personal use. Telephone and cellular phone shall be provided by the Company.

The said facility shall not be termed as perquisite.

- Payment/reimbursement of expenses: Payment/reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company shall be reimbursed to him.

"Family" means spouse and dependent children.

- 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.
- Mr. Pravin Patel shall be liable to retire by rotation.

d) **Minimum remuneration :**

- In the event of absence or inadequacy of profits in any financial year during the tenure of the Chairman, salary and perquisites subject to the limits stipulated under Schedule V read with Section 196 and 197 of the Companies Act, 2013, are payable.

All other terms and conditions are set out in the Agreement, the draft of which is available for inspection by Members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day till the date of Annual General Meeting.

None of the Directors, Key Managerial Personnel and their relatives, except Mr. Pravin Patel and Mr. Rupen Patel are concerned and interested in item no. 4 of the Notice.

The Board recommends the resolution for the approval of Members.

**Item no. 5 & 6**

Appointment of Mr. C.K. Singh as Director and whole time Director

Mr. C.K. Singh was appointed as an Additional Director in terms of Section 161 of the Companies Act, 2013 by the Board of Directors of the Company at their Board Meeting held on May 30, 2016. The Company has received a notice under Section 160 of the Companies Act, 2013 along with requisite deposit from a Member proposing the candidature of Mr. C.K. Singh as a Director of the Company.

<b>Statement pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:</b>	
<b>Name of Director</b>	<b>Mr. C. K. Singh</b>
Brief Resume	Mr. C. K. Singh, 61 years is a Post Graduate Diploma in Personnel Management & Industrial Relations from Xavier Institute of Social Services. He has also done his LLB from Ranchi University. He has been associated with the Company for over 8 years.
Nature of his expertise in specific functional areas	Mr. C. K. Singh contributes largely in functions of the Company viz legal, arbitration, business development, liaisoning and client relations.
Disclosure of relationships between Directors inter-se	Not related to any director
Directorships in other Listed Companies	Nil
Membership of the Committees of the Board of other Listed Companies	Nil
<b>Additional Information as per Secretarial Standard – 2</b>	
Date of first appointment	May 30, 2016
Remuneration last drawn (FY 2015-16)	₹ 9.10 million p.a.
Shareholding in the Company	200 shares (0.00%)
Number of Board meeting attended during the year 2016-17 (From April 2016 till November 11, 2016)	Mr. C. K. Singh has attended 5 meeting out of 5 meetings held.
Other directorship/membership/chairmanship of the Committees of other Boards	Directorship : Apollo Build Well Pvt. Ltd., Arsen Infra Pvt. Ltd., PBSR Developers Pvt. Ltd., Nirman Constructions Pvt. Ltd., Hera Realcon Pvt. Ltd., Lucina Realtors Pvt. Ltd.

Subject to the approval of Members, the Board of Directors of the Company at its meeting held on May 30, 2016, based on the recommendation of the Nomination & Remuneration Committee, has appointed Mr. C. K. Singh as the Whole-time Director of the Company designated as Whole time Director – Operations for a period of 3 (Three) years effective from May 30, 2016 on such terms and conditions as briefed below:

- I. Duties:** Mr. C. K. Singh, shall subject to superintendence, control and directions of the Board of Directors devote his whole time to the business of the Company and carry out such duties as may be entrusted to him by Board or Managing Director from time to time, in the best interest of the business of the Company and the business of any one or more of its associated companies, subsidiaries and/or joint ventures, 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.
- II. Remuneration:**
  - a) Basic Salary :** Not to exceed ₹ 5,00,000 per month with authority to the Nomination and Remuneration Committee/Board of Directors to determine the amount of salary payable and the amount of increment payable every year effective from 1st April within the aforesaid limit.

**b) Perquisites:**

- In addition to salary, Mr. C. K. Singh will also be entitled to following perquisites and allowances:
- 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.
- 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.
- Mr. C. K. Singh 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.
- Mr. C. K. Singh 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 him to perform on such Associate, Subsidiaries and/or Joint Ventures.

**c. Other Incentive and allowances**

Mr. C. K. Singh will also be entitled to other incentive and allowances based on the recommendations of the Remuneration Committee and subject to the overall ceiling stipulated in Section 197 read with Schedule V of the Companies Act, 2013 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.

**d. Minimum remuneration**

In the event of absence or inadequacy of profits in any financial year during the tenure of Mr. C. K. Singh, salary and perquisites subject to the limits stipulated under Schedule V read with Section 196 and 197 of the Companies Act, 2013, are payable.

All other terms and conditions are set out in the Agreement the draft of which is available for inspection by Members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day till the date of Annual General Meeting.

None of the Directors, Key Managerial Personnel and their relatives, except Mr. C K. Singh is concerned and interested in item no. 5 & 6 of the Notice.

The Board recommends the resolution for the approval of Members.

**Item no. 7: Payment of Minimum Remuneration to Mr. Rupen Patel, Managing Director**

The Members had, at the Extra-ordinary General Meeting (EGM) of the Company held on March 19, 2014 approved by way of Special resolution, the re-appointment of Mr. Rupen Patel as the Managing Director of the Company for a period of 5 years with effect from April 1, 2014 on a salary not exceeding ₹ 9,00,000 per month along with the perquisites and other incentives and allowances.

In terms of provisions of Section 197 read with relevant rules and Section II, Part II of Schedule V of the Companies Act, 2013 the validity of the Special resolution for payment of minimum remuneration to Managing Director and Whole time Directors is 3 years. As such the validity of the Special resolution passed on March 19, 2014 for the payment of remuneration to Mr. Rupen Patel, Managing Director is valid only up to financial year 2016-17. Therefore approval of Members by way of special resolution is required for payment of the aforementioned remuneration to Managing Director as minimum remuneration for the remaining period of 2 years.

None of the Directors, Key Managerial Personnel and their relatives, except Mr. Pravin Patel and Mr. Rupen Patel are concerned and interested in item no. 7 of the Notice.

The Board recommends the resolution for the approval of Members.

Since, the Company had loss in the financial year 2015-16, the Company may require to comply with relevant provisions of Schedule V and therefore the above proposals in resolution nos. 4, 6 and 7 requires approval of Members through Special Resolutions.

Statement required pursuant to the provisions of Schedule V of the Companies Act, 2013 is given below:

#### I. General Information

1. Nature of Industry: Construction & Engineering
2. Date or expected date of Commencement of commercial Production: Not Applicable  
(The Company is an existing company)
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable
4. Financial performance based on given indicators (₹ in Million)

Particulars	FY 15-16	FY 14-15	FY 13-14
Total Revenue	28,444.66	26,682.25	28,502.60
Profit After Tax	(186.81)	118.85	249.97

5. Foreign investments or Collaborators, if any: (₹ in Million)

Particulars	FY 15-16	FY 14-15	FY 13-14
Investments Abroad (in subsidiary)	908.26	945.80	948.98

#### II. Information about the Appointee:

Sr. No	Particulars	Mr. Pravin Patel	Mr. Rupen Patel	Mr. C. K. Singh
(1)	Background details	Mr. Pravin Patel, 79 years is the Promoter-Director and Chairman of the Company. He has graduated in Town Planning from Pittsburgh University in the US and studied Financial Management from the LSE. He has a wide experience of more than 45 years in financial management, town planning and architecture. Under his vision and erudite leadership, the Company has acquired immense reputation as an engineering company and diversified into Realty as well.	Mr. Rupen Patel, 48 years is a commerce graduate from Mumbai University and holds a Masters degree in Business Administration from Babson College, US. Mr. Patel has experience of 22 years in construction industry. The Company under his leadership has ventured into owing and operating assets in the infrastructure sector such as independent hydro power and BOT road projects.	Mr. C. K. Singh, 61 years, is a Post Graduate Diploma in Personnel Management & Industrial Relations from Xavier Institute of Social Services. He has also done his LLB from Ranchi University. He joined the Company in the year 2008 as Vice President- Human Resources. In the year 2013 he contributes largely in functions of the Company viz legal, arbitration, business development, liaisoning and client relations.
(2)	Past remuneration	2013-14- Nil 2014-15- ₹ 1/- 2015-16- ₹ 0.11 million	2013-14- ₹ 12.03 million 2014-15- ₹ 13.77 million 2015-16- ₹ 14.56 million	2013-14- ₹ 6.04 million 2014-15- ₹ 7.73 million 2015-16- ₹ 9.10 million
(3)	Recognition or Awards	None	None	None

(4)	Job profile and his suitability	Mr. Pravin Patel being Executive Chairman is involved in day to day affairs of the Company and majority involved into legal matters including arbitration. Considering the prevailing adverse circumstances through which the infrastructure industry is passing through, It is deemed expedient to seek his continuous association as Executive Chairman of the Company, so that the Company can benefit from his extensive experience.	Mr. Rupen Patel, being Managing Director provides leadership and strategic inputs to the Company in addition to carrying out such powers as is entrusted to him from time to time by the Board of Directors of the Company.	Mr. C. K. Singh has been appointed as Whole time Director – Operations. He plays a major role towards the Company in sustaining its expenses and growing from its own financial resources. The Company to a large extent was able to meet all its expenses from its own operational surplus including Business Development and Legal.
(5)	Remuneration proposed	As per the details given in the Item No. 4, 6 & 7 of the statement annexed to the Notice. The Company intends to pay double the amount prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 and hence it is proposed to pass the special resolutions in this regard.		
(6)	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The remuneration payable to the Managing Director and Whole-time Directors has been considered after looking into the remuneration being drawn by similar positions in Construction Industry and as recommended by Nomination & Remuneration Committee of the Company.		
(7)	Pecuniary relationship directly or, indirectly with the Company, or relationship with the managerial personnel, if any	Mr. Pravin Patel has no pecuniary relationship directly or indirectly with the Company except to the extent of his remuneration and shareholding in the Company. Mr. Pravin Patel , is promoter and Director of the Company and relative of Mr. Rupen Patel, Managing Director.	Mr. Rupen Patel has no pecuniary relationship directly or indirectly with the Company except to the extent of his remuneration and shareholding in the Company. Mr. Rupen Patel is promoter and Managing Director and relative of Mr. Pravin Patel, Director.	Mr. C. K. Singh has no pecuniary relationship with the Company except to the extent of his remuneration and shareholding in the Company.

### III. Other Information:

- (1) Reason of loss or inadequate profit: The performance of the Company has been impacted due to slowdown in infrastructure sector in last 2-3 years, slowdown in bidding of new projects which depleted the order book, non-release of sanctioned limits by the Consortium of banks under Corrective Action Plan (CAP), delay in monetization of real estate assets.
- (2) Steps taken or proposed to be taken for improvement: The Company has undertaken several steps to increase its performance viz taking up small project to generate increase the revenue and profit,

monetize the non-core assets of the Company to generate funds to repay loans/interest. The Company is focusing on cost competitiveness. Currently the Company is facing severe cash crunch and challenges in debt servicing. As a corrective action plan and to retain the value of the Company, the lenders have invoked Strategic Debt Restructuring (SDR) with reference date of May 26, 2016.

- (3) Expected increase in productivity and profit in measureable terms.

The Company is planning to bid for projects worth more than ₹ 200.00 billion which will help to increase profitability. Further, the Company has also entered into joint development agreements and is in the process of selling various other non-core assets and foresee profits in future.

#### **IV Disclosures**

The detail of remuneration and other information is given as above. The requisite details of remuneration etc. of the Director shall be included in the Corporate Governance Report, forming part of the Annual Report of the Company for the financial year 2015-16.

##### **Item no. 8**

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company.

On the recommendation of the Audit Committee at its meeting held on September 26, 2015, the Board has, considered and approved the appointment of M/s. D. Radhakrishnan & Co, Cost Accountants as the cost auditor for the financial year 2015-16 at a remuneration of ₹ 3,50,000 per annum plus applicable service tax.

The Board recommends the resolution for approval of Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested in the resolution.

##### **Item no. 9**

The Company has received a request from its shareholder to dispatch the physical copy of all notices, annual report and other important documents by the medium of speed post only.

As per Section, 20 of Companies Act, 2013, the Company needs to determine in its Annual General Meeting the charges or fees required for the delivery of necessary documents as and when requested by any shareholder to the Company. Since the actual cost of documents may vary from time to time depending upon the mode requested, the said power is requested to be delegated to the Board.

The Board recommends the resolution for approval of Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested in the resolution.

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

Mumbai,  
November 11, 2016

Shobha Shetty  
Company Secretary

##### **Registered Office**

Patel Estate Road  
Jogeshwari-(West)  
Mumbai-400102.



**PATEL ENGINEERING LTD.**

Redg office: Patel Estate Road, Jogeshwari (West), Mumbai 400102.  
Tel No: +91(22) 26767500 Fax: +91(22) 26782455  
CIN:L99999MH1949PLC007039, Website: www.pateleng.com

**67<sup>th</sup> 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 67<sup>th</sup> Annual General Meeting of the Company on Thursday, December 22, 2016 at 11.00 a.m., at Shree Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari (West), Mumbai - 400102.

Registered Folio No./ *DP ID/Client ID	
Name and address of the Member(s)	
Joint Holder 1	
Joint Holder 2	

\_\_\_\_\_  
Signature of Member or Proxy or Representative

\*Applicable for investors holding shares in electronic form

.....✂.....

EVSN (Electronic Voting Sequence Number)	**Sequence Number
161123002	

\*\* Only Members who have not updated their PAN with the Company/Depository Participant shall use the above Sequence Number in the PAN field.

**Note:** Please read the instructions printed under the Note No. 11 to the Notice of 67<sup>th</sup> Annual General Meeting dated November 11, 2016. The voting period starts from 9.00 a.m. on Monday, December 19, 2016 and ends at 5.00 p.m. on Wednesday, December 21, 2016. The voting module shall be disabled by CDSL for voting thereafter.

## PROXY FORM

### PATEL ENGINEERING LTD.

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

Tel No: +91(22) 26767500 Fax: +91(22) 26782455

CIN:L99999MH1949PLC007039, Website: www.pateleng.com

Folio No./Client Id /DP Id :

I/We, being the member(s) of \_\_\_\_\_ Equity shares of Patel Engineering Limited 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 67<sup>th</sup> Annual General Meeting of the Company to be held on December 22, 2016 at 11.00 a.m. 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
<b>Ordinary Business</b>			
1	To consider and adopt a. the audited Financial Statement of the Company for the financial year ended on March 31, 2016 together with the reports of the Board and the Auditors thereon; and b. the audited Consolidated Financial Statement of the Company for the financial year ended on March 31, 2016 together with the reports of the Auditors thereon.		
2.	To appoint a Director in place of Mr. Rupen Patel, who retires by rotation and, being eligible, offers himself for re-appointment		
3.	To appoint M/s Vatsaraj and Co. as Statutory Auditors of the Company.		
<b>Special Business</b>			
4.	Re-appointment of Mr. Pravin Patel as Whole time Director.		
5.	Appointment of Mr. Chittaranjan Kumar Singh as Director.		
6.	Appointment of Mr. Chittaranjan Kumar Singh as Whole time Director.		
7.	Payment of Minimum Remuneration to Mr. Rupen Patel, Managing Director.		
8.	Ratification of remuneration payable to M/s D. Radhakrishnan & Co. as Cost Auditors of the Company for FY 2015 -16.		
9.	Service of documents.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Signature of Shareholder \_\_\_\_\_

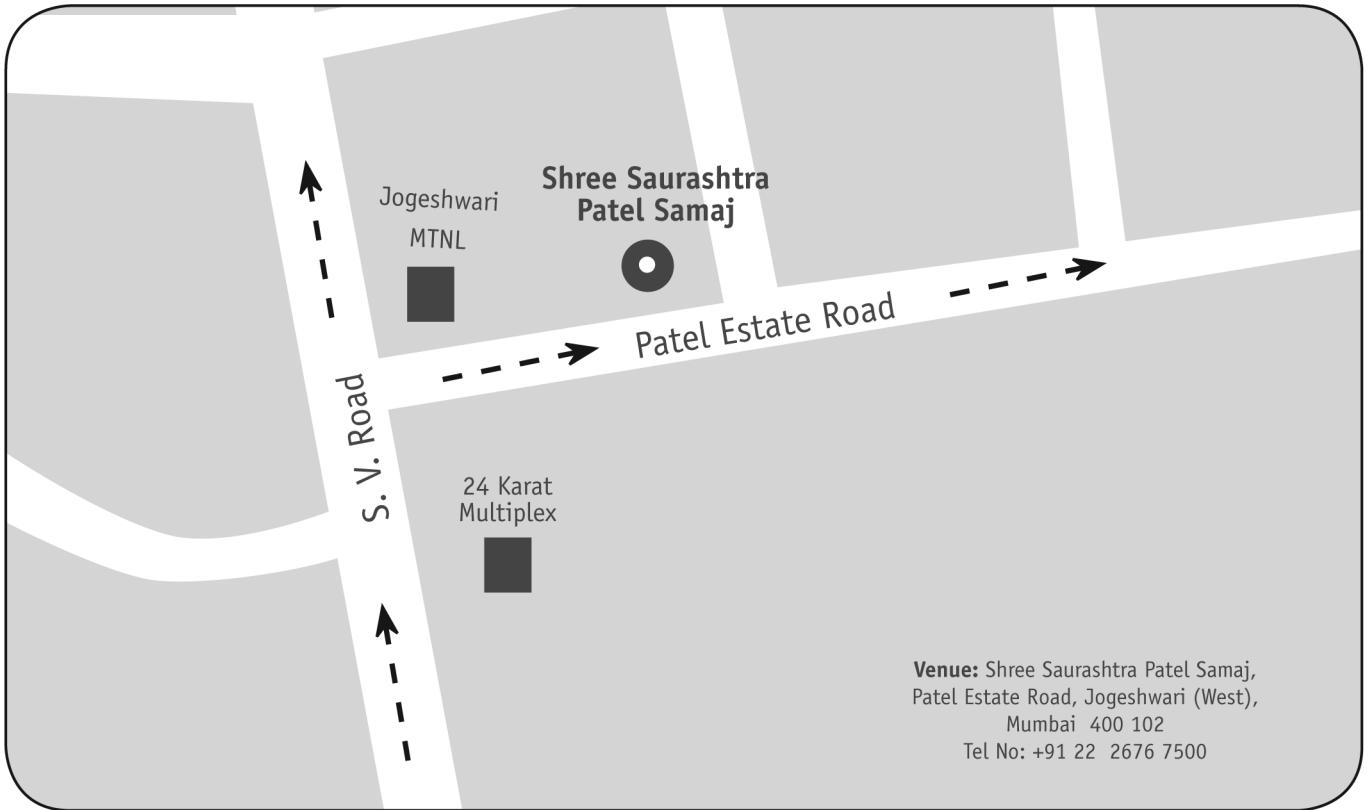
Signature of Proxy holder(s) \_\_\_\_\_

Please affix  
the Revenue  
Stamp of  
Re. 1

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.



# ROUTE MAP



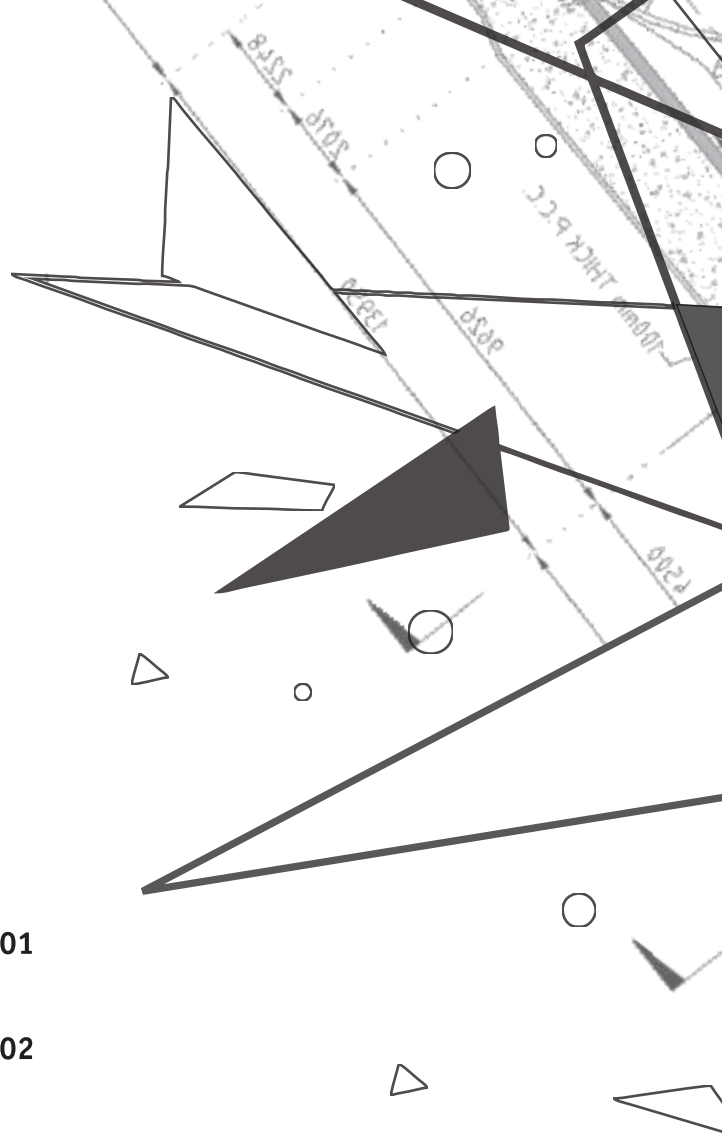


**PATEL  
ENGINEERING  
LTD.**



# CONTENTS

CORPORATE INFORMATION	01
MESSAGE FROM THE MANAGING DIRECTOR	02
COMPARATIVE CONSOLIDATED FINANCIALS	05
BOARDS' REPORT	06
MANAGEMENT DISCUSSION AND ANALYSIS	40
REPORT ON CORPORATE GOVERNANCE	48
CONSOLIDATED FINANCIAL STATEMENTS	60
STANDALONE FINANCIAL STATEMENTS	96



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Pravin Patel, Chairman  
Mr. Rupen Patel, Managing Director  
Mr. Khizer Ahmed, Independent Director  
Mr. SrinivasaJambunathan, Independent Director  
Mr. K. Ramasubramanian, Independent Director  
Ms. Geetha Sitaraman, Independent Director  
Mr. Chittaranjan Kumar Singh, Whole time Director-Operations

### REGISTERED OFFICE

Patel Estate Road, Jogeshwari (West),  
Mumbai - 400 102.  
Tel : +91 22 2676 7500  
Fax : +91 22 2678 2455  
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

### CFO

Ms. Kavita Shirvaikar

### COMPANY SECRETARY

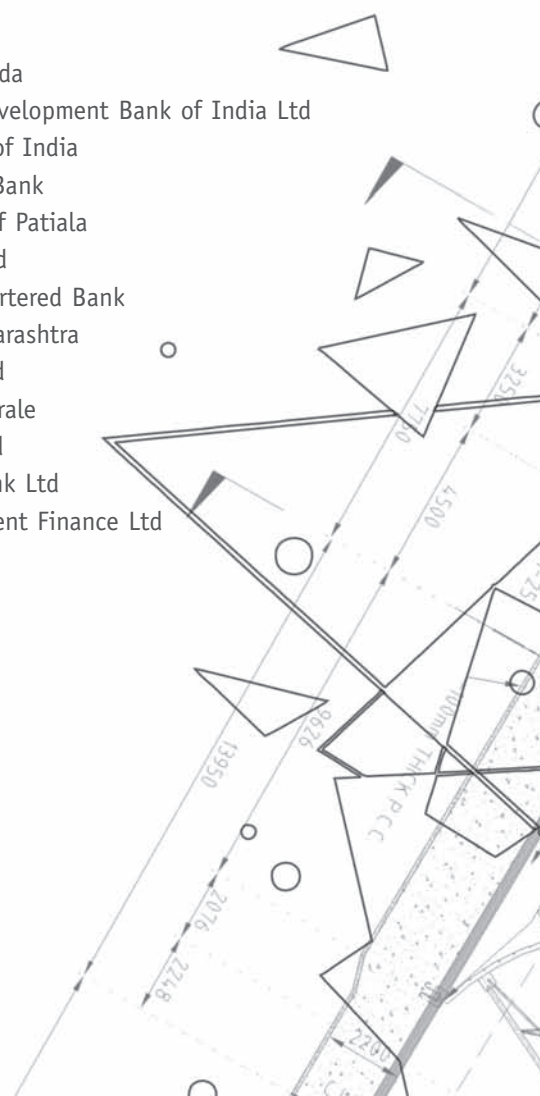
Ms. Shobha Shetty

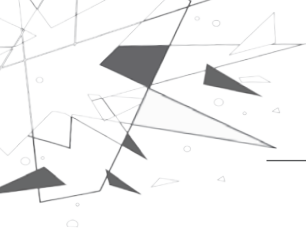
### AUDITORS

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

### CONSORTIUM LENDERS

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  
Societe Generale  
RBL Bank Ltd  
IndusInd Bank Ltd  
SREI Equipment Finance Ltd





Rupen Patel  
Managing Director

## Message from the Managing Director

### Dear Shareholder,

I would like to present this year's annual report with a lot of optimism. Although the past few years have been very tough and had a great toll on the Indian Economy including your company, I assure you that the worst seems to be over and there is a great ray of hope in the coming future.

India has long been viewed as a potential economic tiger that is yet to achieve its potential. Innumerable regulations and the intricate federal structure of the government inhibited business growth and held India back from achieving its expected economic potential. However, that appears to be changing gradually. The state governments along with the support of the central government, have unveiled several reforms and changes that have made it comparatively easier to do business in India, than ever before.

The Indian economy has shown resilience in the face of global downturns and has stood up to be one of the fastest growing economies in the world by posting a robust growth of 7.2% in FY 2015 and 7.6% in FY 2016. The World Bank also predicted that India would be the fastest-growing economy in the world in the next three years.

Also, Government of India has launched various proactive policy reforms along with several campaigns and initiatives, such as Make in India, Digital India, Skill India, Start-up India and Swachh Bharat Abhiyan (Clean India Mission), which are likely to transform the extent and the quality of rural and urban infrastructure. Some of the infrastructure plans are trans-national and would help India economically integrate more firmly and rapidly with the regional economies.

While cities and urban areas show a progressive rise in the average per capita spending, proactive measures directed towards benefitting rural India to help increase its income opportunities would contribute towards increasing total domestic consumption in India. In this context, large rural infrastructure projects such as interlinking the rivers and building rural roads would ensure less dependence on the monsoons for the agricultural output and a more efficient farm to fork supply chain. This, in turn, shall help ensure a broader consumption pattern.

On the other hand, the rising efficiency of the cities, through Smart City initiative, is expected to allow higher productivity, leading to increased wages and disposable incomes, contributing to the growth of domestic consumption.

India's macro story is expected to continue to become more attractive. Reform measures initiated by the government has underpinned India's long-term growth potential while the reduction in the current account deficit on the back of falling oil prices enabled the RBI to increase foreign exchange reserves, which could act as a cushion against external shocks.

Inflation has remained benign, and inflation expectations are likely to be anchored by the inflation targeting mechanism. Turning to the fiscal policy, the government is committed to bringing the fiscal deficit to 3 percent by FY2017-18 in compliance with the FRBM Act. The implementation GST bill should be a good boost towards simplified tax regime in the country.

These steps are expected to bring forth some investment opportunities. For example, the initial corpus of USD 6.2 billion by the National Investment and Infrastructure Fund (NIIF) is expected to bridge the investment gap in infrastructure, which would be addressed by FDI and private investments. In a scenario, where the nominal GDP is expected to reach USD 3.4 trillion by FY 2019-20 and further, to USD 7 trillion by FY 2024-25, the stakes for the return on investments is expected to be significantly high.

In addition, India has embarked on a process of increasing connectivity to its neighbouring economies, thus integrating more tightly with these economies. By connecting its roads, highways and industrial corridors such as the Amritsar-Kolkata Industrial Corridor (AKIC), Bengaluru-Mumbai Economic Corridor (BMEC), Chennai-Bangalore Industrial Corridor (CBIC) and Delhi-Mumbai Industrial Corridor (DMIC) to the neighbouring South Asian and South-East Asian economies, India shall become the epicentre of a large economy. The process of tighter economic integration with neighbouring economies has started with initiatives such as South Asian Association for Regional Cooperation (SAARC), Bangladesh, Bhutan, India and Nepal (BBIN) initiative, BBIN- Motor Vehicle Agreement, Kolkata-Dhaka-Agartala bus service, transnational inland waterways with Bangladesh, road agreements with Association of Southeast Asian Nations (ASEAN). Also, 6 of the 9 Asian Highway (AH) projects pass through India – a befitting case in point to leverage India's strategic location as an economic hub. Furthermore, India's coastline infrastructure is being further strengthened to support regional coastal shipping.

The legacy of payments outstanding with clients under various claims even after receipt of arbitration awards continued to be the largest hurdle in the construction sector leading to huge liquidity concerns and strain on the balance sheet of every prominent player in the industry.

To overcome the same, the government has taken a few positive steps, Firstly, they amended the Arbitration Act to facilitate completion of all arbitrations faster and in a timebound manner, a common international practice but was missing in our country.

Secondly, the introduction of special commercial courts at the district and high court level to deal with all commercial disputes over a threshold of ₹ 1 crore. This act would enable all appeals related to arbitration awards in these specialized courts and may not get piled up with other matters in the courts; this is another step towards speeding up the settlement of claims.

Thirdly, the decision of the government as per Niti Aayog to release 75% of the arbitration awards challenged in courts against submission of Bank Guarantees is one of the boldest decision, which would enable companies like us to generate much-needed liquidity and to retire a major chunk of our debt with the said cash flows.

These new steps introduced would take some time to be implemented at ground level, but, we are hopeful that "Good days will come" sooner and we shall see things moving within next 12-18 months.

Now, let me take you through the current condition of our company. Our company has been sustaining through the turmoil in the last few years where we have seen many large companies going down. Although the government has introduced great measures, there is at least another 12-18 months for the same to be implemented and result in bearing the expected fruits for companies like us, regarding real liquidity.

The delay in decision making mainly due to elections and other political unrest in states like Jammu & Kashmir has also taken a toll on the company, where the company was earlier declared L1 for one of the largest hydropower projects, 1000 MW PakalDul HE Project. We were declared L1 for the same in 2014. However, the project was not awarded due to various local concerns including political chaos, etc. which largely affected the future plans of the company, as it would have given a revenue of more than ₹ 7,500 crores over 4-5 years starting FY 16, if commenced in time as per original schedule.

The performance of the company's operations out of its core engineering & construction business reflected in standalone results were as follows:-

- The Revenue from Operations increased by 5.8% to ₹ 2,614.95 crore in FY 2015-16 from ₹ 2,472.81 crore in FY 2014-15.
- The Company reported a Net loss of ₹ 18.68 crore in FY 2015-16 as

against a Net Profit of ₹ 11.89 crore in FY 2014-15.

- The Order book of the Company as on March 31, 2016 with positive signs stood at ₹ 10,175 crore.

The main constraints faced by the company remain to be Slowdown in order inflow including conversion of L1 to Letter of Awards, delays in settlement of claims and realisation of receivables for work done, corresponding increase in debt and hence continuous increase in interest burden which the company is finding it difficult to meet out of its reduced cash flows.

Hence, to overcome the same and to get the much needed time of 12-18 months to generate cash flows, the Company finally and prudentially agreed and lenders took a decision to invoke Strategic Debt Restructuring (SDR) under which the consortium of lenders would convert part of debt into equity to hold at least 51% of the equity, post conversion, which will give a breather to the company with a moratorium of 18 months from the reference date viz. May 26, 2016 for repayment of all dues to lenders. The company expects that within the said period, it would be possible to revive, with various reform measures being taken by the government, give time to generate adequate liquidity required for meeting the liabilities of the lenders and the existing cash flows of the projects can be utilised for the operations of the company, without the strain of stretching the existing cash flows to service a large level debt.

During the said period of 18 months, the Company has plans to undertake various measures to sell its non-core assets and concentrate on the core E & C business even if it means to undertake harsh steps to keep all investments in Asset ownership business also on hold.

As a result the Company has already initiated steps like,

- We have also undertaken steps to enter into Joint Development Agreements with prominent developers to derisk from initial investments to commence, advertise the projects and also generate upfront cashflows to reduce debt.
- Signed Share Purchase Agreement (SPA) to sell its stake in 2 Annuity Projects KNT – 1 & AP – 7 to reduce the liability to repay debt.
- Started the process of identifying a buyer to hive off SDR invoked Bellona Estate Developers Ltd., a SPV formed for developing a mall in Electronic City, Bangalore.
- The Thermal Projects which were kept on hold earlier, and which continues to remain so, would be hived off at a right time.
- not to undertake any further investments for mining rights in Indonesia & Mozambique and to recognise the impairment of the value of majority of investments made therein.

The Consolidated Performance of the Company has taken a hit –

The Revenues from Operations increased by 18.5% from ₹ 3,415.38 crore to ₹ 4,046.35 crore. However, due to the impact of the impairment mentioned above provisions and increase in Finance Cost from ₹ 516.95 crore to ₹ 593.06 crore, the Company reported a net loss of ₹ 186.63 crore as against a Net Profit of ₹ 8.46 crore in FY 2014-15.

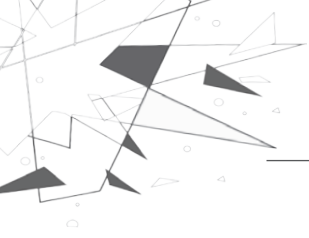
As the MD of the company, the future now looks bright and together with the support of the shareholders and the lenders the Company which has seen various ups' and down's in the last seven decades, we shall be up again and roaring in the years to come.

Thank you all for your much needed support and co-operation.

Yours truly,



**Rupen Patel**  
 Managing Director



## Our Global Presence



## COMPARATIVE CONSOLIDATED FINANCIALS

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
(₹ in Million)										
<b>A. FINANCIAL POSITION</b>										
Share Capital	76.81	76.81	76.81	69.83	69.83	69.83	69.83	59.66	59.66	59.66
Reserves & Surplus	17,088.87	18,850.22	17,851.55	16,205.76	15,497.55	14,739.93	13,557.69	10,112.63	8,399.33	7,014.48
<b>Shareholders Funds</b>	<b>17,165.68</b>	<b>18,927.03</b>	<b>17,928.36</b>	<b>16,275.59</b>	<b>15,567.38</b>	<b>14,809.76</b>	<b>13,627.52</b>	<b>10,172.29</b>	<b>8,458.99</b>	<b>7,074.14</b>
Minority Interest	1,457.36	1,293.29	1,293.29	988.98	834.06	704.27	615.24	215.77	405.41	74.02
Deferred Tax Liability (Net)	-	139.76	171.54	113.32	216.03	131.95	114.88	148.36	150.94	118.40
Loan Funds	54,153.57	51,633.58	44,780.38	34,754.22	28,379.91	24,744.88	18,300.18	12,812.62	9,764.01	3,419.72
<b>Total Funds Employed</b>	<b>72,776.61</b>	<b>71,947.74</b>	<b>64,173.57</b>	<b>52,132.11</b>	<b>44,997.38</b>	<b>40,390.86</b>	<b>32,657.82</b>	<b>28,003.34</b>	<b>20,957.35</b>	<b>12,178.13</b>
Fixed Assets (Net)	14,683.99	16,402.35	14,606.70	12,509.61	10,532.09	8,530.20	7,591.16	5,700.97	6,702.43	2,535.80
Investments	1,695.00	1,817.81	1,338.98	1,131.07	985.88	780.35	698.17	504.65	360.81	1,714.02
Deferred Assets (Net)	379.44	-	-	-	-	-	-	-	-	-
Net Current Assets & Non Current Assets	56,018.18	53,727.58	48,227.89	38,491.43	33,679.41	30,997.87	24,301.52	21,738.32	13,871.26	7,901.26
Miscellaneous Expenditure (To the extent not written off or adjusted)	-	-	-	-	-	82.44	66.97	59.40	22.85	27.05
<b>Total Application of Funds</b>	<b>72,776.61</b>	<b>71,947.74</b>	<b>64,173.57</b>	<b>52,132.11</b>	<b>44,997.38</b>	<b>40,390.86</b>	<b>32,657.82</b>	<b>28,003.34</b>	<b>20,957.35</b>	<b>12,178.13</b>
<b>B. OPERATING RESULTS</b>										
Income from Operations	40,463.42	34,153.87	37,011.31	41,148.74	35,920.91	34,759.09	31,909.33	24,598.45	18,596.43	12,900.12
Other Income	1,469.15	1,159.22	1,067.37	817.47	910.92	229.75	630.12	144.59	36.87	97.51
Total Income	41,932.57	35,313.09	38,078.68	41,966.21	36,831.83	34,988.84	32,539.45	24,743.04	18,633.30	12,997.63
<b>Total Expenditure</b>	<b>42,788.99</b>	<b>35,149.52</b>	<b>37,541.04</b>	<b>40,707.37</b>	<b>35,532.45</b>	<b>33,141.67</b>	<b>29,489.55</b>	<b>22,372.74</b>	<b>16,778.20</b>	<b>11,685.50</b>
<b>Profit before Tax</b>	<b>(856.42)</b>	<b>163.57</b>	<b>537.64</b>	<b>1,258.84</b>	<b>1,299.38</b>	<b>1,847.17</b>	<b>3,049.90</b>	<b>2,370.30</b>	<b>1,855.10</b>	<b>1,312.13</b>
Profit after Tax	(1,951.34)	96.73	247.18	742.30	701.87	1,307.26	2,120.57	1,934.02	1,628.12	1,171.33
Minority Interest and other adjustments	(84.77)	12.04	83.49	92.27	35.99	81.21	138.96	129.24	109.07	26.62
<b>Net Profit</b>	<b>(1,866.57)</b>	<b>84.69</b>	<b>163.69</b>	<b>650.03</b>	<b>665.88</b>	<b>1,226.05</b>	<b>1,981.61</b>	<b>1,804.78</b>	<b>1,519.05</b>	<b>1,130.11</b>
<b>C. EQUITY SHARE DATA</b>										
Earning per share (₹)	(24.30)	1.10	2.15	9.31	9.54	17.56	30.96	30.25	24.74	18.90
Number of Shares	76,806,282	76,806,282	76,244,325	69,827,151.00	69,827,151	69,827,151	69,827,151	59,659,090	59,659,090	59,659,090
Dividend %	-	-	-	-	30%	100%	200%	175%	150%	130%



# Boards' Report

To the Members of Patel Engineering Limited,

The Directors hereby present their 67<sup>th</sup> Annual Report on the business, operations and state of affair of the Company together with the audited financial statement for the year ended March 31, 2016:

## FINANCIAL HIGHLIGHTS

### Standalone and Consolidated Financial Performance

(₹ in millions)

Particulars	Consolidated		Standalone	
	2015-16	2014-15	2015-16	2014-15
Total Income	41,932.57	35,313.09	28,444.62	26,682.25
Total expenditure	42,788.99	35,149.52	28,591.12	26,463.56
Profit before depreciation, prior period and exceptional items	(306.64)	961.35	300.84	737.87
Less : Depreciation	549.78	797.78	447.34	519.18
Exceptional Item <sup>#</sup>	(1,292.09)	153.31	189.99	-
<b>Profit before tax</b>	<b>(2,148.51)</b>	<b>316.88</b>	<b>(336.49)</b>	<b>218.69</b>
Tax & Minority Interest	281.94	232.19	(149.58)	99.83
<b>Net Profit</b>	<b>(1,866.57)</b>	<b>84.69</b>	<b>(186.91)</b>	<b>118.86</b>
Add: Opening Balance in Profit & Loss A/c	6,845.91	5,770.36	5934.09	5,219.52
Add: Reversal of Prudent Provision for Tax **	-	600.64	-	600.64
Amount available for appropriation	4,970.37	6,850.83	5747.18	5,939.01
<b>Less Appropriations:</b>				
a. Depreciation impact as per Schedule II	-	4.92	-	4.92
b. Surplus carried to the Balance sheet	4,970.37	6,845.91	5747.18	5,934.09
Earnings per equity shares (face value ₹ 1)				
- Basic (₹)	(24.30)	1.10	(2.43)	1.55
- Diluted (₹)	(24.30)	1.10	(2.43)	1.55

# for Exceptional Item, refer to note no.23A of Notes to Standalone Financial Statement. And note no. 51 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. And note no. 24(ii) of Notes to Consolidated Financial Statements

### Consolidated

The Consolidated total income which stood at ₹ 41,932.57 million increased by 18.75% as against ₹ 35,313.09 million for the previous year. The profit before depreciation was lower by 137.52% at ₹ (360.64) million as against ₹ 961.15 million for the previous year. The net loss is at ₹ 1,866.57 million as against profit of ₹ 84.69 million for the previous year.

### Standalone

On Standalone basis, the total income stood at ₹ 28,444.66 million as against ₹ 26,682.25 million for the previous year. The profit before depreciation was lower at ₹ 300.84 million as against ₹ 737.86 million for the previous year. The Company has incurred Net Loss of ₹ 186.91 million as against the profit of ₹ 118.86 million for the previous year.

### Dividend

Due to operating losses, your Directors have not recommended payment of dividend for the financial year 2015-16.

### Information on state of affairs of the Company

Information on the operational and financial performance, among others, is given in the Management Discussion and Analysis Report which is forming part of the Annual Report and is in accordance with Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

## Finance

As on March 31, 2016, the Company on Standalone basis has ₹ 2,550 million outstanding NCDs repayable over period of 3 to 7 years out of which ₹ 1,050 million was due. The NCDs are listed on National Stock Exchange of India Limited.

In addition, the Company from time to time has raised money through borrowings (long and short terms) and the total amount outstanding on standalone basis as on March 31, 2016 is ₹ 40,297.90 million.

## Strategic Debt Structuring (SDR)

Delays in successful implementation of Corrective Action Plan by the Lenders, non-availability of additional limits delayed the monetization of critical real estate projects, adverse market condition further delayed monetization of assets. Since the Company was facing severe cash crunch and challenges in debt servicing and in order to preserve the value of the company, the lender invoked SDR and May 26, 2016 was fixed as reference date. The Board at the meeting dated June 29, 2016 and the Members by postal ballot result dated August 26, 2016 and November 21, 2016 approved conversion of part of the debt of the Company to equity in one or more tranches, as it is required allowing Lenders to hold not less than 51% of the total Equity share capital of the Company post such conversion. The Company is in process of converting part of the Loan into Equity shares.

## Subsidiaries

As on March 31, 2016, the Company has 83 subsidiaries including step down subsidiaries.

During the year under review, applications were made to the Registrar of Companies for striking off the names of following inoperative subsidiaries under the Fast Track Exit (FTE) mode pursuant to guidelines for Fast Track Exit mode for defunct companies under Section 560 of the Companies Act, 1956.

- Patel Urjaa Vyapaar Pvt. Ltd
- ASI Rcc India Ltd
- Laksha Infra Projects Pvt. Ltd
- Praval Developers Ltd.
- Hebe Realcon Pvt. Ltd

The performance and financial position of the subsidiaries and associates as required under the Companies Act, 2013 is provided in **Annexure I** of the Boards' Report. The financial statements of the subsidiary companies will be placed on the website of the Company [www.pateleng.com](http://www.pateleng.com). any Member interested in obtaining a copy of financial statement of the subsidiaries may write to the Company Secretary, at the registered office of the Company.

In terms of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has formulated a policy for determining 'material' subsidiaries and the same has been disclosed on Company's website at the link: <http://tinyurl.com/nqb2o56>.

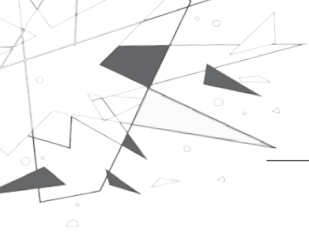
## Key Subsidiary/Associate updates

The Company through its wholly owned subsidiary **Patel Realty (India) Ltd** ("PRIL") was formed to develop 103 acres of Electronic City land in Bangalore. PRIL is developing residential project (over 24 acres of land consisting of 2,300 residential apartments. It has successfully handed over 2,000 apartments and is developing a Mall through a SPV **Bellona Estate Developers Ltd** (over 12 acres land for 1.20 million sq feet). During the year, SDR was invoked and 51% stake of Bellona was transferred to its lenders. PRIL has also decided to enter into Joint Development Agreement with other Developers in order to enable them to focus on core business and deleverage from initial investment requirement to commence a project.

Company's Mauritius subsidiary **Le Salines Development Ltd** ("LSDL") had Land lease Agreement with Govt. of Mauritius for a period of 99 years, however notice of termination was received on 4th of June 2015 from the Govt. of Mauritius. A notice has been sent to the Authorities and Government of Mauritius on 1<sup>st</sup> July 2016 contesting wrongful termination, violation of treaty and further moving to seek compensation under the Promotions and Protection of Investments Treaty between the Governments. Attorney General of Govt. of Mauritius has accepted receipt of notice and agreed for a meeting to mutually seek solution in the matter. The Company is confident of resolving the issue with the Govt. of Mauritius as there is no breach by LSDL and the Company.

**ASI Constructors Inc**, one of the key subsidiary based in USA has orders in hand of approx ₹ 11,324.73 million as on March 31, 2016. During FY 16, the Revenues of this company has increased by 48% to ₹ 11,017.70 million as compared to ₹ 7,466.40 million in the previous year.

**Michigan Engineers Pvt. Ltd.** wherein the Company has 51% stake, having presence in urban infrastructure Projects, have during financial year 2015-16 been awarded EPC contract of Microtunnelling for total 1372 meter by RSPL, Kanpur. Michigan has also bagged contract from MCGM for Construction of R.C.C. box drain on N. S. Hardikar Marg for ₹12.95cr and contract for Design & Construction of Renovations & Rehabilitation including investigations, cleaning, desilting, survey, enlarged access manholes, lining & protective coating of Storm Water Drain for ₹ 433.4 Million from MCGM.



The Company through its wholly owned subsidiary **Patel Energy Resources Ltd.** ("PERL") intended to build a thermal coastal power plant project of 1,050 MW at Nagapattinam, Tamil Nadu. All the statutory clearances required are in place except Consent For Establishment (CFE) that is mandatory for taking up Project construction works is still pending with Government of Tamil Nadu. Pending this, 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 of this project. The debt for the project amounting to ₹ 9.00 billion has been tied up from consortium of banks led by IDBI Bank. Contract for execution of all the civil, HM, EM works has been awarded; contractor has mobilized man & machinery and execution of the project is in progress.

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. The SPV has completed the project and based on the partial COD have started collecting tolls since October 2015.

#### **Related Party Transactions**

All the Related Party Transactions entered by the Company are on arm's length basis and in the ordinary course of business. All the Related Party Transactions as required under AS-18 are reported in the Notes to the financial statements.

In accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated the Related Party Transactions policy and the same is uploaded on Company's website at the link: <http://tinyurl.com/nrqnhhs>

#### **Particulars of Loans given, Investment made, Guarantees given and Securities provided**

The members may note that the Company is engaged in providing infrastructural facilities and hence, as per Section 186(11) of Companies Act, 2013, nothing in Section 186 shall apply to the Company except sub-section (1) of Section 186. Accordingly, a separate disclosure has not been given in the financial statements as required under Section 186(4) with regard to particulars of loan given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security.

#### **Directors and Key Managerial Persons**

##### **i. Independent Director**

In accordance with the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have given a declaration that they meet the criteria of independence as provided in the said Section and in terms of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

##### **ii. Retirement by Rotation of the Directors**

Mr. Rupen Patel retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

##### **iii. Cessation of Director**

Ms. Silloo Patel, a Whole time Director on the Board of the Company, expired on November 26, 2015. The Board condoned the death of Ms. Patel and placed on record its appreciation of the valuable service rendered by her.

During the year under review, Mr. Nimish Patel and Mr. Ashwin Parmar resigned as Whole time Directors of the Company with effect from July 16, 2015 and April 4, 2016 respectively. The Board placed on record its sincere appreciation of the services rendered by Mr. Patel and Mr. Parmar during their tenure as Directors of the Company.

##### **iv. Appointment of Director**

Mr. C. K. Singh was appointed as an additional Director and Whole time Director-Operations by the Board of Directors at their meeting held on May 30, 2016.

##### **v. Key Managerial Personnel**

The following persons are the Key Managerial Personnel (KMPs) of the Company pursuant to the provisions of the Companies Act, 2013 and Rules framed thereunder:

- a. Mr. Pravin Patel, Chairman and Whole time Director
- b. Mr. Rupen Patel, Managing Director
- c. Ms. Kavita Shirvaikar, Chief Financial Officer
- d. Ms. Shobha Shetty, Company Secretary
- e. During the year under review, Mr. Nimish Patel and Mr. Ashwin Parmar resigned as Whole time Directors effective from July 16, 2015 and April 4, 2016 respectively and therefore they were KMP till the said respective dates.

- f. Ms. Silloo Patel expired on November 26, 2015 and therefore she was KMP till November 26, 2015.
- g. Mr. C. K. Singh was appointed by the Board as Whole time Director of the Company at its meeting held on May 30, 2016 and therefore designated as KMP with effect from the said date.

#### **Number of Board Meetings held during the financial year 2015-16**

During the year ended March 31, 2016, the Board met five times. The details of the Board meetings and the attendance of the Directors at the meetings are provided in the Corporate Governance Report, which forms part of this Annual Report.

#### **Remuneration Policy**

The Company has framed a Remuneration Policy pursuant Section 178 of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. This Policy is enclosed as **Annexure II** to the Boards' Report.

#### **Evaluation of Board**

Based on the criteria for evaluation of performance of the Board Directors, its Committees, Chairman, Executive Directors, Independent Directors and Non-Executive Directors, the performance was evaluated for the financial year ended March 31, 2016.

A meeting of the Independent Director was held during the year under review.

#### **Internal Financial Controls**

The Company has in place adequate internal financial control with reference to financial statement.

#### **Directors' Responsibility Statement**

Pursuant to Section 134 of the Companies Act, 2013, the Directors confirm that:

- i. in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable Accounting standards had been followed along with proper explanation relating to material departures.
- ii. for the financial year ended March 31, 2016, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the Company for the year ended March 31, 2016.
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the annual financial statements have been prepared on a going concern basis.
- v. that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

#### **Audit Committee**

The Audit Committee of the Board of Directors of the Company comprised of the following Members:

Mr. Khizer Ahmed – Independent Director & Chairman

Mr. Pravin Patel – Executive Director

Mr. K. Ramasubramanian – Independent Director

Mr. S. Jambunathan – Independent Director

The details about Audit Committee and its terms of reference etc. have been given in Corporate Governance Report which forms part of Annual Report.

#### **Corporate Social Responsibility Committee**

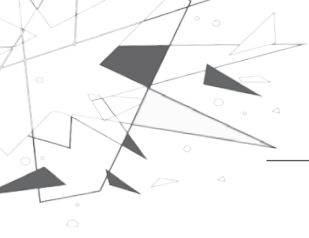
In accordance with the provisions of Section 135 of the Companies Act, 2013 (the Act), the Board of Directors of the Company has constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of the following Directors as its members:

Mr. Pravin Patel – Executive Director

Mr. K. Ramasubramanian – Independent Director

Mr. Rupen Patel - Managing Director

The terms of reference of the CSR Committee include the matters specified in Section 135 of the Act. The CSR Policy of the Company is uploaded on the Company's website at the link <http://tinyurl.com/o6yczkx>.



On account of financial constraints, the Company could not spend the full amount as required in terms of Section 135 of the Companies Act, 2013A report on CSR activities is provided in **Annexure III** to this Report.

#### **Auditors**

M/s. Vatsaraj & Co. Chartered Accountants, Mumbai bearing ICAI Registration No. 111327W who retires at the ensuing Annual General Meeting of the Company are eligible for reappointment. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for reappointment as Auditors 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.

There is no event of reporting of frauds in terms of sub-section (12) of Section 143 of the Companies Act, 2013.

#### **Secretarial Audit Report**

The Board had appointed M/s. Makarand Joshi & Co., Practicing Company Secretaries, as the Secretarial Auditor, to conduct the secretarial audit of the Company for the financial year ended March 31, 2016. The Report of Secretarial Audit Report is provided as **Annexure IV** to this Report.

This report contain observation on delay in filing the Consolidated Financial Statement for the Year ending March 31, 2015 to BSE/ NSE and delay in filing Annual Performance Report (APR) of few subsidiaries. The above delays were on account of delay in receipt of audited/ unaudited financials of foreign subsidiaries.

#### **Cost Auditor**

In terms of the provision of 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014, M/s D. Radhakrishnan & Co, a firm of Cost Accountants in practice (FRN: 000018) having their office at 11 A, Doverlane Flat B1/34 Calcutta 700029 was appointed as Cost Auditor of the Company for the financial year 2015-16 by the Board of Directors of the Company at a remuneration of ₹ 3,50,000 per annum (excluding service tax) as recommended by the Audit Committee and approved by the Board subject to ratification by the shareholders at the ensuing Annual General Meeting of the Company.

#### **Sexual harassment of Women at workplace**

The Company has a Policy on prevention of Sexual harassment at Workplace. During the year under review no case was reported under the policy.

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

The particulars prescribed under Section 134 of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings/ Outgo is provided as Annexure V to this Report.

#### **Extract of the Annual Return**

In accordance with the provisions of Section 92 of the Companies Act, 2013 and the Rules framed thereunder, the extract of Annual Return in the prescribed Form MGT -9 is provided in **Annexure VI** to this Report.

#### **Risk Management**

The Board of Directors of the Company has framed and implemented a Risk Management Policy.

#### **Whistle Blower Policy/Vigil Mechanism**

The Company has a Vigil Mechanism Policy for the employee to report genuine concerns/grievances. The Policy is uploaded on the Company's website at the link <http://tinyurl.com/pvenjtk>. The policy provides for adequate safeguards against the victimization of the employees who use the vigil mechanism. The vigil mechanism is overseen by the Audit Committee. There are no complaints/grievances received from any Directors or employees of the Company under this policy.

#### **Particulars of Employees**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) and (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided as **Annexure VII** to this Report

#### **Corporate Governance**

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Report on Corporate Governance together with the certificate issued by M/s. Vatsaraj & Co., the Statutory Auditors of the Company, on compliance in this regard forms part of the Annual Report.

### Employee Stock Option Scheme (ESOP)

Out of the total outstanding Stock options of 60,45,000 options with Patel Engineering Employee Welfare Trust, 22,400 options were granted on May 23, 2014 to the eligible employees of the Company in terms of ESOP Plan 2007. The vesting of the Stock Options was on May 24, 2015. Out of the said 22,400 options 16,100 options were exercised during the exercise period and accordingly 16,100 shares were credited to the demat account of the respective employees. 3,000 options lapsed mainly on account of resignation. 3,300 lapsed on account of non-exercise of options by employees of the Company.

The disclosure in compliance with Regulation 14 of SEBI (Share Based Employees Benefits) Regulations, 2014 is available on the website of the company by following the link: <http://tinyurl.com/nkanjms>.

The Patel Engineering Employee welfare Trust, ("the Trust") has provided loans and grants to eligible employees for healthcare benefits, education and other benefits. The total amount of loan given to eligible employees is ₹ 0.48 Million and the total amount of proceeds as free grants is ₹ 0.02 Million.

The said aids given to the employees are now covered under Patel Engineering General Employee Benefits Scheme, 2015 in compliance with SEBI (Share Based Employees Benefits) Regulation, 2014. The said Scheme was approved by the Members in the last AGM. The benefits provided under this Scheme are benefits such as medical, housing and education related assistance to employee out of the funds of the Trust.

### General

- i) There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the Boards' report.
- ii) No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future during the year under review.
- iii) The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the said Act or the details of deposits which are not in compliance with the Chapter V of the said Act is not applicable

### Acknowledgements

The Board of Directors wish to place on record their appreciation for their continued support and co-operation by Shareholders, Financial Institutions, Banks, Government Authorities and other Stakeholders. The Board of Directors also acknowledges and appreciates the support extended by all the employees of the Company and for their dedicated service.

On behalf of the Board of Directors,  
Patel Engineering Ltd.

**Pravin Patel**  
Executive Chairman  
DIN: 00029453

**Registered Office:**  
Patel Estate Road,  
Jogeshwari (W),  
Mumbai 400 102

November 11, 2016  
Mumbai

# Annexure I AOC - 1

## Statement containing the salient features of the financial statements of Subsidiaries/Associates Companies/Joint Ventures (pursuant to first proviso of sub section (3) of Section 129 of the Companies Act, 2013, read with rule 5 of the Company (Accounts) Rules, 2014 - AOC -1)

### Part - "A" Subsidiaries

Sl. No.	Name of the Companies	Date since Subsidiary was acquired	Exchange rate	Issued and subscribed share capital	Reserves	Total Assets	Total Liabilities	Investments	Provision for Taxation	Profit/ (Loss) after Taxation	Country	Investments by the Company	% of Shareholding
(₹ in Million)													
<b>DIRECT SUBSIDIARIES</b>													
1	Zeus Minerals Trading Pvt. Ltd.	1-Apr-2009	INR	0.60	(0.26)	97.39	97.39	-	-	(0.05)	India	0.60	100
2	Patel Concrete & Quarries Pvt. Ltd.	10-Mar-2008	INR	1.00	(0.22)	98.62	98.62	-	-	(0.04)	India	1.00	100
3	Friends Nirman Pvt. Ltd.	14-Jun-2010	INR	0.33	1.55	1.95	1.95	-	0.12	0.45	India	24.15	100
4	Energy Design Pvt. Ltd.	15-Jun-2009	INR	0.50	(41.36)	37.13	37.13	-	-	(10.34)	India	0.50	100
5	Shreanant Constructions Private Limited*	10-Dec-2005	INR	0.10	(5.55)	(82.45)	(82.45)	-	13.69	(17.23)	India	0.10	100
6	Patel Lands Ltd.	25-Aug-2010	INR	0.50	(0.12)	32.54	32.54	-	-	(0.03)	India	0.50	100
7	Michigan Engineers Pvt. Ltd.	1-May-1973	INR	17.36	919.52	2,157.38	2,157.38	0.05	5.09	38.03	India	111.86	51
8	Patel Engineering Infrastructure Ltd.	30-Jun-2006	INR	100.00	8.69	570.86	570.86	100.06	-	-	India	100.00	100
9	Patel Realty (India) Ltd.	27-Apr-2007	INR	1,300.00	461.64	6,616.40	6,616.40	246.66	13.62	(104.36)	India	1,000.00	100
10	Patel Energy Resources Ltd.	18-Mar-2008	INR	2,090.00	(760.15)	7,246.87	7,246.87	2,136.07	-	(235.19)	India	2,090.00	100
11	Pandora Infra Pvt. Ltd.	28-Jun-2012	INR	70.00	(1.00)	391.81	391.81	-	-	(0.08)	India	70.00	100
12	Patel Engineers Pvt. Ltd.	2-Jul-2012	INR	91.00	3.06	96.10	96.10	96.02	-	(0.32)	India	91.00	100
13	Patel Patron Pvt. Ltd.	28-Jun-2012	INR	140.70	(1.61)	184.07	184.07	-	-	(0.15)	India	140.70	100
14	Vismaya Constructions Pvt. Ltd.	21-May-2007	INR	55.10	(0.96)	106.52	106.52	-	-	(0.07)	India	55.10	100
15	Bhooma Realities Pvt. Ltd.	22-May-2007	INR	72.10	(1.14)	425.08	425.08	-	-	(0.13)	India	72.10	100
16	Shashvat Land Projects Pvt. Ltd.	21-Jun-2007	INR	78.80	(1.10)	302.38	302.38	-	-	(0.08)	India	78.80	100
17	Patel Engineering (Singapore) Pte Ltd.*	29-Aug-2007	1 USD= 66.10 INR	156.33	(840.55)	174.24	174.24	-	-	(1,323.15)	Singapore	94.46	100
18	Patel Engineering (Mauritius) Ltd.*	18-Jan-2007	1 USD= 66.10 INR	25.76	(8.26)	48.95	48.95	30.74	-	(8.49)	Mauritius	25.76	100
19	Patel Engineering Inc.*	30-Sept-1999	1 USD= 66.10 INR	0.03	490.55	595.04	595.04	385.50	-	99.97	USA	391.53	100
20	ASI Constructors Inc.	12-Sept-2005	1 USD= 66.10 INR	392.49	1,454.76	5,731.51	5,731.51	74.48	11.28	9.24	USA	396.51	65.20
21	Patel Engineering Lanka (Pvt.) Ltd.	16-Jan-2012	1 LKR = 0.43484 INR	35.84	1.48	52.90	52.90	18.74	0.97	0.75	Sri Lanka	36.94	100
<b>SUBSIDIARY OF PATEL ENGINEERS PVT. LTD</b>													
22	Piedra Projects Pvt. Ltd.	5-Sep-2006	INR	27.71	1.04	44.77	44.77	29.18	-	(0.17)	India	-	100
<b>SUBSIDIARY OF PATEL REALTY (INDIA) LTD</b>													
23	Apollo Buildwell Pvt. Ltd.	18-Jan-2007	INR	0.50	(11.00)	161.03	161.03	0.05	-	(39.21)	India	-	100
24	Arsen Infra Pvt. Ltd.	5-Sep-2006	INR	0.50	2.97	88.74	88.74	-	0.01	(3.98)	India	-	100
25	Bellona Estate Developers Ltd.	30-Dec-2006	INR	5.10	(623.51)	4,059.12	4,059.12	-	-	(620.40)	India	-	49
28	Hera Realcon Pvt. Ltd.	28-Dec-2006	INR	0.50	(0.98)	0.36	0.36	-	-	-	India	-	97.13
29	Lucina Realtors Pvt. Ltd.	30-Dec-2006	INR	0.50	0.20	0.73	0.73	-	-	(0.05)	India	-	100
30	Nirman Constructions Pvt. Ltd.	30-Apr-2007	INR	172.00	3.53	177.52	177.52	23.12	1.69	5.95	India	-	100
31	Azra Land Projects Pvt. Ltd.	26-Feb-2008	INR	23.12	(0.89)	25.82	25.82	-	0.05	(0.48)	India	-	100
32	PBSR Developers Pvt. Ltd.	1-Feb-2012	INR	0.10	(15.93)	1,748.18	1,748.18	-	-	(6.60)	India	-	100
33	Waterfront Developers Ltd.	18-Jan-2007	1 MUR = 1.81 INR	0.18	(16.74)	783.03	783.03	0.18	-	(1.88)	Mauritius	-	100

Sl. No.	Name of the Companies	Date since Subsidiary was acquired	Exchange rate	Issued and subscribed share capital	Reserves	Total Assets	Total Liabilities	Investments	Provision for Taxation	Profit/ (Loss) after Taxation	Country	Investments by the Company	% of Shareholding
34	Les Salines Development Ltd.	28-Mar-2008	1 MUR = 1.81 INR	0.18	(2.68)	870.53	870.53	0.01	-	(0.32)	Mauritius	-	100
35	La Bourgade Development Ltd.	14-Jul-2008	1 MUR = 1.81 INR	0.00	(1.21)	0.05	0.05	-	-	(0.36)	Mauritius	-	100
36	Ville Magnifique Development Ltd.	14-Jul-2008	1 MUR = 1.81 INR	0.00	(0.97)	0.05	0.05	-	-	(0.19)	Mauritius	-	100
37	Sur La Plage Development Ltd.	18-Jul-2008	1 MUR = 1.81 INR	0.00	(1.21)	0.05	0.05	-	-	(0.25)	Mauritius	-	100
<b>SUBSIDIARY OF PATEL ENERGY RESOURCES LTD.</b>													
38	Patel Hydro Power Pvt. Ltd.	29-Nov-2010	INR	362.88	(223.57)	1,666.58	1,666.58	939.49	-	(91.40)	India	-	100
39	Patel Thermal Energy Pvt. Ltd.	18-Feb-2011	INR	0.50	-	33.06	33.06	-	-	-	India	-	100
40	Dirang Energy Pvt. Ltd.	23-Jun-2008	INR	710.00	-	5,351.56	5,351.56	-	-	-	India	-	100
41	West Kameng Energy Pvt. Ltd.	26-Jun-2008	INR	0.10	-	123.14	123.14	-	-	-	India	-	100
42	Patel Energy Assignment Pvt. Ltd.	26-Jun-2008	INR	0.10	-	34.75	34.75	-	-	-	India	-	100
43	Patel Energy Projects Pvt. Ltd.	3-Jun-2008	INR	0.10	-	45.94	45.94	-	-	-	India	-	100
44	Patel Energy Operations Pvt. Ltd.	3-Jun-2008	INR	0.73	-	52.67	52.67	-	-	-	India	-	100
45	Meyong Hydro Power Pvt. Ltd.	26-Jun-2008	INR	0.73	-	128.76	128.76	-	-	-	India	-	100
46	Digin Hydro Power Pvt. Ltd.	2-Jul-2008	INR	0.10	-	144.59	144.59	-	-	-	India	-	100
47	Naulo Nepal Hydro Electric Pvt. Ltd.	2-Oct-2008	1 NPR = 0.625 INR	49.13	-	114.67	114.67	-	-	-	Nepal	-	90
48	PEL Power Ltd.	5-Sep-2006	INR	1,380.81	-	4,070.03	4,070.03	-	-	-	India	-	100
49	PEL Port Pvt. Ltd.	17-Jul-2008	INR	89.46	-	91.14	91.14	6.83	-	-	India	-	100
50	Patel Energy Ltd.	17-Sep-1996	INR	186.45	(20.96)	771.16	771.16	-	-	-	India	-	99.99
52	Jayshe Gas Power Pvt. Ltd.	24-Dec-2010	INR	0.10	-	32.92	32.92	-	-	-	India	-	100
53	Saskang Rong Energy Pvt. Ltd.	19-Aug-2008	INR	4.78	-	119.69	119.69	-	-	-	India	-	100
<b>SUBSIDIARY OF PATEL ENGINEERING (SINGAPORE) PTE LTD.</b>													
55	Patel Surya (Singapore) Pte Ltd.*	10-Dec-2007	1 USD = 66.10 INR	66.10	(278.90)	0.10	0.10	-	-	(298.91)	Singapore	-	60
56	PT Surya Geo Minerals *	23-May-2011	1 IDR = 0.00498 INR	27.47	(119.98)	215.51	215.51	-	-	(1.10)	Indonesia	-	60
57	PT PEL Minerals Resources *	3-Feb-2009	1 IDR = 0.00498 INR	13.73	22.56	37.01	37.01	-	-	4.30	Indonesia	-	100
58	PT Patel Engineering Indonesia *	23-May-2011	1 IDR = 0.00498 INR	27.47	(5.77)	44.23	44.23	-	-	2.28	Indonesia	-	100
59	Patel Param Minerals Pte Ltd.*	10-Aug-2008	1 USD = 66.10 INR	0.66	(241.86)	0.07	0.07	-	-	(238.39)	Singapore	-	60
60	PT Patel Surya Minerals *	12-Nov-2008	1 IDR = 0.00498 INR	13.64	(106.28)	237.30	237.30	-	-	(1.17)	Indonesia	-	60
61	Patel Param Energy Pte Ltd.*	10-Aug-2008	1 USD = 66.10 INR	33.71	(102.31)	8.96	8.96	-	-	(99.54)	Singapore	-	60
62	PT Patel Surya-Jaya *	10-Oct-2008	1 IDR = 0.00498 INR	13.67	(152.12)	763.80	763.80	-	-	(11.70)	Indonesia	-	60
63	Patel Param Natural Resources Pte Ltd.*	10-Aug-2008	1 USD = 66.10 INR	0.66	(42.79)	0.13	0.13	-	-	(40.09)	Singapore	-	60



Sl. No.	Name of the Companies	Date since Subsidiary was acquired	Exchange rate	Issued and subscribed share capital	Reserves	Total Assets	Total Liabilities	Investments	Provision for Taxation	Profit/(Loss) after Taxation	Country	Investments by the holding Company	% of Shareholding
64	PT Surpat Geo Minerals *	7-Apr-2011	1 IDR = 0.00498 INR	27.47	(0.47)	27.47	27.47	-	-	(0.03)	Indonesia	-	60
<b>SUBSIDIARY OF PATEL ENGINEERING (MAURITIUS) LTD</b>													
65	Patel Mining (Mauritius) Ltd.*	12-Jun-2008	1 USD= 66.10 INR	30.74	139.26	93.54	93.54	-	-	139.26	Mauritius	-	100
66	Enrich Mining Vision Lda	7-Jul-2007	1 MZN = 1.30630 INR	0.03	(21.83)	-	-	-	-	(21.83)	Mozambique	-	100
67	Patel Infrastructure Lda	7-Jul-2007	1 MZN = 1.30630 INR	0.03	18.13	-	-	-	-	18.13	Mozambique	-	100
68	Trend Mining Projects Lda	7-Jul-2007	1 MZN = 1.30630 INR	0.03	15.43	-	-	-	-	15.43	Mozambique	-	100
69	Accord Mines Venture Lda	7-Jul-2007	1 MZN = 1.30630 INR	0.03	13.86	-	-	-	-	13.86	Mozambique	-	100
70	Netcore Mining Operations Lda	7-Jul-2007	1 MZN = 1.30630 INR	0.03	1.54	0.29	0.29	-	-	1.54	Mozambique	-	100
71	Metalline Mine works Lda	7-Jul-2007	1 MZN = 1.30630 INR	0.03	12.89	0.08	0.08	-	-	12.89	Mozambique	-	100
72	Assignment Mozambique Limitada (Formerly known as Patel Mining Assignments Lda)	7-Jul-2007	1 MZN = 1.30630 INR	0.03	-	13.49	13.49	-	-	-	Mozambique	-	100
73	Chivaro Mines Mozambique Lda	7-Jul-2007	1 MZN = 1.30630 INR	0.03	3.63	-	-	-	-	3.63	Mozambique	-	100
74	Fortune Mines Concession Lda	7-Jul-2007	1 MZN = 1.30630 INR	0.03	35.84	2.98	2.98	-	-	35.84	Mozambique	-	100
75	Omini Mines Enterprises Lda	7-Jul-2007	1 MZN = 1.30630 INR	0.03	1.78	0.40	0.40	-	-	1.78	Mozambique	-	100
76	Quest Mining Activities, Lda	7-Jul-2007	1 MZN = 1.30630 INR	0.03	2.17	0.00	0.00	-	-	2.17	Mozambique	-	100
77	Patel Mining Priviledge, Lda	7-Jul-2007	1 MZN = 1.30630 INR	0.03	-	174.93	174.93	-	-	-	Mozambique	-	100
<b>SUBSIDIARY OF PATEL ENGINEERING INC.</b>													
78	ASI Global LLC*	15-Aug-2009	1 USD= 66.10 INR	1.30	-	3.04	3.04	0.53	-	(0.88)	USA	-	100
79	ASI RCC Inc.*	24-Sept-1997	1 USD= 66.10 INR	178.37	35.22	299.27	299.27	0.38	-	(42.42)	USA	-	100
80	Westcon Microtunneling Inc.*	25-Aug-2000	1 USD= 66.10 INR	150.80	3.82	154.62	154.62	-	0.60	2.11	USA	-	100
<b>SUBSIDIARY OF ASI CONSTRUCTORS INC.</b>													
81	ASI Constructors Australia Pty Ltd.		1 USD= 66.10 INR	-	(2.20)	0.00	0.00	-	-	(2.45)	Australia	-	65.20
82	HCP Constructors Inc.		1 USD= 66.10 INR	161.29	(233.84)	60.72	60.72	-	-	-	USA	-	65.20
83	Engineering & Construction Innovations Inc.		1 USD= 66.10 INR	13.22	71.73	747.50	747.50	3.32	29.85	25.84	USA	-	65.20

\* Financial information is based on unaudited results.

**Note**

1. No reporting period for the subsidiaries is different from the Companies reporting period.
2. proposed dividend from any of the subsidiaries is nil.

## Part - "B" Associates and Joint Ventures

Name of Associates and Joint Ventures	Associate Companies										Joint Ventures										₹ in Million
	Patel Infrastructures Ltd.	KNR Transmissions Pvt. Ltd.	Raichur Sholapur Transmission Co. Pvt. Ltd.	ACP Tollways Pvt. Ltd.	Terra Land Developers Ltd.	PAN Realtors Private Limited	Patel Michigan JV	CICO Patel JV	Patel Sew JV	Patel KNR JV	Patel KNR JV	Patel KNR JV	Patel Advance JV	Era Patel JV	Patel Arks JV	Patel Soma JV	Patel Precision JV	Patel-V Arks JV	Navayuga-Patel-Bhel Consortium		
1. Latest Audited Balance Sheet Date	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16		
2. Date on which the Associate or Joint Venture was associated or acquired	26-Jun-06	7-Jan-11	5-Dec-11	14-Oct-11	11-Jan-15	12-Jul-06	27-Mar-13	23-Jan-08	12-Jun-01	6-Jan-01	30-Sep-08	10-Jul-06	4-Dec-12	6-Dec-07	25-Feb-05	18-Dec-08	3-May-08				
3. Shares of Associate or Joint Ventures held by the company on the year end:																					
No. of shares	15,540,000	26,672,000	8,495,040	24,662	51,000	-	48.77	340.93	-	-	-	-	-	-	-	-	-	-	-		
Amount of Investment in Associates or Joint Venture	155	266.72	849.50	0.25	0.51	116.56															
Extent of Holding (in percentage)	42%	33.34%	32%	49.32%	36.43%	10%	99.99%	60%	50%	49%	52.83%	30%	50%	65%	50%	60%	60%	42.23%			
4. Description of how there is significant influence	since Shareholding is more than 20%	since Shareholding is more than 20%	since Shareholding is more than 20%	since Shareholding is more than 20%	since Shareholding is more than 20%	Joint Control	Joint Control	Joint Control	Joint Control	Joint Control	Joint Control	Joint Control	Joint Control	Joint Control	Joint Control	Joint Control	Joint Control	Joint Control	Joint Control		
5. Reason why the associate/joint venture is not consolidated	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A		
6. Networth attributable to shareholding as per latest audited Balance Sheet	93.60	249.80	1,576.83	(203.64)	124.19	116.56	48.71	340.93	35.50	14.20	4.35	0.04	11.27	1.95	123.27	4.37	792.76				
7. Profit or Loss for the year: (+/-)	(56.07)	(11.95)	(28.60)	(0.02)	1.15	6.63	2.39	1.83	4.46	148.95	(0.02)	0.01	0.12	0.14	6.23	0.63	3.13				
i. Considered in Consolidation	(56.07)	(11.95)	(28.60)	0.00	1.15	6.63	2.39	1.83	4.46	148.95	(0.02)	0.01	0.12	0.14	6.23	0.63	3.13				
ii. Not Considered in Consolidation	N.A	N.A	N.A	(0.02)	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A		

As per our report of even date

For and on behalf of Board

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

**CA B. K. Vatsaraj**  
Partner  
Membership No. 39894

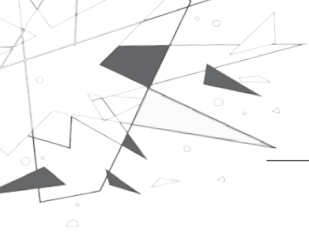
November 11, 2016  
Mumbai

**Rupen Patel**  
Managing Director  
DIN : 00029583

**Shobha Shetty**  
Company Secretary

**Pravin Patel**  
Executive Chairman  
DIN : 00029453

**Kavita Shirvaikar**  
Chief Financial Officer



## Annexure II – Nomination and Remuneration Policy

### Introduction

Patel Engineering Limited (“the Company”) has adopted this Policy drafted by the Nomination and Remuneration Committee, upon the recommendation of the Board and the said Policy is in compliance with the requirements of Section 178 of the Companies Act, 2013 and rules thereunder (“the Act”) and SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015. Clause 49 of the Listing Agreement (as amended).

### Objective

The key objective of the policy would be:

- a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- b) To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees;
- c) Formulation of criteria for evaluation of Independent Director and the Board;
- d) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board;
- e) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management;
- f) To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations;
- g) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;
- h) To devise a policy on Board diversity;
- i) To develop a succession plan for the Board and to regularly review the plan.

### Scope and Applicability

The policy shall apply to

- a) Directors (Executive, Non Executive and Independent);
- b) Key Managerial person;
- c) Senior management personnel.

### Definitions

The following words shall have the meanings as provided in the policy, unless otherwise mentioned in the Act or the Listing Agreement:

<b>Board</b>	“Board” means the Board of Directors of the Company as defined under the Act.
<b>Directors</b>	Directors mean Directors of the company.
<b>Policy</b>	“Policy or this Policy” means Policy on Nomination and Remuneration of this company.
<b>Senior Management</b>	As per explanation to Section 178, Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the executive directors, including functional Heads.
<b>Key Managerial Personnel (KMP)</b>	Key managerial personnel means whole-time key managerial personnel of the Company appointed under section 203 of the Act, which include: <ol style="list-style-type: none"><li>(i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time director;</li><li>(ii) Company Secretary;</li><li>(iii) Chief Financial Officer; and</li><li>(iv) Such other officer as may be prescribed.</li></ol>
<b>Remuneration</b>	Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
<b>Independent Director</b>	means an independent director referred to in sub-section (5) of section 149

### Employees' Stock Option

means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price

Words and expressions used and not defined in the Policy shall have the same meanings as assigned to them in the Act and/or the Listing Agreement.

### Interpretation

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Regulation(s) as amended from time to time.

### Guiding Principles

The Policy ensures that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee will consist of three or more non-executive directors, out of which at least one-half shall be independent director(s), provided that chairperson of the Company may be appointed as a Member of this Committee but shall not chair such Committee. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman. Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

### Frequency of Meetings

The meeting of the committee shall be held at such intervals as may be required.

### Minutes of Committee Meeting

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

### Committee Members' Interests

- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

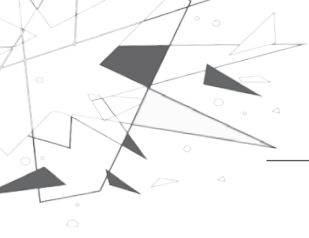
### Voting

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

### Duties of the Committee

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation;
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;



- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate;
- Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Considering any other matters as may be requested by the Board.

### **Policy for Appointment/Resignation/Retirement/Succession of Director/KMP/Senior Management personnel**

#### **Appointment**

- a) The committee shall define the qualification/experience and expertise of the person for appointment as Director/KMP/Senior management personnel;
- b) The committee shall also take into consideration the provisions of Section 164 of the Companies Act 2013 relating to disqualifications for the appointment of directors;
- c) Appointment of Independent Directors is subject compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules thereunder;
- d) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment;
- e) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position;
- f) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### **Term/Tenure**

- a) Term for Managing Director/Whole time Director  
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b) Term for Independent Director
  - i) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
  - ii) No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
  - iii) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

## Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

The Committee shall evaluate the performance of Directors taking into account the various parameters such as:

- Attendance at Board Meeting
- Participation in discussion
- Contribution in decision making,

While evaluation is been done, the Director who is been evaluated shall not participate in the discussion. The recommendations of the Committee will be sent to the Board for its review.

## Retirement

The Director/ KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## Removal

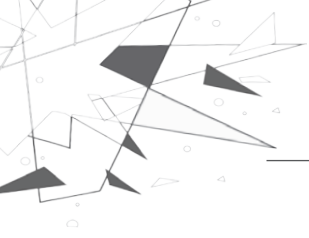
The Committee may recommend, to the Board with reasons recorded in writing, removal of Director, KMP or Senior Management Personnel subject to the provisions of the Act and the rules made thereunder and all other applicable Acts, Rules and Regulations, if any.

### Policy on Executive Succession Plan

1. A change in executive leadership is inevitable for all organizations and can be a very challenging time. Therefore, it is the policy of Patel Engineering Limited (hereinafter to be referred to as “the Company”) to be prepared for an eventual/permanent change in leadership, either planned or unplanned, to insure the stability and accountability of the organization until such time as new permanent leadership is identified.
2. This policy covers the guideline for identification and development of future leaders from the pool of internal talents working within the Company or Group.
3. The Board of Directors shall be responsible for implementing this policy and its related procedures. It is also the policy of the Board to assess the permanent leadership needs of the organization and to ensure the selection of a qualified and capable leader who is representative of the community; a good fit for the organization’s mission, vision, values, goals, and objectives; and who has the necessary skills for the organization.
4. To ensure that the organization’s operations are not interrupted while the Board of Directors assesses the leadership needs and recruit a permanent executive officer, the Board will appoint interim executive leadership, in accordance with the policy described below.
5. The Interim Chief Executive Officer (“CEO”) director shall ensure that the organization continues to operate without disruption and that all organizational commitments previously made are adequately executed, including but not limited to, loans approved, reports due, contracts, licenses, certifications, memberships, obligations to lenders or investors of the Company, and others.
6. It is also the policy of the Company, to develop a diverse pool of candidates and consider at least such number of finalist candidates for its permanent CEO position as may be determined by the Nomination and Remuneration Committee of the Company.
7. The Company shall implement an external recruitment and selection process, while at the same time encouraging the professional development and advancement of current employees. The interim CEO and any other interested internal candidates are encouraged to submit their qualifications for review and consideration by the Nomination and Remuneration Committee according to the guidelines established for the search and recruitment process.

### Procedures for succession:

1. For a temporary change in executive leadership (i.e., illness or leave of absence) the immediate junior officer, reporting to such executive, shall take charge of his senior till he joins the office or if he is not competent then such other person who is competent to take the charge as may be decided by the Managing Director.
2. In the event the Managing Director of the Company is no longer able to serve in this position (i.e., leaves the position permanently), the Nomination and Remuneration Committee of the Board of Directors shall fill the vacancy for the time being, in the following manner:
  - a. Within 30 business days (if appointed from within the Organisation) or 120 business days (if appointed from outside the organisation), appoint an interim CEO according to the following line of succession:
    - Senior Executive Director/Executive Director of the Company;
    - President/Vice president of the Company.



(Note:- In case there is more than one candidate eligible for the interim CEO, then Nomination and Remuneration Committee shall select one candidate based on his experience and expertise after consulting the Chairman of the Board and Audit Committee.)

- b. Within 30 days business days, the Nomination and Remuneration Committee shall take the responsibility and implement the following preliminary transition plan:
  - Communicate with key stakeholders regarding appointment of interim CEO;
  - Establish a time frame and plan for the recruitment and selection process in consultation with the recruitment agency from among the existing pool of talent or from outside, depending upon the requirement of the Company.
- c. The Board may authorize the Managing Director for framing an internal policy for identifying and developing internal pool of talent for future leadership role in different department(s)/division in accordance with the requirement of such department(s)/division.
- d. The Board shall review the succession policy periodically and if required, will make suitable changes in the policy keeping in view to the regulatory changes or changes due to business environment.

## **Policy for Remuneration of Director/KMP/Senior Management personnel**

### **Remuneration for Executive and Whole time Directors**

The remuneration payable to the whole time directors shall be determined by the company as per the Articles of the company and the provisions of the Act and the rules made thereunder. The remuneration so determined shall be proposed to the board for approval and shall be subject to the approval of the shareholders/central government as applicable, wherever required.

Increments to the remuneration shall be recommended by the committee to the board which shall be well within the slabs as approved by the shareholders for the whole time director.

### **Remuneration for Non-Executive and Independent Directors**

The remuneration to Non-Executive independent directors shall be as per the provisions of the Companies Act 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

### **Criteria for making payments to Non-Executive Directors:**

Criteria of making payments to Non-Executive Directors will be decided by the Board, it can be on the basis of:

- Contribution during the Meeting.
- Active Participation in strategic decision making.

### **Heads under which payments can be made**

Any fee/remuneration payable to the Non- Executive Directors of the Company shall be in following manner.

### **Sitting Fee**

Non-Executive Director(s) may receive remuneration by way of fee for attending meetings of the Board or Committee thereof or any other meeting as required by Companies Act, 2013, Equity Listing Agreement or other applicable law or for any other purpose whatsoever as may be decided by the Board.

### **Remuneration and Commission**

Under the Companies Act, 2013, Section 197 allows a company to pay remuneration to its Non-Executive Director(s) either by way of a monthly payment or at a specified percentage of the net profits of the company.

The Company is however not obligated to remunerate its Non-Executive Director(s).

Further, the section 197 of the Act provides that the remuneration payable to directors who are neither managing directors nor whole time directors, shall not exceed-

- (i) one percent of the net profits of the Company, if there is a managing or whole time director or manager,
- (ii) three percent of the net profits in any other case.

Additional commission, apart from remuneration referred above, may be paid to Non-Executive Directors as may be decided by the Board of Directors of the company from time to time, depending on the extra time and effort as may be devoted and contribution as may be made by the Non-Executive Directors.

### **Refund of excess remuneration paid**

If any such director draws or receives, directly or indirectly, by way of fee/remuneration any such sums in excess of the limit as prescribed or without the prior sanction of the Central Government, where it is required, he shall refund such sum to the company and until such sum

is refunded, hold it in trust for the company. The company shall not waive the recovery of any sum refundable to it unless permitted by the Central Government.

### **Reimbursement of actual expenses incurred**

Non-Executive Director(s) may also be paid/reimbursed such sums either as fixed allowance and /or actual as fair compensation for travel, boarding and lodging and incidental and/or actual out of pocket expenses incurred by such Directors for attending Board/Committee Meetings.

The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of Non- Executive Director(s).

### **Payment to Non- Executive Directors and Independent Directors**

The Company has no stock options plans and no payment by way of bonus, pension, incentives etc to its Non- Executives.

The Independent Director shall not be entitled to any stock option and may receive remuneration only by way of fees and reimbursement of expenses for participation in meetings of the Board or Committee thereof.

Remuneration to Key Management personnel and Senior Management personnel

The remuneration of the Key management personnel and senior management personnel shall be drafted by the Human resource team of the company and shall be presented to the committee for its perusal and approval.

### **Disclosures**

Significant disclosures are required in the Directors report relating to the Remuneration of the Directors/Independent Directors/Key management personnel and the senior management personnel.

### **Conclusion**

The committee shall have authority to modify or waive any procedural requirements of this policy.

In the event of any conflict between the provisions of this Policy and provisions of the Listing Agreement or the Act and Rules framed thereunder or any other applicable laws for the time being in force, the later shall prevail over the Policy.

This Policy or the relevant provisions of this policy shall be disseminated to all concerned employees of the Company and shall also be uploaded on the intra-net and website of the Company.

The policy shall be amended as required from time to time in case of any changes in the Revised Listing agreement or/and the Act and the rules made thereunder.



## Annexure III - Annual report on Corporate Social Responsibility(CSR) Activities

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

CSR Policy is stated herein below:

Weblink: <http://tinyurl.com/o6yczkx>

2. The Composition of the CSR Committee:

Name of the Directors	Designation
Mr. Pravin Patel	Chairman
*Mr. Ashwin Parmar	Whole time Director
Mr. K. Ramasubramanian	Independent director
Mr. Rupen Patel**	Managing Director

\*Mr. Ashwin Parmar resigned as director w.e.f April 4, 2016

\*\* inducted in the CSR Committee vide Board meeting dated June 29, 2016.

3. Average net profit of the Company for last three financial years.

Average Net Profit: ₹ 343.45 million

4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)

The Company is required to spend ₹ 6.87 million

5. Details of CSR spent during the financial year.

- a) Total amount to be spent for the financial year; ₹6.87 million
- b) Amount unspent, if any; ₹15.20 million (including ₹8.93 million pertaining to previous year)
- c) Manner in which the amount spent during the financial year is detailed below.

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs Local area or other Specify the state and district where projects or programs was undertaken	Amount Outlay (bud get)project or programs wise	Amount spent on the projects or programs Subheads 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing Agency*
1.	Child Education Sponsorship Program	Education	Alibaug Village/ Chichpalli Village/ Lohara Village/	N.A.	₹ 5,00,000	₹ 5,00,000	₹ 5,00,000 through agency

\* The Company has given the aforesaid amount to various organization viz. Magic Bus India Foundation, Smile Foundation, Apne Aap Women's Collective and SOS Children's Villages of India for Child education and Community Development.

We hereby declare that the implementation and monitoring of the CSR Policy are in compliance with the CSR Objectives and Policies of the Company.

Sd/-  
**Rupen Patel**  
Managing Director

Sd/-  
**Pravin Patel**  
Chairman

## Annexure IV – Secretarial Audit Report for the financial year ended March 31, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

**Patel Engineering Limited**

Patel Estates V road Jogeshwari (West)

Mumbai MH 400102

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Patel Engineering Limited** (hereinafter called the “**Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 (**‘Audit Period’**) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

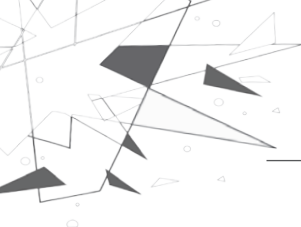
We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) :-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable during the audit period)
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28<sup>th</sup> October, 2014 and its amendments notified on 18<sup>th</sup> September, 2015.
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable during the audit period) and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable during the audit period)
- (vi) As identified, no law is specifically applicable to the company.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Notified with effect from 1<sup>st</sup> July, 2015).
- (ii) The Listing Agreements entered into by the Company with stock exchanges and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except as follows:



1. *The Company has made delay in filling of ECB-2 in few cases, further Annual Return on Foreign liabilities and Assets and Form-APR of all 5 subsidiaries were also in delay.*
2. *The Company has made delay in adopting & submitting Standalone and Consolidated annual audited financial results for the financial year ended 31<sup>st</sup> March, 2015.*
3. *The time period of 120 days exceeds between the board meeting held on 13/02/2015 and 15/06/2015.*

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings and agenda items were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out either unanimously or majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Makarand M. Joshi & Co.

**Makarand Joshi**  
Partner  
FCS No. 5533  
CP No. 3662

September 2, 2016  
Mumbai

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**'Annexure A'**

To,  
The Members,  
**Patel Engineering Limited**  
Patel Estates V road Jogeshwari (West)  
Mumbai MH 400102

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Makarand M. Joshi & Co.

**Makarand Joshi**  
Partner  
FCS No. 5533  
CP No. 3662

September 2, 2016  
Mumbai

## Annexure V - Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo

Information as per section 134 read with Rule 8 of the Companies (Accounts) Rules, 2014 for the financial year ended March 31, 2016.

### (A) Conservation of Energy

Company is continuing with the following steps towards energy saving measures along with utilization of alternate source of energy.

- Optimum energy efficient ventilation design through Variable Flexible Drive (VFD) starting system for all ventilation fans and EOT/ Gantry cranes, adoption of larger diameter flexible duct, use of customized shape of ventilation duct, etc.
- Use of Automatic Power Factor Controller (APFC) panels improving power factor and saving energy.
- Limiting the use of DG power and prioritizing utilization of grid power, thus reducing CO<sub>2</sub> emission.
- Centralized & synchronized DG units with high voltage transmission adopted for load sharing and efficient power utilization.
- Staggered start-up times for equipment with large starting currents to minimize load peaking.
- Disconnect primary power to transformers that do not serve any active loads.
- Upgradation of machineries, modernization and introduction of sophisticated control system for conservation of energy.
- Selection of energy efficient appliances/new machineries during purchasing process.
- Close monitoring of preventive maintenance of machineries through ERP system, which has helped in reducing fuel consumption.
- Installation of float switches in pumps thereby saving energy consumption.
- Use of transparent sheet at roof of workshop/stores enabling use of natural sunlight instead of electric light.
- Encouraging use of solar for water heater, lighting and charging of batteries with sunlight, etc.
- Implementation of energy saving lighting system at the Head Office, Workshops and Sites.
- Independent power pack provision for probe drilling, thus drilling without starting TBM power.
- Arranging energy saving awareness sessions amongst employees to save energy (like turn of lights & computer monitors whenever not used; use of LED lights, use of advanced SpeedStep power management, etc).

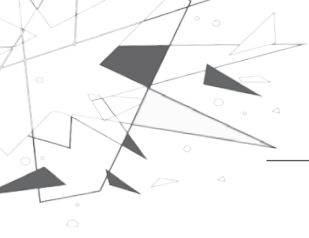
### (B) Technology Absorption

Efforts made towards technology absorption during last three years.

#### i. Research and Development (R&D)

R&D is a continuous process and the company has benefitted immensely though it is difficult to assess the benefits in direct monetary terms. Some of the efforts on R&D undertaken during the period related are as follows.

- The construction methods have been continuously revised keeping abreast with state-of-art technology through New Austrian Tunneling Method (NATM).
- Optimization of structures through application of Finite Element Method (FEM) technique.
- Use of Earth Pressure Balancing Tunnel Boring Machine (TBM) for tunneling.
- Improving blasting pattern requiring less explosives.
- Designing efficient pumping systems, use of piping networks which requires low maintenance and low frictional losses so as to have more energy efficient system.
- Controlled quarrying and crushing for production of aggregate and sand. Use of properly processed wastage resulting from crushing of aggregates to have minimal environmental impact.



**ii. Benefits derived from technology absorption**

- Optimization of structures leading to improved progress thus saving time and cost.
- Improved efficiency
- Enhanced quality
- Deployment of optimum number of machines

**iii. Technology absorption**

- Use of FEM technique for optimized design of various project components at two projects viz (a) Shongtong-Karcham Hydroelectric Project and (b) Parnai Hydroelectric Project, since 2013 – ongoing, technology being adapted.
- Tunneling with Earth Pressure Balancing TBM at Sleemanabad Carrier Canal & Tunnel Project, since 2011 – ongoing, technology being adapted.

**Foreign exchange earnings and outgo**

Foreign exchange earnings and outgo during the year under review were ₹395.99 Million (previous year ₹ 137.93 Million) and ₹ 68.36 Million (previous year ₹ 37.74 Million) respectively.

## Annexure VI - Extracts of Annual Return

### Form No. MGT – 9

As on financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules 2014]

#### I. Registration and Other Details :

i)	CIN	L99999MH1949PLC007039
ii)	Registration Date:	April 2, 1949
iii)	Name of the Company	Patel Engineering Limited
iv)	Category : Sub-Category of the Company:	Company limited by shares India Non-Government Company
v)	Address of the Registered office and contact details	Patel Estate Road, Jogehwari (west), Mumbai - 400102 Tel No. 022-26767500, Fax No. 022-26782455
vi)	Whether listed Company	Yes, Listed on BSE Limited National Stock Exchange of India Limited
vii)	Details of Registrar and Transfer Agent: Name Address  Phone No. Fax No. Email Website	Link Intime India Private Limited C- 13 Pannalal Silk Mills Compound, LBS Road, Bhandup (West) Mumbai – 4000 78 +91 22 25963838 +91 22 85946969 rnt.helpdesk@linkintime.co.in www.linkintime.com

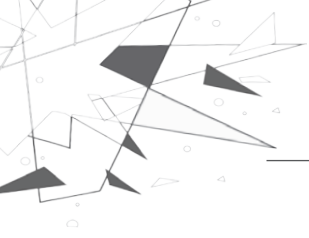
#### II. Principal Business Activities of the Company :

All the business activities contributing 10% or more of the total turnover of the company

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/service	% total turnover of the company
1	Construction	452	96.57

#### III. Particulars of Holding, Subsidiary and Associate Companies:

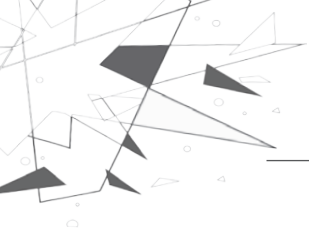
Sr No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Zeus Minerals Trading Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U51909MH2007PTC167522	Subsidiary	100	2(87)(ii)
2	Patel Concrete & Quarries Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U14200MH2008PTC178210	Subsidiary	100	2(87)(ii)
3	Friends Nirman Pvt. Ltd. S. P. Mukherjee road, Khalpara, Siliguri, West Bengal - 734405.	U70101WB2004PTC099918	Subsidiary	100	2(87)(ii)
4	Energy Design Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U72900MH2009PTC193475	Subsidiary	100	2(87)(ii)
5	Patel Lands Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U70100MH2010PLC207028	Subsidiary	100	2(87)(ii)
6	Patel Engineering Infrastructure Ltd. Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U45201MH2006PLC162858	Subsidiary	100	2(87)(ii)



7	Patel Realty (India) Limited Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U70200MH2007PLC167118	Subsidiary	100	2(87)(ii)
8	Patel Engineers Pvt. Ltd. Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U70100MH2005PTC157559	Subsidiary	100	2(87)(ii)
9	Patel Patron Pvt. Ltd. Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U45200MH2005PTC158493	Subsidiary	100	2(87)(ii)
10	Pandora Infra Pvt. Ltd. Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U45201MH2006PTC164318	Subsidiary	100	2(87)(ii)
11	Vismaya Constructions Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U45400MH2007PTC171048	Subsidiary	100	2(87)(ii)
12	Bhooma Realities Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U45400MH2007PTC171064	Subsidiary	100	2(87)(ii)
13	Shashvat land Projects Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U70102MH2007PTC171886	Subsidiary	100	2(87)(ii)
14	Patel Energy Resources Ltd. Door No.8-2-93/82/A/76, Third Floor, Road No.9A, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh.	U40102TG2008PLC073509	Subsidiary	100	2(87)(ii)
15	Shreanant Construction Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U45200MH2005PTC158079	Subsidiary	100	2(87)(ii)
16	Michigan Engineers Pvt. Ltd. D-7 Commerce centre 78, Javji Dadaji Road, Tardeo Mumbai - 400 034.	U45300MH1973PTC016515	Subsidiary	51	2(87)(ii)
17	ASI Constructors Inc., USA 1850 E. Platteville Blvd., Pueblo West, CO 81007.	N.A.	Subsidiary	65.20	2(87)(ii)
18	Patel Engineering Lanka (Pvt.) Ltd. No. 45, Braybrooke, St. Colombo 02,Srilanka.	N.A.	Subsidiary	100	2(87)(ii)
19	Patel Engineering (Mauritius) Ltd. St. James Court – Suit 308, St. Denis Street, port Louis	N.A.	Subsidiary	100	2(87)(ii)
20	Patel Engineering Inc. 12 Buell Mansion Pwky, Englewood, CO 80113, U.S.A	N.A.	Subsidiary	100	2(87)(ii)
21	Patel Engineering (Singapore) Pte. Ltd. 79 Robinson Road, #16-01 CPF Building, Singapore 068897	N.A	Subsidiary	100	2(87)(ii)
22	*Hebe Infracon Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U51109MH2007PTC166783	Subsidiary	100	2(87)(ii)
23	Hera Realcon Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U70109MH2007PTC166825	Subsidiary	97.13	2(87)(ii)
24	Apollo Buildwell Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U45200MH2007PTC167521	Subsidiary	100	2(87)(ii)
25	Arsen Infra Pvt. Ltd. Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U45201MH2006PTC164319	Subsidiary	100	2(87)(ii)
26	Lucina Realtors Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U70109MH2007PTC166898	Subsidiary	100	2(87)(ii)
27	*Praval Developers Pvt. Ltd. Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U45201MH2006PTC164314	Subsidiary	100	2(87)(ii)
28	Nirman Constructions Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U45400MH2007PTC171050	Subsidiary	100	2(87)(ii)
29	Azra Land Projects Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U70102MH2008PTC180422	Subsidiary	100	2(87)(ii)

30	PBSR Developers Pvt. Ltd. No.8-2-293/82/A/76, First Floor, Road No.9A, Jubilee Hills, Hyderabad – 500 033.	U45209TG2012PTC078886	Subsidiary	100	2(87)(ii)
31	Waterfront Developers Ltd. Suite 308, St James Court, St Denis Street, Port-Louis, Mauritius.	N.A.	Subsidiary	100	2(87)(ii)
32	Les Salines Development Ltd. Suite 308, St James Court, St Denis Street, Port-Louis, Mauritius.	N.A.	Subsidiary	100	2(87)(ii)
33	La Bourgade Development Ltd. Suite 308, St James Court, St Denis Street, Port-Louis, Mauritius.	N.A.	Subsidiary	100	2(87)(ii)
34	Ville Magnifique Development Ltd. Suite 308, St James Court, St Denis Street, Port-Louis, Mauritius.	N.A.	Subsidiary	100	2(87)(ii)
35	Sur La Plage Development Ltd. Suite 308, St James Court, St Denis Street, Port-Louis, Mauritius.	N.A.	Subsidiary	100	2(87)(ii)
36	Phedra Projects Pvt. Ltd. Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U45201MH2006PTC164317	Subsidiary	100	2(87)(ii)
37	Patel Hydro Power Pvt. Ltd. F-12, Ground Floor, Sector-8, Noida-201301, U.P.	U40108UP2010PTC042685	Subsidiary	100	2(87)(ii)
38	Dirang Energy Pvt. Ltd. F-12, Ground Floor, Sector-8, Noida-201301, U.P.	U40101UP2008PTC049630	Subsidiary	100	2(87)(ii)
39	West Kameng Energy Pvt. Ltd. F-12, Ground Floor, Sector-8, Noida-201301, U.P.	U40101UP2008PTC048287	Subsidiary	100	2(87)(ii)
40	Digin Hydro Power Pvt. Ltd. F-12, Ground Floor, Sector-8, Noida-201301, U.P.	U40102UP2008PTC048202	Subsidiary	100	2(87)(ii)
41	Meyong Hydro Power Pvt. Ltd. F-12, Ground Floor, Sector-8, Noida-201301, U.P.	U40104UP2008PTC048337	Subsidiary	100	2(87)(ii)
42	Saskang Rong Energy Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U40108MH2008PTC185929	Subsidiary	100	2(87)(ii)
43	Patel Thermal Energy Pvt. Ltd. Door No.8-2- 3/82/A/76, Ground Floor, Road No.9A, Jubilee Hills, Hyderabad – 500 033.	U40102TG2011PTC072720	Subsidiary	100	2(87)(ii)
44	PEL Power Limited Door No.8-2- 3/82/A/76, Ground Floor, Road No.9A, Jubilee Hills, Hyderabad – 500 033.	U40108TG2006PLC067638	Subsidiary	100	2(87)(ii)
45	PEL Port Pvt. Ltd. Door No.8-2- 3/82/A/76, Ground Floor, Road No.9A, Jubilee Hills, Hyderabad – 500 033.	U74999TG2008PTC066862	Subsidiary	100	2(87)(ii)
46	*Laksha Infra Projects Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U45202MH2008PTC180305	Subsidiary	100	2(87)(ii)
47	Jayshe Gas Power Pvt. Ltd. Door No.8-2-93/82/A/76, Road No.9A, Jubilee Hills, Hyderabad – 500 033.	U40300TG2010PTC071867	Subsidiary	100	2(87)(ii)
48	Patel Energy Ltd. Patel Estate Road, S V Road, Jogeswari (west), Mumbai – 400102.	U70100MH1996PLC102612	Subsidiary	99.99	2(87)(ii)
49	Patel Energy Projects Pvt. Ltd. Door No.8-2-93/82/A/76, Road No.9A, Jubilee Hills, Hyderabad – 500 033.	U40102MH2008PTC184031	Subsidiary	100	2(87)(ii)
50	Patel Energy Assignment Pvt. Ltd. Door No.8-2-93/82/A/76, Road No.9A, Jubilee Hills, Hyderabad – 500 033.	U40101MH2008PTC184030	Subsidiary	100	2(87)(ii)
51	Patel Energy Operations Pvt. Ltd. Door No.8-2-93/82/A/76, Road No.9A, Jubilee Hills, Hyderabad – 500 033.	U40102MH2008PTC184032	Subsidiary	100	2(87)(ii)





52	*Patel Urjaa Vyapaar Pvt. Ltd. F-12, Ground Floor, Sector-8, Noida-201301, U.P.	U40300UP2012PTC051203	Subsidiary	100	2(87)(ii)
53	Naulo Nepal Hydro Electric Pvt. Ltd. Lalitpur District, Lalitpur Sub-Metropolitan City, Ward No. 12, Prayag Pokhari, Lagankhel. Nepal.	N.A.	Subsidiary	90	2(87)(ii)
54	ASI Constructors Australia Pty Ltd. Level 31 Waterfront Place, 1 Eagle Street, Brisbane 4000, Queensland Australia.	N.A.	Subsidiary	65.20	2(87)(ii)
55	HCP Constructors Inc., USA 1850 E. Platteville Blvd., Pueblo West, CO 81007A, USA.	N.A.	Subsidiary	65.20	2(87)(ii)
56	Engineering & Construction Innovations Inc., USA 7012, 6th Street North, St. Paul, MN 55128, U.S.A.	N.A.	Subsidiary	65.20	2(87)(ii)
57	Patel Surya (Singapore) Pte Ltd. 79 Robinson Road, #16-01 CPF Building, Singapore 068897	N.A.	Subsidiary	60	2(87)(ii)
58	PT Surya Geo Minerals Gedung Citylofts Sudirman Lantai 15 unit 1519, JL KH Mas Mansyur No.121, Karet Tengsin , Tanah Abang , Jakarta Pusat, DKI Jakarta Raya 10220.	N.A.	Subsidiary	60	2(87)(ii)
59	Patel Param Minerals Pte Ltd. 79 Robinson Road, #16-01 CPF Building, Singapore 068897	N.A.	Subsidiary	60	2(87)(ii)
60	Pt Patel Surya Minerals Gedung Citylofts Sudirman Lantai 15 unit 1519, JL KH Mas Mansyur No.121, Karet Tengsin , Tanah Abang , Jakarta Pusat, DKI Jakarta Raya 10220.	N.A.	Subsidiary	60	2(87)(ii)
61	Patel Param Energy Pte Ltd. 79 Robinson Road, #16-01 CPF Building, Singapore 068897	N.A.	Subsidiary	60	2(87)(ii)
62	Pt Patel Surya Jaya City lofts, Lantia 10, Unit 1011, Jl. KH. Mas Masyur No. 121, Jakarta Pusat.	N.A.	Subsidiary	60	2(87)(ii)
63	Patel Param Natural Resources Pte Ltd. 79 Robinson Road, #16-01 CPF Building, Singapore 068897	N.A.	Subsidiary	60	2(87)(ii)
64	PT Surpat Geo Minerals Gedung Citylofts Sudirman Lantai 15 unit 1519, JL KH Mas Mansyur No.121, Karet Tengsin , Tanah Abang , Jakarta Pusat, DKI Jakarta Raya 10220.	N.A.	Subsidiary	60	2(87)(ii)
65	PT PEL Mineral Resources Gedung Citylofts Sudirman Lantai 15 unit 1519, JL KH Mas Mansyur No.121, Karet Tengsin , Tanah Abang , Jakarta Pusat, DKI Jakarta Raya 10220.	N.A.	Subsidiary	100	2(87)(ii)
66	Patel Engineering Indonesia Gedung Citylofts Sudirman Lantai 15 unit 1519, JL KH Mas Mansyur No.121, Karet Tengsin , Tanah Abang , Jakarta Pusat, DKI Jakarta Raya 10220.	N.A.	Subsidiary	100	2(87)(ii)
67	Patel Mining (Mauritius) Ltd. Suite 308, St James Court, St Denis Street, Port-Louis, Mauritius.	N.A.	Subsidiary	100	2(87)(ii)
68	Enrich Mining Vision Lda Av. Guerra popular, 1028 Maputo. Mozambique.	N.A.	Subsidiary	100	2(87)(ii)
69	Patel Mining Privilege Lda. Av. Guerra popular, 1028 Maputo. Mozambique.	N.A.	Subsidiary	100	2(87)(ii)
70	Patel Infrastructure, Lda Av. Guerra popular, 1028 Maputo. Mozambique.	N.A.	Subsidiary	100	2(87)(ii)
71	Trend Mining Projects, Lda Av. Guerra popular, 1028 Maputo. Mozambique.	N.A.	Subsidiary	100	2(87)(ii)
72	Accord Mines Venture, Lda Av. Guerra popular, 1028 Maputo. Mozambique.	N.A.	Subsidiary	100	2(87)(ii)
73	Netcore Mining Operations, Lda Av. Guerra popular, 1028 Maputo. Mozambique.	N.A.	Subsidiary	100	2(87)(ii)

74	Metalline Mine Works, Lda Av. Guerra popular, 1028 Maputo. Mozambique.	N.A.	Subsidiary	100	2(87)(ii)
75	Patel Mining Assignments, Lda Av. Guerra popular, 1028 Maputo. Mozambique.	N.A.	Subsidiary	100	2(87)(ii)
76	Chivarro Mines Mozambique, Lda Av. Guerra popular, 1028 Maputo. Mozambique.	N.A.	Subsidiary	100	2(87)(ii)
77	Fortune Mines Concession, Lda Av. Guerra popular, 1028 Maputo. Mozambique.	N.A.	Subsidiary	100	2(87)(ii)
78	Omini Mines Enterprises, Lda Av. Guerra popular, 1028 Maputo. Mozambique.	N.A.	Subsidiary	100	2(87)(ii)
79	Quest Mining Activities, Lda Av. Guerra popular, 1028 Maputo. Mozambique.	N.A.	Subsidiary	100	2(87)(ii)
80	ASI Rcc Inc 280 E 20th Ave, Denver CO, 80205, USA.	N.A.	Subsidiary	100	2(87)(ii)
81	*ASI RCC India Ltd. Readymoney Mansion 3rd Floor, Veer Nariman Road, Mumbai - 400001.	U45203MH1999PLC120403	Subsidiary	100	2(87)(ii)
82	Westcon Microtunneling Inc 280 E 20th Ave, Denver CO, 80205, U.S.A.	N.A.	Subsidiary	100	2(87)(ii)
83	ASI Global LLC. 280 E 20th Ave, Denver CO, 80205 U.S.A.	N.A.	Subsidiary	100	2(87)(ii)
84	Patel KNR Infrastructures Ltd. Patel Estate Road, Jogeswari (W), Mumbai - 400102.	U45201MH2006PLC162856	Associates	42	2(6)
85	Patel KNR Heavy Infrastructure Ltd. "KNR House", 4th Floor, Plot No.114, Phase I, Kavuri Hills, Jubilee Hills, Hyderabad - 500 033.	U70102TG2006PLC049949	Associates	42	2(6)
86	Raichur Sholapur Transmission Co. Pvt. Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U40108MH2009GOI220024	Associates	33.34	2(6)
87	ACP Tollways Pvt. Ltd. B-9 Vibhuti Khand, Gomti Nagar, Lucknow, U.P 226010.	U45400UP2011PTC047755	Associates	32	2(6)
88	Terra Land Developers Ltd. 19B, Anand Vihar CHS Ltd., Danda Pada, 19th Road, Khar (West), Mumbai 400 052	U45400MH2007PLC175486	Associates	49.33	2(6)
89	PAN Realtors Private Limited S-406 (LG), Greater Kailash-II New Delhi - 110048	U70101DL2009PTC193609	Associates	37.57	2(6)
90	Bellona Estate Developers Ltd. Patel Engineering Compound, Patel Estate Road, Jogeswari (W), Mumbai - 400 102.	U70200MH2007PLC166899	Associates	49	2(6)

\* Strike off under the Fast Track Exit (FTE) scheme

#### IV. Share holding Pattern

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	29,23,300	-	29,23,300	3.81	29,23,300	-	29,23,300	3.81	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	3,54,09,681	-	3,54,09,681	46.10	3,54,09,681	-	3,54,09,681	46.10	-
e) Bank/Financial Institution									
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>3,83,32,981</b>	<b>-</b>	<b>3,83,32,981</b>	<b>49.91</b>	<b>3,83,32,981</b>	<b>-</b>	<b>3,83,32,981</b>	<b>49.91</b>	<b>-</b>

<b>(2) Foreign</b>										
a) NRIs Individuals	5,50,450	-	5,50,450	0.72	5,50,450	-	5,50,450	0.72	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>5,50,450</b>	<b>-</b>	<b>5,50,450</b>	<b>0.72</b>	<b>5,50,450</b>	<b>-</b>	<b>5,50,450</b>	<b>0.72</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>3,88,83,431</b>	<b>-</b>	<b>3,88,83,431</b>	<b>50.63</b>	<b>3,88,83,431</b>	<b>-</b>	<b>3,88,83,431</b>	<b>50.63</b>	<b>-</b>	<b>-</b>
<b>B. Public Shareholding</b>										
<b>(1) Institutions</b>										
a) Mutual Funds	482	-	482	0.00	466	-	466	0.00	0.00	-
b) Banks/ Financial Institutions	13,42,486	-	13,42,486	1.75	14,06,193	-	14,06,193	1.83	0.08	-
c) Central Govt.	-	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	22,66,764	-	22,66,764	2.95	22,66,764	-	22,66,764	2.95	-	-
g) Foreign Institutional Investors	10,18,886	-	10,18,886	1.33	69,000	-	69,000	0.08	1.24	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1):-</b>	<b>46,28,618</b>	<b>-</b>	<b>46,28,618</b>	<b>6.03</b>	<b>3742423</b>	<b>0</b>	<b>37,42,423</b>	<b>4.87</b>	<b>1.15</b>	<b>-</b>
<b>2. Non-Institutions</b>										
a) Bodies Corporate										
i) Indian	43,03,559	3,900	43,07,459	5.61	47,54,719	3,900	47,58,619	6.19	0.58	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,57,18,149	8,02,890	1,65,21,039	21.51	1,54,86,100	7,90,940	1,62,77,040	21.19	-0.31	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	49,08,185	1,20,000	50,28,185	6.55	48,99,050	1,20,000	50,19,065	6.53	-0.01	-
c) Others (specify)										
i) Clearing Member	6,23,277	-	6,23,277	0.81	5,23,686	-	5,23,686	0.68	0.13	-
ii) Non Resident Indians (Non Repat)	2,35,173	-	2,35,173	0.31	250154	-	250154	0.32	0.02	-
iii) Non Resident Indians (Repat)	5,09,793	22,200	5,31,993	0.69	506098	22200	528298	0.68	0.00	-
iii) Trusts	60,47,107	-	60,47,107	7.87	60,31,007	-	60,31,007	7.85	0.02	-
iv) HUF	-	-	-	-	7,92,559	-	7,92,559	1.03	1.03	-
<b>Sub-Total (B) (2):-</b>	<b>3,23,45,243</b>	<b>9,48,990</b>	<b>3,36,66,952</b>	<b>43.83</b>	<b>3,25,29,720</b>	<b>9,37,040</b>	<b>3,34,66,760</b>	<b>44.10</b>	<b>2.44</b>	<b>-</b>

<b>Total Public Shareholding (B) = (B)(1) + B(2)</b>	3,69,73,861	9,48,990	3,79,22,851	49.37	3,62,72,143	9,37,040	3,72,09,183	100.00	-
Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A)+ (B)+(C)</b>	<b>7,58,57,292</b>	<b>9,48,990</b>	<b>7,68,06,282</b>	<b>100.00</b>	<b>7,58,69,242</b>	<b>9,37,040</b>	<b>7,68,06,282</b>	<b>100.00</b>	<b>-</b>

ii) Shareholding of Promoters

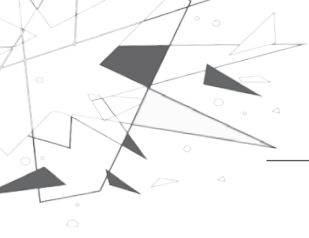
Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	Patel Corporation LLP	1,86,65,257	24.30	15.81	1,86,65,257	24.30	18.50	-
2	Praham India LLP	1,67,44,424	21.80	-	1,67,44,424	21.80	2.08	-
3	Rupen Patel	13,52,600	1.76	-	13,52,600	1.76	-	-
4	Pravin Patel	40,800	0.05	-	40,800	0.05	-	-
5	Sonal Patel	3,50,500	0.46	-	3,50,500	0.46	-	-
6	Riana Batra	1,99,950	0.26	-	1,99,950	0.26	-	-
7	Chandrika Pravin Patel	1,49,900	0.20	-	1,49,900	0.20	-	-
8	Alina Rupen Patel	12,90,000	1.68	-	12,90,000	1.68	-	-
9	Ryan Rupen Patel	90,000	0.12	-	90,000	0.12	-	-

iii) Change in Promoters' Shareholding

Sr No.	Name of the Promoter Shareholder	Shareholding		Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/bonus/ sweat equity etc.):	No. of shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year	% of total shares of the Company				No. of shares	% of total shares of the Company
-	-	-	-	-	-	-	-	-

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDR and ADRs):

Sr No.	Name of Shareholder	Shareholding		Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.):	No. of Shares	Reason	Cumulative Shareholding during the year	
		No. Shares at the beginning of the year	% of total shares of the company				No. of shares	% of total shares of the company
1	Patel Engineering Employees Welfare Trust	60,45,000	7.87	09/10/2015	(3,700)	Transfer	60,41,300	7.87
				16/10/2015	(500)	Transfer	60,40,800	7.87
				23/10/2015	(1,000)	Transfer	60,39,800	7.86
				30/10/2015	(1,400)	Transfer	60,38,400	7.86
				06/11/2015	(2900)	Transfer	60,35,500	7.86
				13/11/2015	(100)	Transfer	60,35,400	7.86



				20/11/2015	(2,000)	Transfer	60,33,400	7.86
				04/12/2015	(1,900)	Transfer	60,31,500	7.85
				11/12/2015	(1600)	Transfer	60,29,900	7.85
				18/12/2015	(900)	Transfer	60,29,000	7.85
				15/01/2016	(100)	Transfer	60,28,900	7.85
2	Life Insurance Corporation of India	23,94,881	3.11	-	-	-	23,94,881	3.12
3	Patel Dinesh G	13,63,815	1.78	24.04.2015	(9)	Market Sell	13,63,806	1.78
				01.05.2015	(2)	Market Sell	13,63,804	1.78
				19.06.2015	2	Market Sell	13,63,806	1.78
4	Sanjiv K Chainani	9,50,000	1.24	-	-	-	9,50,000	1.24
5	Patel Nirmala Govind	5,12,591	0.67	-	-	-	5,12,591	0.67
6	Realty Check Properties Pvt. Ltd.	4,97,600	0.65	-	-	-	4,97,600	0.65
7	New Berry Capitals Private Limited	50,000	0.07	10.07.2015	(9,746)	Market Sell	40,254	0.05
				17.07.2015	(18,000)	Market Sell	22,254	0.03
				31.07.2015	(500)	Market Sell	21,754	0.03
				07.08.2015	(16,000)	Market Sell	5754	0.01
				14.08.2015	(4,000)	Market Sell	1,754	0
				21.08.2015	50,000	Market purchase	51,754	0.07
				25.12.2015	1,21,700	Market purchase	1,73,454	0.23
				01.01.2016	(1,21,700)	Market Sell	51,754	0.07
19.02.2016	5,00,000	Market purchase	5,51,754	0.79				
8	IDBI Bank Ltd.	4,61,612	0.60	-	-	-	4,61,612	0.60
9	Team India Mangers Ltd	3,50,000	0.46	17.04.2015	1,75,746	Market purchase	5,25,746	0.68
				24.04.2015	10,000	Market purchase	5,35,746	0.70
				01.05.2015	1,01,749	Market purchase	6,37,495	0.83
				08.05.2015	48,326	Market purchase	6,85,821	0.89
				15.05.2015	5,000	Market purchase	6,90,821	0.90
				10.07.2015	(13,000)	Market sell	6,77,821	0.88
				17.07.2015	(1,90,000)	Market sell	4,87,821	0.64
				31.07.2015	1,00,000	Market purchase	5,87,821	0.77
				07.08.2015	(12,000)	Market sell	5,75,821	0.75
				14.08.2015	32,425	Market purchase	6,08,246	0.79
				16.10.2015	(1,000)	Market sell	6,07,246	0.79
				23.10.2015	(18,700)	Market sell	5,88,546	0.77
				04.12.2015	(80,406)	Market sell	5,08,140	0.66
11.12.2015	(51594)	Market sell	4,56,546	0.59				

10	Krisma Investments Pvt. Ltd.	1,79,931	0.23	24.04.2015	35,000	Market purchase	2,14,931	0.28
				05.06.2015	60,069	Market purchase	2,75,000	0.36
				11.09.2015	20,000	Market purchase	2,95,000	0.38
				20.11.2015	10,000	Market purchase	3,05,000	0.40
				27.11.2015	1,25,000	Market purchase	4,30,000	0.56
				04.12.2015	4,80,000	Market purchase	9,10,000	1.18
				11.12.2015	56,000	Market purchase	9,66,000	1.26
				08.01.2016	54,000	Market purchase	10,20,000	1.33
				22.01.2016	49,476	Market purchase	10,69,476	1.39
				05.02.2016	10,524	Market purchase	10,80,000	1.41
				12.02.2016	(5,00,000)	Market Sell	5,80,000	0.76
				19.02.2016	(5,00,000)	Market Sell	80,000	0.10
				18.03.2016	5,00,000	Market purchase	5,80,000	0.76

## v) Shareholding of Directors and Key Managerial Personnel:

Sr No.	Name of the Director/KMP	Shareholding		Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment / transfer/bonus/ sweat equity etc.):	No. of shares	Reason	Cumulative Shareholding during the year	
		No. of shares at the beginning of the year	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Mr. Pravin Patel	40,800	0.05	-	-	-	40,800	0.05
2.	Mr. Rupen Patel	13,52,600	1.76	-	-	-	13,52,600	1.76
3.	Mr. Ashwin Parmar*	6,997	0.01	09.10.2015	200	ESOP exercise	7,197	0.01
4.	Mr. Khizer Ahmed	26,500	0.03	-	-	-	26,500	0.03
6.	Mr. S. Jambunathan	50	0.00	-	-	-	50	0.00
7.	K. Ramasubramanian	357	0.00	-	-	-	357	0.00
8.	Ms. Silloo Patel*	2,98,479	0.39	07.08.2015	(2,000)	Market Sell	2,96,479	0.39
				23.10.2015	(2,000)	Market Sell	2,94,479	0.38
9.	Mr. Nimish Patel*	43,634	0.32	-	-	-	43,634	0.32

\*ceased to be directors

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of financial year				
(i) Principal Amount	4,103.22	15.09	-	4,118.31
(ii) Interest due but not paid	35.83	-	-	35.83
(iii) Interest accrued but not due	14.00	-	-	14.00
Total (i+ii+iii)	4,153.05	15.09	-	4,168.14
Change in Indebtedness during the financial year	448.61	(15.09)	-	433.52
• Addition				
• Reduction				
Net Change	448.61	(15.09)	-	433.52
Indebtedness at the end of the financial year				
(i) Principal Amount	4,551.83	-	-	4,551.83
(ii) Interest due but not paid	46.33	-	-	46.33
(iii) Interest accrued but not due	6.88	-	-	6.88
Total (i+ii+iii)	4,605.05	(15.09)	-	4,065.04

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in Million)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager					Total Amount
		Mr. Rupen Patel	Ms. Silloo Patel	Mr. Nimish Patel	Mr. Ashwin Parmar	Mr. Pravin Patel	
1.	Gross Salary						
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	12.40	6.40	3.00	5.30	0.00	27.10
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	2.16	0.03	0.64	0.03	0.11	2.97
	c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	200 shares	-	200 shares
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission						
	- as % of profit	-	-	-	-	-	-
	- others, specify. Provident Fund	-	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-	-
	Total (A)	14.56	6.43	3.64	5.33	0.11	30.07
	Ceiling as per the Act						Refer Note

Note: In terms of the provisions of the Companies Act, 2013 and the Rules framed there under and the Circulars issued thereunder, the remuneration paid to the Managing Directors and Executive Directors is within the ceiling prescribed.

**B. Remuneration to other directors:**

(₹ in Million)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Khizer Ahmed	Mr. S. Jambunathan	Mr. K. Ramasubramanian	Ms. Geetha Sitaraman	
	1. Independent Directors					
	- Fee for attending board/ committee meetings	0.65	0.40	0.65	0.25	1.95
	- Commission	-	-	-	-	-
	- Others, please specify	-	-	-	-	-
	Total (1)	0.65	0.40	0.65	0.25	1.95
	2. Other Non-Executive Directors	-	-	-	-	-
	- Fees for attending board/ committee meetings	-	-	-	-	-
	- Commission	-	-	-	-	-
	- Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B) = (1+2)	0.65	0.40	0.65	0.25	1.95
	Total Managerial Remuneration	0.65	0.40	0.65	0.25	1.95
	Overall Ceiling as per the Act *	-	-	-	-	-

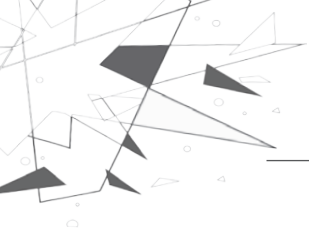
\*Sitting fees paid to the Directors are exempted from the provision section 197 read with schedule V of the Companies Act, 2013

**C. Remuneration to key managerial personnel other than MD/Manager/WTD**

(₹ in Million)

Sl. No.	Particulars of Remuneration	CFO	Company Secretary	Total
	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	8.02	2.30	10.32
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	1.30	0.20	1.5
	c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2.	Stock Option	-	200 shares	200 shares
3.	Sweat Equity	-	-	-
4.	Commission			
	- as a % of profit	-	-	-
	- others, specify Provident Fund	-	-	-
5.	Others, please specify	-	-	-
	Total	9.32	2.50	11.82





**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NONE		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NONE		
Punishment					
Compounding					

For and on behalf of Patel Engineering Ltd.

November 11, 2016  
Mumbai

**Pravin Patel**  
Executive Chairman  
(DIN: 00029453)

## Annexure VII- Particulars of Employees

### a) Information as per Rule 5(1) of Chapter XIII , Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Sub-section 12 of Section 197 of The Companies ACT, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is as under:

Sr. No.	Disclosure Requirement	Disclosure details		
		Directors	Title	Ratio
1	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	Mr. Rupen Patel	Managing Director	42.43x
		Ms. Silloo Patel *	Executive Director	16.35x
		Mr. Nimish Patel **	Executive Director	10.74x
		Mr. Pravin Patel	Executive Director	0.35x
		Mr. Ashwin Parmar***	Executive Director	15.40x
2	Percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary or Manager if any, in the financial year.	Directors/KMP's	Title	% increase in remuneration
		Mr. Rupen Patel	Managing Director	5.74
		Ms. Silloo Patel *	Executive Director	4.50
		Mr. Nimish Patel **	Executive Director	7.79
		Mr. Ashwin Parmar ***	Executive Director	0.17
		Ms. Kavita Shirvaikar	CFO	41.36
	Ms. Shobha Shetty	Company Secretary	8.69	
3	Percentage increase in the median remuneration of employees in the financial year.	8%.		
4	Number of permanent employees on the rolls of the Company at the end of the year.	1,437 permanent employees were on the rolls of the Company as on March 31, 2016		
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	The average increase for employees other than the managerial personnel who were in the employment during the financial year 2015-16 the average increase is 8%  The average increase for managerial personnel is 16.36%		
6	Affirmations that the remuneration is as per the Remuneration Policy of the Company.	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.		

\* Ms. Silloo Patel ceased to be director on account of death w.e.f November 26, 2015

\*\*Mr. Nimish Patel resigned as director w.e.f July 16, 2015

\*\*\*Mr. Ashwin Parmar resigned as director w.e.f April 4, 2016

### b) Information as per Rule 5(2) of Chapter XIII , Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Name	Designation	Remuneration (Rs. In million)	Nature of Employment	Qualification	Exp In Years	Date of Commencement	Date of Birth	Age (yrs)	Last Employment	% of equity share held	Whether such employee is relative of Director	Name of the such Director
Employed throughout the financial year and in receipt of remuneration aggregating not less than Rs 1,02,00,000 for the year													
	Directors												
1	Mr. Rupen Patel	Managing Director	14.56	Contractual	B,Com, M.B.A(Fin,USA)	22	26/10/1995	24/08/1966	49	-	1.76	Yes	Mr. Pravin Patel



# Management Discussion and Analysis

## Macroeconomic review and India

The world economy stumbled in 2015, amid weak aggregate demand, falling commodity prices and increasing financial market volatility in major economies. The growth rates of gross fixed capital formation and aggregate demand continue to remain subdued. The world economy is projected to grow by 2.9 percent in 2016 and 3.2 percent in 2017, supported by generally less restrictive fiscal and still accommodative monetary stances worldwide. The anticipated timing and pace of normalization of the United States monetary policy stance is expected to reduce policy uncertainties, while preventing excessive volatility in exchange rates and asset prices. While the normalization will eventually lead to higher borrowing costs, rising interest rates should encourage firms to front-load investments in the short run. The improvement in global growth is also predicated on easing of downward pressures on commodity prices, which should encourage new investments and lift growth, particularly in commodity-dependent economies. The situation has been exacerbated by (i) declining prices of a number of commodities, with reduction in crude oil prices being the most visible of them, (ii) turbulent financial markets (more so equity markets), and (iii) volatile exchange rates. These conditions reflect extreme risk-aversion behavior of global investors, thus putting many, and in particular, commodities exporting economies under considerable stress. Additionally, its other macroeconomic parameters like inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement. Wholesale price inflation has been in negative territory for more than a year and the all-important consumer prices inflation has declined to nearly half of what it was a few years ago. However, weak growth in advanced and emerging economies has taken its toll on India's exports. As imports have also declined, principally on account of reduced prices of crude oil for which the country is heavily dependent on imports, trade and current account deficits continue to be moderate. Growth in agriculture has slackened due to two successive years of less than-normal monsoon rains. Saving and investment rates are showing hardly any signs of revival. The rupee has depreciated vis-à-vis the US dollar, like most other currencies in the world, although less so in magnitude. At the same time, it has appreciated against a number of other major currencies. Given the fact that the government is committed to carrying the reform process forward, aided by the prevailing macroeconomic stability, it appears that conditions do exist for raising the economy's growth momentum and achieving growth rates of 8 percent or higher in the next couple of years. At the same time, growth in 2016-17 may not pick up dramatically from the levels achieved in 2015-16 as the possibility of slow global economic growth and financial sector uncertainties still loom large. Given the prevalent overall macroeconomic scenario, and assuming a normal level of rains in 2016-17, it would not be unreasonable to conclude that the Indian economy is all set to register growth in excess of 7 percent for the third year in succession.

Despite global headwinds and a truant monsoon, India registered robust growth of 7.2 percent in 2014-15 and 7.6 percent in 2015-16, thus becoming the fastest growing major economy in the world. As per the estimates of the International Monetary Fund (IMF), global growth averaged 3.1 percent in 2015, declining from 3.4 percent registered in 2014. While growth in advanced economies has improved modestly since 2013, the emerging economies have witnessed a consistently declining trend in growth rate since 2010. It is against this background that the recent Indian growth story appears particularly bright.

The World Bank recently projected that India will grow by a robust 7.8 percent in 2016 and 7.9 percent in the next two years. World Bank also predicted that India will be the fastest growing economy in the world in the next three years and would outpace China. With the recent fall in oil prices, India remains the bright spot of the global economy as Chinese growth is predicted to slow further.

According to its latest Global Economic Prospect report which is released bi-annually, the World Bank reduced India's growth rate by a slight 0.2 percent in 2015 and 0.1 percent in both 2016 and 2017.

The World Bank estimates that China grew at an estimated 6.9 percent in 2015 (0.3 percent less than its June projection). The same report also said that China is estimated to grow at 6.7 percent in 2016 and 6.5 percent each in 2017 and 2018. The growth rate projections are 0.3 percent in 2016 and 0.4 percent in 2017. Meanwhile, Russia and Brazil are projected to remain in recession in 2016. Further the World Bank report recently said that in contrast to other major developing countries, growth in India remained robust, buoyed by strong investor sentiment and the positive effect on real incomes of the recent fall in oil prices. India's currency and stock markets were largely resilient over the past year, even during bouts of volatility in global financial markets. Reserve Bank of India, it said, has rebuilt reserves while net FDI flows have remained positive.

## Indian Construction & Infrastructure industry – Opportunities & Risks

While the Indian economy is on a strong growth trajectory, there are some risks to the recovery. A few of such cases are discussed below\*:-

1. Projects worth ₹ 10,576 billion were stalled as of December 2015, due to delays in project approvals and raw material non-availability issues.
2. The delay in restarting stalled projects has strained infrastructure companies' ability to meet their debt obligations, leading to a surge in banks' gross non-performing assets (5.1 percent as of September 2015). With banks making higher provisioning against bad loans, their profitability has come under pressure.
3. India confronts a situation wherein the utilisation rate of power generating firms continues to remain low despite a sharp increase in

coal output. This is because the poor financial health of power distribution companies (DISCOMs), which have accumulated ₹ 4,429 billion debt, and impedes them from buying power, thereby reducing demand.

4. India's exports declined for the twelfth month in a row in November 2015. The exports need to remain stronger for India to grow at 8 to 10 percent. Thus, the continuous decline in exports remains a cause for concern.
5. The labour reform progress has been slow. Flexible labour reform is key to making India a global manufacturing hub.
6. Rupee depreciation could impact Indian firms with exposure to overseas debt by increasing their liabilities. As of September 2015, non-government sector held ₹ 26,043 billion worth of external debt.

(\*Source – KPMG Report)

To an extent, e-auction of coal blocks and fast tracking of clearances have resolved fuel supply issues. In order to encourage road developers to invest in fresh projects, the government eased exit clause for completed highway projects, and one-time financial assistance was given to developers facing temporary financial problems. Also, a new framework, Hybrid Annuity Model (HAM) - that reduces the upfront contribution from road developers was unveiled. However, through these initiatives, the government could only make gradual headway on this issue, especially as addressing the cause for stalled projects, such as land acquisitions and environment clearances, requires consensus from various stakeholders.

The government along with the RBI has been taking initiatives to address the NPA problem. The government's recent reform package for DISCOMs, which involves transferring the latter's debt to state governments, is expected to reduce banks' stressed assets by 10 per cent. The RBI on its part unveiled new norms for Strategic Debt Restructuring (SDR), which allow lenders to convert debt into equity if the borrower fails to meet the milestones embedded in a restructuring plan. These measures would be complemented by the government's move towards creating an ecosystem that makes it easier for troubled businesses to exit while ensuring that banks can recover a significant part of their loans. The RBI expects that the NPA problem would cease to exist by March 2017.

Weakness in external demand is blamed for India's subdued exports. As such, recent government measures, such as subsidized loans and extended duty incentives, could provide only a temporary relief to exporters. Nevertheless, weak exports are unlikely to derail India's above 7 per cent growth prospects, especially when the domestic demand is expected to remain robust.

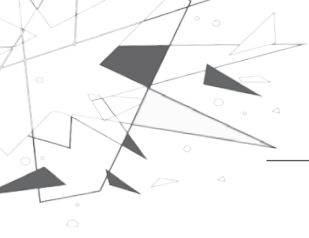
The government has launched a system to rank states based on the 98-point action plan of business reforms, with an aim to promote competitive federalism. States have implemented key business reform measures in a bid to make it significantly easier to do business and hence attract investments.

The RBI is unlikely to allow excessive depreciation in rupee and has indicated that it will intervene in the market if needed. Domestic firms on their part increased their protection against currency volatility by increasing the hedging of their foreign currency loans.

In conclusion, India's macroeconomic conditions have relatively improved in the recent past. Challenges remain. However, the government is working towards enhancing the country's long-term growth potential.

Economic growth of a country is directly proportional to the development of its infrastructure. Following that principle, the Indian Government allocates funds to sectors and encourages private participation through the PPP route to push for infrastructure developments. It has announced a National Investment and Infrastructure Fund (NIIF) with an expected initial corpus of Rs. 410 billion to bridge the investment gap. Additionally, to make the infrastructure sector investor-friendly and easier to administer, the government, through the Kelkar Committee, is reviewing the overall PPP policy. The construction industry is the second largest industry in India after agriculture. It accounts for about 11% of India as GDP. It makes significant contribution to the national economy and provides employment to large number of people. India has made a significant progress in attracting private investments in the infrastructure sector. Over a decade (2002-2012), private sector has invested approximately ₹ 16,525 billion in various infrastructure projects. More importantly, investment in infrastructure as a percentage of GDP increased from 4.9 percent in 2002-03 to about 7.2 percent in 2011-12 and is expected to reach 10 percent of GDP by 2016-17. Going forward in the XII Plan period (2012-17), the Government is expecting about half of the total investment requirement of ₹ 64,117 billion in the infrastructure sector to come from private sources, including FDI. Over a decade (2002-2012), private sector has invested approximately ₹ 16,525 billion in various infrastructure projects. Realizing the massive investment requirements and need for better and competitive infrastructure services, Government of India has adopted a new approach with PPP as the cornerstone of its policy framework. The current policy framework allows 100% FDI in most infrastructure sectors with no restriction on repatriation of profit. Moreover, the Government of India has launched a Viability Gap Funding Scheme to enhance the financial viability of competitively bid infrastructure projects. Through its National Committee on Infrastructure and Sectoral Committees, CII is deeply engaged in building a robust infrastructure sector and in addressing specific policy interventions on behalf of the industry with regard to specific areas of Roads & Highways; Airports & Aviation; Railways; Ports & Shipping; and Urban Infrastructure & Housing. CII Infrastructure Division engages the central & state governments; the industry and other stakeholders to work towards making Public Private Partnerships-PPPs as the cornerstone for building the state-of-the-art infrastructure in India.

As per NITI Ayog's directional framework released in 2015, the government plans to focus on 5 major areas of infrastructure in order to augment overall infrastructure, attract investments and facilitate overall growth.



**a. Railways –**

India has the largest rail network in Asia and the second largest in the world.<sup>03</sup> It covers a track-length of around 114,000 kms, running 12,500 trains to carry more than 20 million passengers daily. Additionally, it runs more than 7,400 freight trains carrying 3 million tonnes (MT) of freight every day. It accounts for India's 15 percent of public transport and about 30 percent of total freight and employs over 1.4 million people, the world's seventh-largest employer.

The Indian government is aiming to target higher investments through resource mobilisation, prioritise decongestion of heavy haul routes and speed up trains. Providing better passenger amenities and safety, and improving railway systems through sustainable measures would also be the focus areas. The railway ministry has earmarked an investment of ₹ 8,824.35 billion toward development of the railways sector over the next few years ending 2019. Development of railway infrastructure would lead to development in logistics. It would allow easy and quick transport of coal to the power market, thus helping in meeting the country's electricity needs.

**b. Roads –**

Globally, India ranks second in roads network, spanning a total of 4.7 million kms. Roads offer a logistics lifeline to the economy, accounting for 60 percent of total goods movement and 85 percent of total passenger traffic in the country. According to the National Highways Authority of India (NHAI), national highways make up about 2 percent of the network but account for 40 percent of road traffic.

The government aims to develop new road infrastructure and modernise the existing road network, in addition to developing interstate highways/expressways. The government earmarked an investment of ₹ 2,141.64 billion during the twelfth Five Year Plan (FYP) for the development of roads in the period 2012-17. NHAI and the Ministry of Road Transport & Highways have sanctioned projects for 3,161km in FY2013-14 and 2,337km in FY2014-15. Over 90 per cent of PPP projects in India are in the road sector. Fifteen identified road projects for FY2015-16 was identified for bid under the PPP model with an investment of ₹ 125.59 billion. NITI Aayog (Policy and Planning Think tank of the government) has allocated about 20 percent of the total investment of ₹ 661.10 billion envisaged during the twelfth Five Year Plan (2012-17) to develop roads. The target is to achieve 85,000 km road network from 79,116 km in FY 2012-13 by the end of plan period. The government announced plans for completion of 100,000 km of roads under construction and further approved 100,000 km to connect remote locations. The government aims at building 30km road stretch per day, to develop 66,117 km of roads. The value of roadways and bridge infrastructure in India is expected to grow at 17.4 percent CAGR until 2017, to reach ₹ 661.10 billion.

**c. Sagarmala project (for ports and coastal development) –**

The Sagarmala initiative is expected to tackle underutilised ports by focusing on port modernization, efficient evacuation and coastal economic development. Sagarmala would also complement the Golden Quadrilateral project and would provide sea connectivity to major industrial centres approachable through sea route. This project aims at transforming the existing ports and creating new ones with world-class technology and infrastructure. This project is also expected to integrate them with industrial clusters and the hinterland through rail, road, inland and coastal waterways. The government is expected to invest ₹ 1057.60 billion for its completion.

An estimated ₹ 720.49 billion shall be required for the development of 12 major ports. While a major part of the investment would be made by the government, some projects would be developed through the PPP model. An estimated initial investment of ₹ 7138.80 million for the first phase of development in FY2014-15 will be required. The government is expected to carry out an extensive study for thorough and integrated planning for Sagarmala. Andhra Pradesh has submitted investment proposals worth ₹ 41,312.50 million to develop ports and connectivity infrastructure along its coastline. The master plan of the Jawaharlal Nehru Port Trust Special Economic Zone (JNPT SEZ) of approximately 275 hectares had been sent for approval to the Ministry of Shipping, and its construction is expected to commence in early 2017. The government expects to attract an investment of ₹ 33,050 million from Indian and global industrialists. The Port Trust would invest ₹ 4825.30 million. The government has plans to develop twelve smart cities near ports at an investment of ₹ 515.58 billion. Ten Coastal Economic Zones (CEZ) would also be established, which would aid in a 2 percent boost to GDP growth.

**d. Inland waterways –**

Within the scope of 14,500 km navigable inland waterways, National Waterways (NWs) — NWs 1, 2, 3, 4 and 5 — spanning approximately 4,400km have been outlined as potential inland waterways, which are the Ganges river, the Brahmaputra river, the West Coast Canal, Godavari and Krishna river, and the East Coast Canal, respectively. Also proposed is NW 6, which stretches along 121 km of the Barak river. Inland waterways account for only 3 percent of India's total transport, compared with 47 percent in China and 44 percent in the European Union. Developing Inland Waterways Transport (IWT) to help enhance an alternative mode for transportation of goods, to decongest existing models as well as realising advantages in terms of fuel and cost savings. The proposed 101 inland waterways would require an estimated investment of ₹ 363.55 billion over the next 2 years.

**e. Housing for All by 2022 –**

By 2050, the urban population is set to reach more than 814 million, an increase of about 400 million from the current level. Moreover, EWS and LIGs account for 96 per cent of the current housing shortage in urban India. Hence, the government aims at constructing 20 million houses in the next 7 years by 2022 to counter the shortage. The plan shall be implemented in 3 phases – Phase I (April 2015 to March 2017)

to cover 100 cities, Phase II (April 2017 to March 2019) to cover additional 200 cities and Phase III (April 2019 to March 2022) to cover the remaining Cities. Benefits according to the Credit linked subsidy component would be started across the country in all statutory towns immediately.

Launched in June 2015, Housing for All by 2022 (HFA) aims at providing a home for all Indian families by 2022, by promoting affordable housing for the weaker sections through credit-linked subsidy and providing affordable housing through public and private stakeholder collaborations. It also seeks to provide subsidy for beneficiary-led individual house construction or betterment. The central government would grant ₹ 99,480.50 per house, on an average, under the slum rehabilitation programme. The state governments could also deploy the slum rehabilitation grant to applicable projects. Subsidy pay-out on Net Present Value (NPV) basis would be about ₹ 2,24,740 per house for Economically Weaker Sections (EWS) and Low Income Groups (LIG) categories. Under the Affordable Housing in Partnership scheme, central assistance of approximately ₹ 1,45,420 per house for EWS category would be provided for individual house construction/enhancement.

Few other initiatives taken by the government which shall give a boost to the sector as well as the economy are :-

*Make in India*, initiative has been launched with an aim to boost industrial growth and make the country a global manufacturing hub. The programme aims to enhance manufacturing through initiatives designed to facilitate investment, foster innovation, protect intellectual property and build best-in-class manufacturing infrastructure.

*Smart Cities Mission*, this mission is expected to improve the efficiency of cities and enable local area development, thereby driving economic growth and improving the quality of life. This urban transformation is expected to be driven by adopting technology-based interventions.

*Atal Mission for Rejuvenation and Urban Transformation (AMRUT)*, AMRUT envisages urban India's transformation, by aiming:

- To ensure that every household has access to a tap with assured supply of water and a sewerage connection;
- To increase the amenity value of cities by developing greenery and well-maintained open spaces (e.g., parks); and
- To reduce pollution by switching to public transport or constructing facilities for non-motorised transport (e.g., cycling).

*Swachh Bharat Abhiyan (Clean India Mission)*, this mission aims at eliminating open defecation, eradicate manual scavenging, adopt modern and scientific municipal solid waste management, effect behavioural change for healthy sanitation practices, generate awareness about sanitation and its linkage with public health, augment capacity of Urban Local Bodies (ULBs) and to allow an open environment for private sector participation in capex (capital expenditure) and opex (operational expenditure).

*Ease of Doing Business (EoDB)*, the initiative has been launched with an aim to create a conducive business environment by streamlining regulatory structures and to create an investor-friendly business climate by cutting through red tape.

## Performance overview

Incorporated in 1949, Patel Engineering Limited ('the Company') is engaged in the construction of dams, bridges, tunnels, roads, piling works, industrial structures and other kinds of heavy civil engineering works.

The Company has established strong presence in tunnels and underground works for hydroelectric and transport projects. The Company has presence in various high margin and technology intensive areas like hydro, irrigation and water supply, urban infrastructure and transport. It is the first Indian company with experience in Roller Compacted Concrete (RCC), Micro Tunneling and Double Lake Tap Work. The Company has a consistent track record in execution of projects in domestic and international arena. The Company has completed over 84 dams, 40 hydroelectric projects, 33 micro tunneling projects and 180 km of tunneling projects.

The Company is an ISO 9002: 2000 certification Company and has access to internationally renowned Licensors & Contractors making it the ideal engineering solutions partner for a wide spectrum of services covering a variety of industries.

The performance of the company during the year ended March 31, 2016 was as follows:-

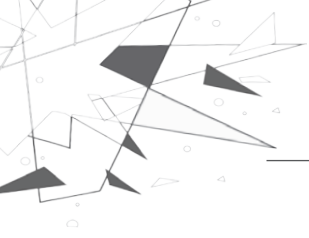
On a consolidated basis,

- The Revenues from Operations increased by 18.5% from ₹ 3,415.38 crore to ₹ 4,046.35 crore.
- The Company reported a net loss of ₹ 186.63 crore as against a Net Profit of ₹ 8.46 crore in FY 15.

The performance of the Company's operations out of its core engineering & construction business reflected in standalone results were as follows:-

- The Revenue from Operations increased by 5.8% to ₹ 2,614.95 crore in FY 16 from ₹ 2,472.81 crore in FY 15.
- The Company reported a Net loss of ₹ 18.68 crore in FY 16 as against a Net Profit of ₹ 11.89 crore in FY 15.

The operations of the Company was affected, as most of the companies in the construction and infrastructure sector in India over the last



few years have been struggling with cost overruns in respect of stalled projects, delay in realization of receivables, major amounts piling up as claims and ending up in long drawn arbitrations followed by equally longer litigations in courts after awards received in our favour being challenged.

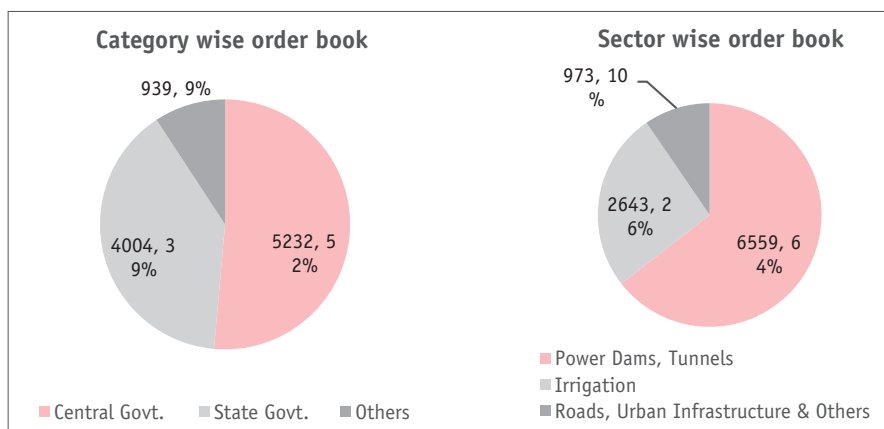
As a result, the debt burden of the company has been rising leading to substantial increase in the interest costs. The debt levels have increased beyond levels which are sustainable and is not commensurate to the size of the operations of the company and there has been severe financial stress in terms of cash flow availability with the company. To overcome the situation, the company has taken various measures and is in the process of selling various non-core assets, focusing only on core engineering & construction business by keeping investments under asset ownership business on hold, undertaking joint development of land bank with other developers, fast track completion of arbitration process for various claims under the revised scenarios and obtaining cost efficiencies where ever possible by constant review of all processes to save every rupee possible.

In order to support the steps undertaken by the company to sustain, it was decided by the consortium of members, to invoke SDR by virtue of which the lenders shall take convert debt into equity to take controlling stake (51%) in the Company. SDR will provide the much needed breather to enable implementation of the above steps eventually leading to revival of the Company. The debt repayment schedule shall be realigned with the receivables and with improving new project awards, liquidity and viability in business, the value of these businesses would increase in the future and future net worth erosion would be arrested.

The order backlog from the engineering and construction business as on March 31, 2016 is approximate ₹ 101,753 million. The share in the order book stood at—the power, dams, tunnels sector at 64%, irrigation 26% and Road, Urban infrastructure and others at 10%. The Chenab Valley Power Projects Private Limited (the authority) arbitrarily cancelled the bid/rejected the bid of Drangdhuran Hydro Power Consortium (for Pakal Dul Project), a consortium formed by M/s. Bharat Heavy Electricals Ltd., Limak Insaat Sanayive Ticaret and the Company after declaring as the lowest bidder (L1). The Consortium has initiated appropriate litigation against authority before Hon'ble High Court of Jammu and Kashmir for appropriate directions to Chenab Valley Power Projects Private Limited for reconsidering the tender of said Consortium. The courts have stayed the fresh tender notice regarding the said project to be issued by the authority. The Company is positive to have a favorable result.

Due to various issues either at local or macro level, including due to political and environmental concerns, there were fewer orders. Still during the year, the Company received a work order for following projects during the financial year 2015-16

Project Description	Sector	Contract amount (₹ in Million)
Strengthening and Widening of existing road to two lane with paved shoulder from KM 40.00 to 64.00 of NH 28B on EPC mode in the State of Bihar.	Road	858.30
Cement Concrete Lining using Paver Machine in Parallel Lower Ganga Canal (PLGC) from Km. 36.300 (Near Kheria Bridge) to Km 45.600 (Near Bhagwantpur Bridge) in district Kasganj in the State of Uttar Pradesh.	Irrigation	1,174.00
Cement Concrete Lining using Paver Machine in Parallel Lower Ganga Canal (PLGC) from Km. 45.600 (Near Bhagwantpur Bridge) to Km 53.113 (Upto Nadrai Aqueduct) in district Kasganj in the State of Uttar Pradesh.	Irrigation	985.03
EPC Contract for design, engineering, procurement, construction, commissioning and testing of the 82 MW Lower Solu Hydroelectric plant and associated utilities and facilities located in Solukhumbu District in the Eastern Development Region (EDR) in Nepal by ESSEL-CLEAN SOLU HYDROPOWER Pvt. Ltd. Narayanachaur, Naxal, Kathmandu, Nepal.	Power	7900.00
Construction of Tunnel T-2 (between km 33.212 & 38.375 approx) on Katra- Banihal Section of Udhampur – Srinagar – Baramulla New BG Railway Line Project (Package T-2)(the Project) awarded by IRCON International Limited, a government of India Undertaking.	Tunnel	6546.10
Construction of Tunnel T-15, Part Tunnel T-14 including Bridge No.61 (between km 73.785 to km 86.848 approx.) on Katra – Banihal Section of Udhampur –Srinagar – Baramulla New BG Railway Line Project (Package T-15) (the Project) awarded by IRCON International Limited, a government of India Undertaking.	Tunnel	17,222.40
<b>Total</b>		<b>34,685.84</b>



**Engineering and Construction - Update:** Over the years, PEL has executed projects in hydropower, Irrigation, transportation and urban infrastructure sector. PEL commands strong position in hydro and dam segment on a pan India basis.

Some of the key projects completed by the Company in India are as follows –

Sl. No.	Project Name/ Description	Approx. Contact Value (₹ in Crores)
1	Koyna Hydro Electric Project, Stage IV - Contract ICB-1B - Extension of HRT	565.08
2	Islam Nagar to Kadtal - NH-7 (Package NS2/BOT/AP-7)	518.46
3	North-South Corridor (NHDP Phase II) on BOT (Annuity) Basis - Package No.NS-2/BOT/KNT-1	471.17
4	Teesta Low Dam H.E. Project, Stage-III - Lot TL-1 of 132 MW (4 x 33MW) in Darjeeling District, West Bengal	459.96
5	East-West Corridor, Assam, Contract Package No. EW-II (AS-18)	341.78
6	Construction of Civil Works for Upper Dam, Saddle Dam no.1 and Lower Dam in Roller Compacted Concrete of Ghatghar Pumped Storage Scheme	334.00
7	Madurai to Kannayakumari Road, Contract Package NS-39 (TN)	300.68
8	Surat Manor Tollway Project (Package - II) Rehabilitation of Surat - Manor Section of NH - 8 (Km343.000 to km. 381.000)	255.00
9	Renovation & Rehabilitatin of Storm Water Drains (SWD) - T3	238.90
10	Madurai to Kannayakumari Road, Contract Package NS-43 (TN)	224.36

Following are some key projects under execution by the Company, apart from the new projects received are :-

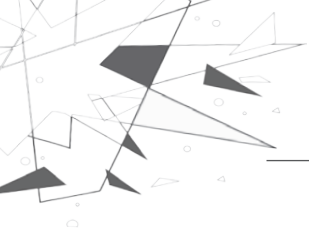
#### Power, Dams and Tunnel –

- Kameng H.E. Project (600 MW) – Package I, II, III, Arunachal Pradesh.
- Tuirial H.E. Project (60 MW), Mizoram.
- Construction of Penstock & Power House Package for Tapovan Vishnugad H.E. Project - (520 MW), Uttarakhand.
- EPC Contract Package for 450 MW Shongtong-Karcham, Hydroelectric Project located in Kinnaur District, Himachal Pradesh, India (Civil and Hydromechanical Works)

#### Irrigation –

- Sleemanabad Carrier Canal, Madhya Pradesh.
- Modernisation of Krishna Delta and its distributaries –
  - Modernisation - Godavari Delta system - Central Delta - Gannavaram Canal and its distributary system
  - Bantumilli Canal from Km.58.105 to 100.383, Polaraj canal from Km 58.105 to 75.320 and Camp Bell Canal Km 58.105 to 68.687 on EPC Turnkey System
  - Gudivada Channel from Km 0.00 to 39.937 and its distributories System on EPC Turnkey system
  - Polarj Canal from Km.75.320 to Km.100.361 & Camp Bell Canal from Km.68.687 to Km.96.289 and its distributary System on EPC Turnkey System
  - Modernisation of Prakasam Barrage





## Urban Infrastructure & Roads –

- a) Four Laning of Varanasi – Shaktinagar, Uttar Pradesh.
- b) 4 Laning of Sangrur-Punjab/Haryana Border, Punjab for a length of 30 km valued at ₹ 2,700 million.
- c) Shimoga – Shikaripura – Anandpuram Road Project, Karnataka for a length of 82 km valued at ₹ 2,740 million.

### Asset Ownership

**Hydro Power Projects** – The company had started construction of one of the hydro power projects i.e. Gongri H.E. Project in the previous year. The project is delayed due to current focus of the company on E&C business.

**Thermal Power Projects** – The thermal power projects have been kept on hold as the company currently does not want to leverage further. Accordingly, the advances for coal mines which were to be utilized for captive consumption for the thermal mines have also been kept on hold and a corresponding impairment provision has been made.

**Road BOT** – The two annuity road BOT projects, i.e. KNT – 1 & AP – 7 are in operation and maintenance stage and in which we are in process of selling our stake. The construction of the toll BOT Project i.e. construction of four-lane highway project in Varanasi-Shaktinagar Road is completed and toll collection also started from 30<sup>th</sup> October 2015, except one ROB, which is in advance stage and expected to be completed by December 2016.

### Real Estate

The Company through its realty arm Patel Realty (India) Limited is developing its historical land bank.

The Company owns a large land bank of over 350 acres primarily concentrated in the metro cities of Mumbai, Hyderabad, Bangalore and Chennai. These lands are primarily identified for real estate development. The Company plans to monetize these land parcels either on a Joint Development Agreement (JDA) basis or by way of outright sale. The Company has been talking with various developers for developing the land parcels and has received genuine interest in land parcels in Bangalore and Mumbai.

### 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.

Consequent to implementation of Companies Act, 2013 (Act) your Company has complied with the specific requirements in terms of Section 134(5)(e) of the Act calling for establishment and implementation of an Internal Financial Control framework that supports compliance with requirements of the Act in relation to the Directors' responsibility statement.

**Information Technology** The Company is one of the world's leading project development and construction groups, with expertise in large infrastructure projects. Patel traditionally has owned its IT infrastructure, much of which has existed in silos because the company maintains operating units worldwide. Today, however, the company is starting to adopt cloud-based integrated and standalone technologies that help align the technology with people, process, policy, and management. This enables us to compete more effectively further on new bids, attract the right kind of engineering and construction talent, and make its employees safer and more effective at construction sites.

There is also a potential to include such information as the cost and availability of components, building energy efficiency and making the construction progress and costs available in real-time to all the projects including the extremely remote ones.

The need for increased collaboration among project partners demands fundamental changes in the way knowledge is shared, communicated, delivered and managed. Thus, the first essential component to a successful construction project is to define the right business processes. The analysis of this data from a central solution lead us to get involved with our customers early in their process, understand their goals and use our experience and knowledge to influence the way things are designed and executed.

Analytics is also used in the Company to build internal business cases for expanding into certain geographies and market segments, by taking a wide range of economic indicators into account.

The company is also embedding more technologies into infrastructure project sites.

### Human resources

The Company presently employs more than 1,380 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 and add value to the organizational growth.

In the current year, the organization structure remained same except some additional employments in the new projects started during this period. Also realignment of functional areas amongst executives was a key move to increase the productivity and keep the motivation factor running amongst the personnel. The major objective was to create a Lean and Mean organization to overcome the various challenges the organization has been facing.

Periodic reviews and visits were undertaken to ensure the costs are kept under control with stringent monitoring. Such reviews and with constant interaction with external agencies, majorly appointed by lenders brought in the required co-ordination and joint team efforts amongst the employees across the organization.

Various training programs and welfare activities were undertaken in respect of the employees to bring the management team and the employees work closely and to boost the morale of the employees at such difficult times with the common objective of coming out much stronger than before.

### **Cautionary Statement**

In this Annual Report, the management has disclosed forward-looking information like objectives, estimates and expectations to enable investors to comprehend our prospects and take investment decisions, which may be 'forward looking statements' within the meaning of applicable laws and regulations. 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 operations of the company may be affected due to various reasons like changes in political and economic front of the country; fluctuations in exchange rate, tax laws, litigations, labour relations, interest costs and overall scenario of the infrastructure sector. Hence, 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."

# REPORT ON CORPORATE GOVERNANCE

## I. Company's philosophy on Code of Governance

Corporate Governance in the Company assigns responsibility and authority to the Board of Directors, its Committees, Senior Management, and Employees etc. 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 Regulation 27 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (herein after referred to as Listing Regulations).

## II. Board of Directors

The Board comprises of 7 Directors as on March 31, 2016. Out of the 7 Directors, 4 are Non-Executive Independent Directors. The Composition of the Board is in conformity with Regulation 17 of the Listing Regulations

None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a Member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2016 have been made by the Directors. No Independent Directors of the Company have any material pecuniary relationship or transactions with the Company.

Mr. Pravin Patel and Mr. Rupen Patel are related to each other. None of the other Directors is related to each other.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year 2015-16 and at the last Annual General Meeting (AGM), as also the number of directorships and committee positions held by them in other public limited companies as on March 31, 2016 are as under:

Name and DIN of the Directors	Category of Director	No. of Board Meetings		Attendance at the last AGM held on September 28, 2015	No. of directorships in other Public Limited Companies <sup>5</sup>	Committee Position*	
		Held	Attended			Chairman	Member
Mr. Pravin Patel (DIN 00029453)	Chairman Promoter, Executive Director	5	5	Yes	10	-	-
Mr. Rupen Patel (DIN 00029583)	Promoter, Managing Director	5	4	Yes	9	-	-
Mr. Khizer Ahmed (DIN 00032567)	Independent Non-Executive Director	5	5	Yes	4	-	6
Mr. S. Jambunathan (DIN 00063729)	Independent Non-Executive Director	5	3	No	-	-	-
Ms. Silloo Patel# (DIN 00029656)	Executive Director	4	-	No	-	-	-
Mr. Nimish Patel^ (DIN 00029353)	Executive Director	1	1	-	7	-	-
Mr. Ashwin Parmar** (DIN 00055591)	Executive Director	5	5	Yes	6	-	-
Mr. Sharad Zalawadia*** (DIN 06670506)	Independent Non-Executive Director	3	-	-	-	-	-
Mr. K. Ramasubramanian (DIN 01623890)	Independent Non-Executive Director	5	5	Yes	3	1	2
Ms. Geetha Sitaraman (DIN 07138206)	Independent Non-Executive Director	5	5	Yes	-	-	-

\$only Directorship of public limited companies incorporated in India have been considered.

\*only Audit Committee and Stakeholders' Relationship Committee, in other public limited companies, have been considered for the Committee positions.

#Ms. Silloo Patel ceased to be director on account of death on November 26, 2015.

^Mr. Nimish Patel resigned as Director w.e.f. July 16, 2015.

\*\*Mr. Ashwin Parmar resigned as Director w.e.f. April 4, 2016.

\*\*\*Mr. Sharad Zalawadia vacated his office of Directorship pursuant to Section 167(1)(b) of the Companies Act, 2013 w.e.f. September 26, 2015.

The Board of Directors met five times on the following dates during the financial year 2015-16:

June 15, 2015; July 20, 2015 (adjourned and held on July 23, 2015); August 14, 2015; November 5, 2015 and February 12, 2016.

The necessary quorum was present for all the meetings.

### Familiarisation Programme:

At the time of Board meeting detailed briefing and explanations is given to the Directors including Independent Directors with respect to Companies business and new projects awarded no such specific Familiarisation Programmes imparted to Independent Director during the financial year 2015-16 However, company is in the process of conducting programmes on Familiarisation during the financial year 2016-17.

### Meeting of Independent Directors

During the year, meeting of Independent Directors was held to review the performance of the Board and to assess the quality and timeliness of flow of information between the management and the Board.

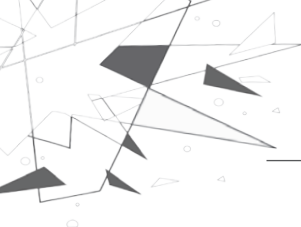
## III. COMMITTEES OF THE BOARD

### A Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Act.

#### a. Terms of reference:

- i. To recommend the appointment, remuneration and terms of appointment of Statutory auditors of the Company;
- ii. To approve the payment to statutory auditors for any other services rendered by the statutory auditors;
- iii. To review and monitor the auditor's independence, performance and effectiveness of audit process;
- iv. To review with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- v. 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 Directors' 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;
- vi. To review with the management, the quarterly financial statements before submission to the Board for approval;
- vii. To review the Management letters/letters of internal control weaknesses issued by the statutory auditors;
- viii. To approve the related party transactions or any subsequent modification of such transactions;
- ix. To scrutinize the inter-corporate loans and investments;
- x. To valuation of undertakings or assets of the Company, wherever it is necessary;
- xi. To evaluate internal financial controls and risk management systems;
- xii. To monitor the end use of funds raised through public offers and related matters, if any;
- xiii. To investigate into any of the matters specified above or any matters referred by the Board;
- xiv. To oversee the Vigil mechanism and provide direct access to Audit Committee chairperson under "Vigil" mechanism;
- xv. To discuss issues with internal and statutory auditors;
- xvi. To seek information from any employee and to obtain legal and professional advice as and when necessary;
- xvii. To discuss the scope of internal audit with internal auditors;
- xviii. To provide any clarification on matters relating to audit in the Annual General Meeting;
- xix. To formulate the scope, functioning, periodicity and methodology for conducting internal audit in consultation with the internal auditor;
- xx. To call for comments from the internal auditors about internal control systems, scope of audit including the observations of the internal auditors;
- xxi. 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;

- xxii. 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;
- xxiii. 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;
- xxiv. To review the appointment, removal and terms of remuneration of the Chief Internal Auditor.

**b. Composition, name of the Members and details of meeting attended:**

Composition and Name of Members	Number of meetings during the year 2015-16	
	Held	Attended
Mr. Khizer Ahmed, Chairman	5	5
Mr. S. Jambunathan	5	3
Mr. K. Ramasubramanian	5	5
Mr. Pravin Patel	5	5

- c. The Audit Committee met 5 times during the financial year 2015-16 i.e. on June 13, 2015; July 20, 2015; August 14, 2015; November 5, 2015 and February 11, 2016. The necessary quorum was present for all the meetings of the Committee.

**B. Nomination and 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.

**a. Terms of reference:**

- i. 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.
- ii. To carry out the evaluation of the performance of Directors.
- iii. To formulate the policy to determine the qualifications, positive attributes and independence for appointment/reappointment as Directors in the Company.
- iv. To formulate the remuneration policy of Directors, Key Managerial Personnel and other employees and recommend the same to the Board.
- v. To formulate the assessment/evaluation criteria for performance evaluation of the Directors of the Company.
- vi. To devise the policy on the Board diversity.

**b. Composition, name of Members and the details of the meeting attended:**

Composition and Name of Members	Number of meetings during the year 2015-16	
	Held	Attended
Mr. Khizer Ahmed, Chairman	2	2
Mr. Pravin Patel	2	2
Mr. S. Jambunathan	2	1
Mr. K. Ramasubramanian	2	2

- c. The Nomination and Remuneration Committee met on two times during the financial year 2015-16 i.e. July 20, 2015 and November 4, 2015. The necessary quorum was present for the meeting.

The Company has framed a Remuneration Policy, which is annexed to the Boards' Report and also available on the website of the Company by following this link: <http://tinyurl.com/h74kmbz>.

**d. The criteria for performance evaluation of Independent Directors are as follows:**

- i. Devotes sufficient time
- ii. Concern about the matters of the Company
- iii. Brings in relevant experience in efficient conduct of the meeting
- iv. Participation at the meetings
- v. Understands the Company's values and beliefs
- vi. Relationship with other Directors
- vii. Attendance at the Meeting

**C. Corporate Social Responsibility Committee**

Pursuant to the provision of Section 135 (1) of the Companies Act, 2013, the Board of Director at their meeting held on May 30, 2014 constituted the CSR Committee and defined its terms of reference.

**a. Terms of reference:**

- i. To formulate the CSR Policy which shall include the activities as mentioned in the Act and recommend the same to the Board.
- ii. To recommend the amount of CSR expenditure that needs to be allocated to each activity as per the CSR policy.
- iii. To review and monitor the CSR Policy at regular intervals.
- iv. To be responsible for the implementation and monitoring of CSR activities undertaken by the Company.
- v. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as per the directions given by the Board of Directors from time to time.

**b. Composition, name of Members and the details of the meeting attended:**

Composition and Name of Members	Number of meetings during the year 2015-16	
	Held	Attended
Mr. Pravin Patel	1	1
Mr. K. Ramasubramanian	1	1
Mr. Ashwin Parmar*	1	1
Mr. Rupen Patel**	-	-

\*Mr. Ashwin Parmar resigned as Director w.e.f. April 4, 2016

\*\*Mr. Rupen Patel inducted as Member vide Board meeting dated June 29, 2016

**c. The CSR Committee met once during the financial year 2015-16 i.e. on November 5, 2015.**

**D. Remuneration to Directors**

**a. Non-Executive Directors:**

The Criteria of making payments to Non-Executive Directors is in terms of the Remuneration Policy of the Company and the said Policy is Annexure to the Board's Report and also available on the website of the Company by following this link: <http://tinyurl.com/h74kmbz>.

The Company pays sitting fees of ₹ 50,000 per meeting to Non-Executive Directors for attending meeting of the Board and Audit Committee and fees of ₹ 25,000 for attending meeting of other Committees.

The details of sitting fees paid to the directors during the year ended March 31, 2016 are as under:

Name	Sitting fees
Mr. Khizer Ahmed	0.65
Mr. S. Jambunathan	0.40
Mr. K. Ramasubramanian	0.65
Ms. Geetha Sitaraman	0.25

(₹ in Million)

## b. Executive Directors

The details of the remuneration paid to the Managing Director and the Executive Directors during the financial year ended March 31, 2016 are as under:

(₹ in Million)

	Mr. Pravin Patel, Chairman	Mr. Rupen Patel, Managing Director	Ms. Silloo Patel*	Mr. Nimish Patel**	Mr. Ashwin Parmar***
Salary	0.00	9.16	4.81	2.30	4.62
Perquisites and other allowances	0.11	5.40	1.62	1.34	0.71
<b>Total</b>	<b>0.11</b>	<b>14.56</b>	<b>6.43</b>	<b>3.64</b>	<b>5.33</b>
Service Contract	September 27, 2013 to September 26, 2016	April 1, 2014 to March 31, 2019	September 1, 2014 to August 31, 2017	April 1, 2014 to March 31, 2017	April 1, 2014 to March 31, 2017
No. of Stock Options	-	-	-	-	200

\*ceased to be Director on account of death on November 26, 2015.

\*\*resigned as director w.e.f July 16, 2015.

\*\*\*resigned as director w.e.f. April 4, 2016.

The shareholding of the Directors in the Company as on March 31, 2016 is as under:

Name	Number of equity shares	% of the paid up capital
Mr. Pravin Patel, Chairman	40,800	0.05
Mr. Rupen Patel, Managing Director	13,52,600	1.76
Mr. Khizer Ahmed	26,500	0.03
Mr. S. Jambunathan	50	0.00
Mr. Ashwin Parmar	7,197	0.01
Mr. K. Ramasubramanian	357	0.00
Ms. Geetha Sitaraman	Nil	Nil

## E. Stakeholders' Relationship Committee:

The Company has formed Stakeholders' Relationship Committee in compliance with Section 178 (5) and Regulation 20 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**Terms of reference:** The Committee shall consider and resolve the grievances of the security holders of the Company including compliant related to transfer of shares, non-receipt of Annual Report and non-receipt of declared dividend and any other matter related securities of the Company.

### a. Composition, name of the Members and the details of meeting attended:

Composition and Name of the Members	Number of meetings during the year 2015-16	
	Held	Attended
Mr. Khizer Ahmed, Chairman	4	4
Mr. S. Jambunathan	4	3
Mr. K. Ramasubramanian	4	4

b. Stakeholders' Relationship Committee met 4 times on June 13, 2015; August 14, 2015, November 4, 2015 and February 11, 2016. The necessary quorum was present for all the meetings of the Committee.

c. Ms. Shobha Shetty is the Company Secretary & Compliance Officer of the Company.

d. Based on the report received from Link Intime India Private Limited, the Registrar & Share Transfer Agent, the Company has received 11 complaints during the year ended March 31, 2016 which were satisfactorily resolved/replied to. As on March 31, 2016 there were no pending requests/compliants.

## F. General Body meetings

### a. The date, time and venue of the last three Annual General Meetings are given below:

	Details	Date	Time	Venue
1	64th Annual General Meeting 2012-13	September 27, 2013	3.30 pm	Shree Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari (W), Mumbai-400102
2	65th Annual general Meeting 2013-14	September 26, 2014	3.30 pm	
3	66th Annual General Meeting 2014-15	September 28, 2015	3.30 pm	

### b. Details of the Special Resolutions passed in the previous three Annual General Meeting:

- i. At the 64<sup>th</sup> 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.
- ii. At the 65<sup>th</sup> Annual General Meeting of the Company held on September 26, 2014 and following Special Resolutions were passed;
  - Re-appointment of Ms. Silloo Patel as a Whole time Director for period of 3 years w.e.f. September 1, 2014
  - Related party Transactions with Wholly Owned Subsidiaries
  - Adoption of New set of Articles of Association
  - To approve, offer or invitation to subscribe non-convertible debentures on private placement basis
- iii. At the 66<sup>th</sup> Annual General Meeting of the Company held on September 28, 2015 and following special resolutions were passed;
  - Variation in terms of appointment of Mr. Pravin Patel
  - Adoption of Patel Engineering General Employee Benefits Scheme, 2015
  - Further issue of Securities not exceeding ₹ 2,000 crores
  - Issue of Non-Convertible Debentures on a Private Placement basis

### c. No Special Resolution was passed last year through Postal Ballot.

### d. The Company propose to conduct Postal Ballot for approval of Members of the Company by way of Special Resolution for Conversion of debts to equity pursuant to Strategic Debt Restructuring Scheme issued by RBI.

### e. Procedure for Postal Ballot

In compliance with SEBI (Listing obligation and Disclosure Requirements) regulations, 2015 and Sections 108, 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules and Secretarial Standard 2, the Company provides electronic voting facility to all its Members, to enable them to cast their votes electronically. The Company engages the services of CDSL for the purpose of providing e-voting facility to all its Members. The Members have the option to vote either by physical ballot or e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its Members whose names appear on the register of Members/list of beneficiaries as on cut-off date. The postal ballot notice is sent to Members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding)/the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting. The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/authorised officer. The results are also displayed on the website of the Company, i.e. [www.pateleng.com](http://www.pateleng.com), besides being communicated to the Stock Exchanges, Depository and Registrar and Share Transfer Agent. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.



## G. Means of communication

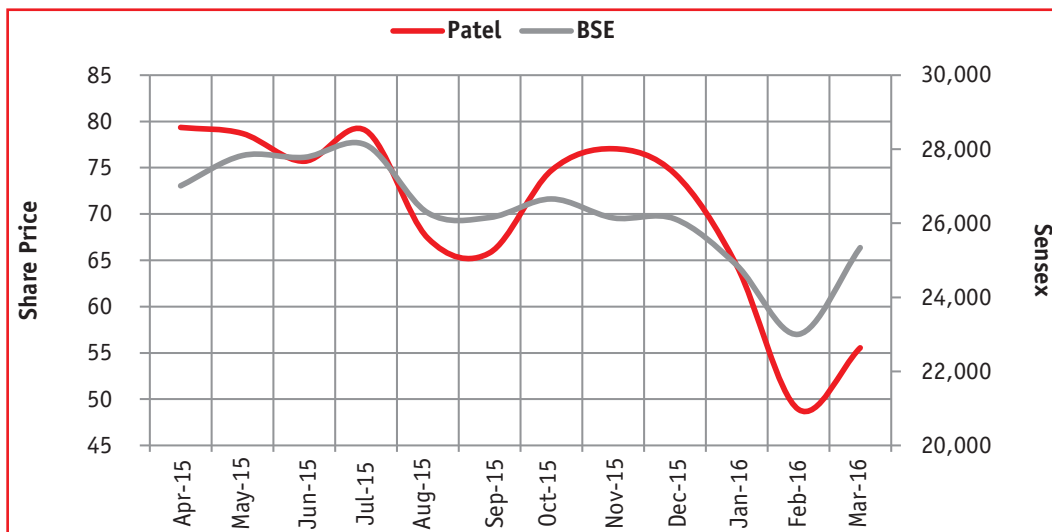
- Quarterly results were timely submitted to the Stock Exchanges where the shares of the Company are listed in accordance with Listing Agreement/Listing Regulation.
- The Quarterly/Annual financial results were published in Financial Express in English Language and in Navshakti Marathi Language.
- All the communications are displayed on [www.pateleng.com](http://www.pateleng.com), the website of the Company.
- The website of the Company also displays official news release immediately upon information to the Stock Exchanges where shares of the Company is listed.
- The presentation made to the Institutional Investors or to the Analysts, if any, are also uploaded on the website of the Company.

The Company has designated email id [investors@pateleng.com](mailto:investors@pateleng.com) exclusively for Investors servicing.

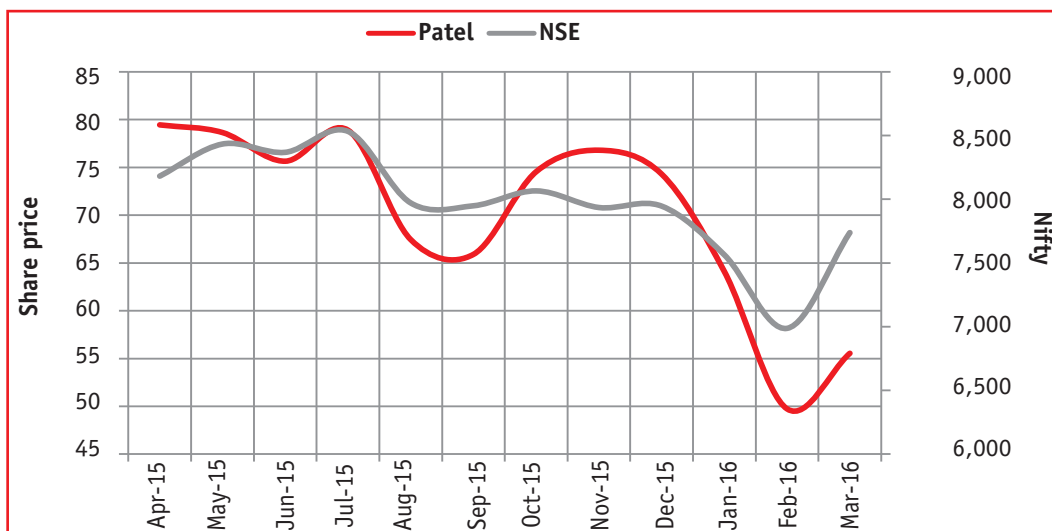
## H. General Shareholder information

i.	Annual General Meeting						
	Date	December 22, 2016					
	Time	11.00 am					
	Venue	Shree Saurashtra Patel Samaj, Patel Estate Road, Jogeshwari(West), Mumbai – 400 102.					
ii.	Financial year ending	March 31, 2016					
iii.	Date of Book Closure	-					
iv.	Listing on Stock Exchanges						
	The Equity Shares of the Company are listed on following Stock Exchanges:						
	BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001.	National Stock Exchange of India Limited (NSE). Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.					
	The Non- Convertible Debentures issued by the Company from time to time are listed on NSE. The Company has paid the listing fees, to these Stock Exchanges for the financial year 2016-17.						
v.	Stock codes (Equity Share)						
	BSE Limited	531120					
	National Stock Exchange Limited	PATELENG					
vi.	Market Price Data						
	High, Low (based on the closing Prices) and number of Company's' shares traded during each month in the financial year 2015-2016 on BSE and NSE are under:						
	<b>BSE</b>			<b>NSE</b>			
	<b>Month</b>	<b>High (₹)</b>	<b>Low (₹)</b>	<b>Total No. of Shares Traded</b>	<b>High (₹)</b>	<b>Low (₹)</b>	<b>Total No. of Shares Traded</b>
	Apr – 2015	93.50	75.30	23,38,696	80.70	77.65	1,14,893
	May – 2015	83.30	74.00	9,96,999	80.50	77.25	98,982
	Jun – 2015	82.70	66.10	13,40,814	76.35	74.05	1,17,835
	Jul – 2015	86.40	73.55	21,52,884	80.80	78.70	93,407
	Aug – 2015	83.90	61.00	15,10,670	68.80	66.00	75,305
	Sep – 2015	69.15	58.30	8,93,601	67.30	65.70	55,194
	Oct – 2015	80.45	65.30	19,81,417	77.20	73.75	1,07,241
	Nov – 2015	79.90	70.90	9,94,913	80.00	75.50	3,65,868
	Dec – 2015	79.80	70.10	7,91,151	75.50	73.05	79,569
	Jan - 2016	82.70	59.25	10,42,343	65.10	63.15	65,552
	Feb - 2016	65.60	48.45	5,51,108	50.80	48.25	1,96,173
	Mar -2016	62.20	48.90	12,60,331	56.50	55.30	1,02,581

- Performance of the share price of the Company in comparison to the BSE Limited Sensex:



- Performance of the share price of the Company in comparison to the NSE Nifty:

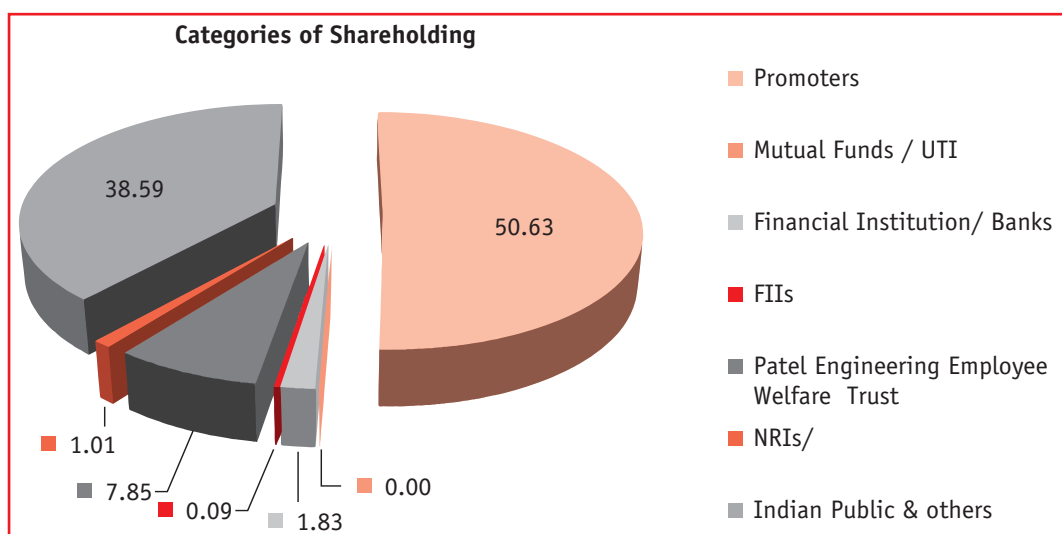


- vii. Registrar and share transfer agent: Link Intime India Private Limited is the Registrar and Share Transfer Agent of the Company.
- viii. Share Transfer System: As on March 31, 2016, 98.78% of the shares of the Company are in the electronic form. Transfer of these shares is done through the depositories 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. Ms. Shobha Shetty, Company secretary of the Company has been duly authorised by the Board of Directors to approve transfer, transmission of shares of the Company and periodically report the same to the Board.
- ix. Distribution of shareholding as on March 31, 2016:

No. of shares	Holdings	% to Capital	No. of Shareholders	% to Total
1-500	5248300	6.83	54612	90.45
501-1000	2279012	2.97	2824	4.68
1001-2000	2294756	2.99	1504	2.49
2001-3000	1383720	1.80	525	0.87
3001-4000	726215	0.94	202	0.33
4001-5000	820855	1.07	175	0.29
5001-10000	1995807	2.60	272	0.45
Above 10000	62057617	80.80	267	0.44
<b>GRAND TOTAL</b>	<b>7,68,06,282</b>	<b>100.00</b>	<b>60,381</b>	<b>100.00</b>

Shareholding Pattern as on March 31, 2016

Category	No. of Shares	%
Promoters	3,88,83,431	50.63
Mutual Funds/UTI	466	0.00
Financial Institution/ Banks	14,06,193	1.83
FII's	69,000	0.09
Patel Engineering Employee Welfare Trust	60,28,900	7.85
NRI's	7,78,452	1.01
Indian Public & others	29,639,840	38.59
<b>GRAND TOTAL</b>	<b>7,68,06,282</b>	<b>100.00</b>



x. Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 98.78% of the Company's share capital are dematerialised as on March 31, 2016.

The Company's shares are regularly traded on the National Stock Exchange of India Limited and BSE Limited, in electronic form. Under the Depository System, the International Securities Identification Number (ISIN) allotted to Company's securities.

Particulars of Security	ISIN
Equity Shares	INE244B01030
9.8% Non-Convertible Debentures of ₹ 95 crores	INE244B07045
10.75% Non-Convertible Debentures of ₹ 50 crores	INE244B07102
11.30% Non-Convertible Debentures of ₹ 150 crores	INE244B07144
11.40% Non-Convertible Debentures of ₹ 150 crores	INE244B07128
	INE244B07136

- xi. The Company has not issued GDRs/ADRs/Warrants or any other instrument convertible into equity.
- xii. Plant locations- Not Applicable
- xiii. Address for correspondence: for any assistance, request or instruction regarding transfer or transmission of shares and debentures, dematerialisation of shares, change of address, non- receipt of Annual Report, dividend warrant and any other query relating to the shares and debentures of the Company, the investors may please write to the following address:

**Link Intime India Private Limited**

Unit: Patel Engineering Ltd.  
 C-13 Pannalal Silk Mills Compound,  
 LBS Road, Bhandup (West)  
 Mumbai – 4000 78.  
 Tel : +91 22 2594 6970  
 Fax : +91 22 2594 6969  
 E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
 Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**The Company Secretary**

Patel Engineering Ltd.  
 Patel Estate Road,  
 Jogeshwari (West),  
 Mumbai – 400 102.  
 Tel : +91 22 2676 7500/501  
 Fax : +91 22 2678 2455/2678 1505  
 E-mail: [investors@pateleng.com](mailto:investors@pateleng.com)

- xiv. Disclosures:
- The Company has not entered into any materially significant related party transaction that may have potential conflict with the interest of Company at large.
  - The Company has paid fine of ₹1,40,000 each to BSE and NSE for delay in filing of its Audited Financial Statements for the year ended March 31, 2015.
  - The Company has a Whistle Blower Policy for employees to report concerns about unethical behavior, actual or suspected fraud or violation of our code of conduct or ethics policy and confirms that no personnel have been denied access to Audit Committee.
  - The Material Subsidiaries Policy web link <http://tinyurl.com/nqb2o56>.
  - The Related Party Policy web link <http://tinyurl.com/nrqnhhs>.
    - The financial statements have been prepared in accordance with the accounting standards and policies generally accepted in India
- xv. The Company has implemented the mandatory requirements of Corporate Governance as set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- xvi. Details of shares lying in the suspense account pursuant to Regulation 34 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015

Particulars	
1. Aggregate number of shareholders at the beginning of the year	57
2. Outstanding shares in the suspense account lying at the beginning of the year	1085
3. No of shareholders who approached the Company for transfer of shares from suspense account during the year;	0
4. Number of shareholders to whom shares were transferred from the suspense account during the year	0
5. Aggregate number of shareholders at the end of the year	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.

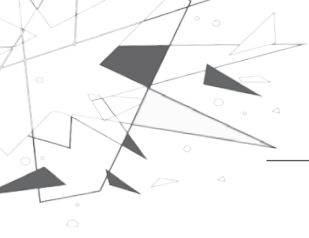
**Declaration by the CEO under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding adherence to the Patel Engineering Code of Conduct.**

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that for the financial year ended March 31, 2016 the Directors and Senior Management Personnel of the Company have affirmed compliance with the Patel Engineering Code of Conduct applicable to all the Directors and Senior Management.

For Patel Engineering Ltd.

**Rupen Patel**  
 Managing Director

November 11, 2016  
 Mumbai



## **Auditors' Certificate on Compliance with Conditions of Corporate Governance**

To,  
The Members,  
**Patel Engineering Limited**

We have examined the compliance of conditions of Corporate Governance by Patel Engineering Limited ('the Company'), for the year ended 31 March 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with BSE Limited ("BSE") and the National Stock Exchange Limited ('NSE') (together referred to as the "Stock Exchanges) for the period 1 April 2015 to 30 November 2015 and as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1 December 2015 to 31 March 2016.

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

We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India

In our opinion and to the best of our information and according to the examination of the relevant records and 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/Listing Regulations, as applicable.

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

November 11, 2016  
Mumbai

For Vatsaraj & Co.  
Chartered Accountants  
FRN No.: 111327W  
CA. B.K.Vatsaraj  
Partner  
Membership No.: 39894

## 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 Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

We have reviewed the financial statements, read with the cash flow statement of Patel Engineering Limited for the year ended March 31, 2016 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.

Kavita Shirvaikar  
CFO

Rupen Patel  
Managing Director

May 30, 2016  
Mumbai



## Independent Auditors' Report

### TO THE MEMBERS OF PATEL ENGINEERING LIMITED Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements ('CFS') of **Patel Engineering Limited** ("the Holding Company"), its subsidiaries, its joint ventures and associates companies; hereinafter referred to as "the Patel Group", which comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and 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

The Holding Company Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms with the requirement of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Patel Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company Board of Director, and the respective Board of Directors of the companies included in the Patel Group are responsible for design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to frauds and error. Further, The Holding Company Board of Director, and the respective Board of Directors of the companies included in the Patel Group, which are incorporated in India are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, safeguarding of the assets of the respective entities and for preventing and detecting frauds and other irregularities, the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

#### Auditors' Responsibility

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

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Financial Statements. The procedures selected depend on the auditor's 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 auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Director, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph titled as 'Other Matters' below, is sufficient and appropriate to provide basis for our audit opinion on the Consolidated Financial Statements.

#### Basis of Qualified Opinion:

The independent Auditors of, Patel Realty (India) Ltd ("PRIL"), a subsidiary company, have qualified their audit report on the Consolidated Financial Statement for the year ended 31st March 2016 in respect to:

- i. Some of the balances of trade payables, trade receivables, loans, advances and deposits given and taken are subject to confirmation by relevant parties and consequent reconciliation, impact where of on financial statement, if any, is not ascertained
- ii. PRIL is in process of being compliant with provision of section 203 of the Act (appointment of key managerial personnel). Refer Note no 38.
- iii. The composition of the Board of Directors as well as audit committee of the Board of Directors of the Bellona Estate Developers Limited a subsidiary of PRIL is not in accordance with the provisions of section 149(4) and 177 of the Act respectively.

#### Qualified Opinion

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 of the subsidiaries, associates and jointly controlled entities as noted below, except for the possible effects of the matter described in the basis of Qualified Opinion paragraph above, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs as at March 31, 2016, consolidated loss and consolidated cash flows of the Patel Group for the year ended on that date.

### Emphasis of Matter

- a. The Consolidated Financial Statements of the Company for the year ended March 31, 2016 without qualifying our opinion we draw attention with respect to:
  - i. The Exceptional Item of ₹ 32.06 Million in respect of one of its subsidiaries, Patel Engineering Inc has resulted in increase in profit due to the difference between the Management accounts and Audited accounts for the year ended 31st March 2015. The said Audited Accounts were received on 31st October 2015. Refer Note No. 51(b).
  - ii. A Subsidiary, ASI Constructor Inc, has issued additional preferred stock of ₹ 61.97 Million for the year ended 31st March 2016, in lieu of premium payable to the parent company, subsequent to the approval of the financial of the parent company. The standalone loss of the parent company would have been lower had the financial statement of the said subsidiary were received before finalization of the standalone results of the said company. However, there is no impact on the consolidated Financial Statement of the company
- b. The Consolidated Financial Statements of the company for the year ended March 31, 2016 regarding the subsidiary Patel Realty (India) Ltd ("PRIL"), wherein their auditors without qualifying their opinion have drawn attention with respect to:
  - i. the sum of ₹ 81.97 million receivable from the firm in which PRIL was partner till March 31, 2016 which is agreed to be recovered from the firm in the form of residential flats from the project undertaken by the firm.
  - ii. The attention drawn by the auditors of the Mauritius based subsidiary Waterfront Developers Limited and its subsidiary, thereof (Waterfront), a subsidiary of Patel Realty (India) Limited, in respect of the receipts of notice dated June 4, 2015 from government of Mauritius for the termination of lease agreement entered on December 11, 2009 with Les Salines Development Limited (a Step down subsidiary of Waterfront). In this case, Waterfront is confident of resolving the issue with the Government of Mauritius in due course. Refer Note No. 37.
  - iii. adoption of "Going Concern" Basis of accounting despite losses and negative net worth, in financial statements of Bellona Estate Developers Limited as subsidiary of PRIL. Refer Note No. 48
  - iv. In Consolidated Financial Statement of PRIL Stating about invoking of Strategic Debt Restructuring (SDR) by the lender banks in case of Bellona Estate Developers Limited (BEDL) subsidiary of PRIL which ceased to be subsidiary of the PRIL upon giving effect of the share holders agreement in term of SDR and sum of ₹ 620.40 million written off out of recoverable by the PRIL from BEDL. Refer Note No. 45
- c. Note No 36 of the Consolidated Financial Statements of the Company for the year ended March 31, 2016 regarding the

subsidiary Patel Energy Resources Limited (PERL) wherein their auditors without qualifying their opinion have drawn attention with respect to :

- i. Investments made and loans and advance extended to Subsidiaries/Wholly Owned Subsidiaries of the PERL. The Management is of the view that no provision is considered necessary at this stage in respect of these Investments/loans, considering the long terms nature of these investments/loans.
- ii. Adoption of "Going concern" basis of accounting despite continuous /significant losses, based on future and long term potential of the projects in which the investments have been made.

### Other Matters

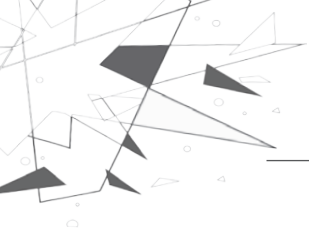
- a. We did not audit the financial statements of 16 Subsidiaries and 6 Jointly Controlled Entities, included in the Consolidated Financial Statements, whose Financial Statements reflect Net Total Assets of ₹ 7433.54 million, Total Revenue of ₹ 16350.49 million and Group's share of Net Loss of ₹ 344.74 million and Net cash flows amounting to ₹ (440.99) million for the year ended March 31, 2016 and 3 Associates Companies whose share of Net Loss is ₹ 96.62 Million. These financial statements have been audited by other auditors whose audit report have been furnished to us by the Management, and our opinion on the Consolidated Financial Statements, in so far as it relates to the amount and disclosures included in respect to these subsidiaries, jointly controlled entities and associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates is based solely on the audit report of such other auditors . Our opinion is not qualified in respect of this matter.
- b. We did not audit of the financial statement of 5 Subsidiaries and 6 Jointly Controlled Entities included in the Consolidated Financial Statements, whose financial statements reflect Net Total Assets of ₹ (258.91) million, the Total Revenue of ₹ 1865.21 million, Group's share of Net Loss of ₹ 1294.55 million and Net Cash Flows amounting to ₹ (8.41) million for the year then ended and 2 Associate Companies whose Share of Profit is ₹ 1.15 million. These financial statement are unaudited and have been furnished to us by the Management which are subject to consequential adjustment if any, arise out of their audit and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries, Jointly Controlled Entities and Associates, is based on such Unaudited Financial Statements as certified by Management. Our opinion is not qualified in respect of this matter.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not qualified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

### Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act and based on the auditor's reports of the subsidiaries, jointly controlled entities, we report to





the extent applicable that:

- a) We have sought and except for the possible effects of the matter described in the basis of Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) Except for the possible effects of the matter described in the basis of Qualified Opinion paragraph, In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- c) The consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) Except for the possible effects of the matter described in the basis of Qualified Opinion paragraph, In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).
- e) On the basis of written representations received from the directors of the Holding Company as on 31 March, 2016, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies incorporated in India, none of the directors of the Holding Company , its subsidiary company and associate companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a

director in terms of Section 164(2) of the Act.

- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us:
  - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Patel Group. Refer Note No.43 to the consolidated financial statements.
  - ii. Except for the possible effects of the matter described in the basis of Qualified Opinion paragraph, Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards for material foreseeable losses, if any, on long term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection fund by the Holding Company and its subsidiary company and associate companies incorporated in India.

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

**CA B. K. Vatsaraj**  
Partner  
Membership No. : 39894

November 11, 2016  
Mumbai

## Annexure A to Independent Auditors' Report

Referred to in paragraph (f) under "Report on Other Legal and Regulatory requirement" section of our report of even date to the members of Patel Engineering Limited on the Consolidated Financial Statements for the year ended March 31, 2016.

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act 2013

We have audited the internal financial controls over financial reporting (IFCOFR) of Patel Engineering Limited ("the Company and its subsidiaries and an Associate (collectively referred to as "the Patel Group" which are companies incorporated in India) as of March 31, 2016 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Director of the Holding Company, its subsidiary companies and associates companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Holding Company, its subsidiary companies and associates companies as aforesaid based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls and The Guidance issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting of the Holding company, its subsidiary companies and associate companies as aforesaid.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements

for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, to the best of our information and according to the explanation given to us and based on the consideration of report the other auditors, as referred to in the other matter paragraph, the Holding company, its subsidiaries, and associates which are incorporated in India have, in all material respects, an adequate internal financial control system over financial reporting and such internal financial control system over financial reporting were operating effectively as at March 31, 2016 based on the internal control system over financial reporting criteria established by the these companies, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India except for a Wholly owned Subsidiary, Patel Realty (India) Limited (the Company, its Subsidiaries and an its Associate)(the PRIL Group), In the opinion of the Auditor, the PRIL Group has an internal financial control system over financial reporting, design whereof need to be strengthened to make it comprehensive. Based on selective verification of process control matrix, made available to them, the operating effectiveness of such process control and appropriate documentation thereof need to be strengthened to make the same commensurate with the same of PRIL Group and nature of its business.

#### Other Matter

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to consolidated/ standalone financial statements of 15 subsidiaries and 3 associates which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

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

**CA B. K. Vatsaraj**  
 Partner  
 Membership No. : 39894

November 11, 2016  
 Mumbai

# CONSOLIDATED BALANCE SHEET

as at March 31, 2016

(₹ in Million)

	Notes	As At March 31, 2016	As At March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	3	76.81	76.81
(b) Reserves and surplus	4	17,088.87	18,850.22
<b>2. Minority Interest</b>			
		1,457.36	1,247.37
<b>3. Non-current liabilities</b>			
(a) Long-term borrowings	5	21,266.61	23,682.76
(b) Deferred tax liability (Net)	26	-	139.76
(c) Other long term liabilities	6	6,702.54	5,063.75
(d) Long-term provisions	7	61.79	49.77
<b>4. Current liabilities</b>			
(a) Short-term borrowings	8	28,253.94	24,215.25
(b) Trade payables	9	7,883.48	8,671.47
(c) Other current liabilities	9	12,469.28	10,377.28
(d) Short-term provisions	7	16.20	18.37
	<b>TOTAL</b>	<b>95,276.88</b>	<b>92,392.81</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets	16		
i. Tangible assets		5,884.32	6,245.65
ii. Intangible assets		2.18	2.93
iii. Goodwill on Consolidation		334.11	332.84
iv. Capital work-in-progress		8,463.38	9,820.93
		14,683.99	16,402.35
(b) Non-current investments	10	1,695.00	1,817.81
(c) Deferred tax assets (Net)	26	379.44	-
(d) Long-term loans and advances	11	9,279.33	11,192.82
(e) Non current bank deposits	15	92.22	70.70
(f) Non current trade receivables	13	7,539.36	8,483.06
(g) Other non current asset	14	397.20	365.62
<b>2. Current assets</b>			
(a) Inventories	12	47,007.79	39,688.19
(b) Trade receivables	13	5,140.42	5,677.71
(c) Cash and cash equivalents	15	641.87	1,520.84
(d) Short-term loans and advances	11	8,409.79	7,167.31
(e) Other current assets	14	10.47	6.39
	<b>TOTAL</b>	<b>95,276.88</b>	<b>92,392.81</b>
Summary of Significant Accounting Policies	2		

The notes referred to above form an integral part of these financial statements

As per our report of even date

For and on behalf of Board

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

**Rupen Patel**  
Managing Director  
DIN : 00029583

**Pravin Patel**  
Executive Chairman  
DIN : 00029453

**Kavita Shirvaikar**  
Chief Financial Officer

**CA B. K. Vatsaraj**  
Partner  
Membership No. 39894

**Shobha Shetty**  
Company Secretary

November 11, 2016  
Mumbai

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

(₹ in Million)

	Notes	Year ended March 31, 2016	Year ended March 31, 2015
I. Revenue from operations	17	40,463.42	34,153.87
II. Other income	18	1,469.15	1,159.22
<b>III. Total Revenue (I + II)</b>		<b>41,932.57</b>	<b>35,313.09</b>
<b>IV. Expenses</b>			
Cost of construction	19	31,322.43	25,582.89
Purchase of stock-in-trade		92.86	-
Employee benefits expense	20	1,388.89	1,349.75
Finance costs	21	5,930.59	5,161.68
Depreciation and amortization expense		549.78	797.78
Other expenses	22	3,504.44	2,257.42
<b>Total expenses</b>		<b>42,788.99</b>	<b>35,149.52</b>
<b>V. Profit / (Loss) before exceptional item and tax (III-IV)</b>		<b>(856.42)</b>	<b>163.57</b>
VI. Exceptional Item (Net) (Refer Note No. 51)		(1,292.09)	153.31
<b>VII. Profit / (Loss) before tax (V - VI)</b>		<b>(2,148.51)</b>	<b>316.88</b>
<b>VIII. Tax expense:</b>			
(1) Current tax		(47.06)	257.98
(2) Deferred tax		(148.16)	(31.94)
(3) Tax Adjustments for earlier years		(1.95)	(5.89)
<b>IX. Profit/(Loss) for the year (VII-VIII)</b>		<b>(1,951.34)</b>	<b>96.73</b>
<b>X. Minority Interest</b>		<b>(84.77)</b>	<b>12.04</b>
<b>XI. Net Profit / (Loss) (IX- X)</b>		<b>(1,866.57)</b>	<b>84.69</b>
<b>XII. Earnings per equity share:</b>	28		
Basic		(24.30)	1.10
Diluted		(24.30)	1.10
Summary of Significant Accounting Policies	2		

The notes referred to above form an integral part of these financial statements

As per our report of even date

For and on behalf of Board

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

**Rupen Patel**  
Managing Director  
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**Pravin Patel**  
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**Kavita Shirvaikar**  
Chief Financial Officer

**CA B. K. Vatsaraj**  
Partner  
Membership No. 39894

**Shobha Shetty**  
Company Secretary

November 11, 2016  
Mumbai

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2016

(₹ in Million)

	2016	2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT / (LOSS) BEFORE TAX	(2,148.51)	316.88
Adjustment for:		
Depreciation/ Amortisation	549.78	797.78
Finance charges	5,930.59	5,161.68
Interest and dividend received	(800.19)	(727.76)
Foreign exchange loss/ (gain)	29.20	190.80
Consolidation adjustment	-	2.09
Provision for leave salary	3.46	18.46
Provision for gratuity	6.39	4.69
Provision for impairment	(1,207.29)	7.81
Profit on sale of investment	(54.83)	(22.32)
Profit on sale of assets	(173.40)	(130.46)
Excess credit written back	(141.76)	(144.76)
Irrecoverable debts & advances written off	2,322.76	1,022.24
Preliminary expenses written off	2.05	-
ESOP compensation expenses	0.33	1.91
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>4,318.58</b>	<b>6,499.04</b>
Adjustment for changes in:		
Trade & other receivables	627.85	2,334.08
Inventories	(7,319.60)	(6,544.35)
Trade payable, liabilities and provisions (excluding proposed dividend & income tax)	2,256.95	(1,761.50)
<b>Cash generated from / (utilised in) operations</b>	<b>(116.22)</b>	<b>527.27</b>
Direct tax paid	(1,102.31)	(537.40)
<b>NET CASH UTILISED IN OPERATING ACTIVITIES</b>	<b>(1,218.53)</b>	<b>(10.12)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and (increase)/decrease in capital advances & creditors	1,306.85	(2,848.26)
Sale of fixed assets	407.02	445.30
Investments in JV/ Associates	-	(789.15)
Change in minority interest	294.76	(57.96)
Decrease in loans to JV/ Associates	574.33	19.44
Sale of investment	177.65	332.63
Increase in other bank balances	(3.33)	(23.06)
Change in foreign fluctuation translation reserve	15.83	94.66
Interest and dividend received	976.29	382.42
<b>NET CASH FLOW FROM / (UTILISED IN) INVESTING ACTIVITIES</b>	<b>3,749.40</b>	<b>(2,443.98)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	2,289.66	8,711.51
Repayment of long term borrowings	(3,685.57)	(2,774.72)
Increase in other borrowings (Net)	4,038.69	1,199.00
Receipt from securities premium	-	22.28
Dividend paid	(0.35)	(0.85)
Interest paid	(6,007.86)	(4,865.12)
<b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>(3,365.43)</b>	<b>2,292.10</b>
<b>Net decrease in cash and cash equivalent (A+B+C)</b>	<b>(834.56)</b>	<b>(161.99)</b>
<b>Opening balance of cash and cash equivalents</b>	<b>1,487.51</b>	<b>1,840.30</b>
<b>Balance of cash and cash equivalents</b>	<b>652.95</b>	<b>1,678.31</b>
<b>Notes to cash flow statement</b>		
<b>Cash and cash equivalents</b>		
Cash on hand and balance with banks	623.75	1,487.51
Effect of exchange rate changes	29.20	190.80
Closing cash and cash equivalents as restated	652.95	1,678.31

The notes referred to above form an integral part of these financial statements

As per our report of even date

For and on behalf of Board

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

**Rupen Patel**  
Managing Director  
DIN : 00029583

**Pravin Patel**  
Executive Chairman  
DIN : 00029453

**Kavita Shirvaikar**  
Chief Financial Officer

**CA B. K. Vatsaraj**  
Partner  
Membership No. 39894

**Shobha Shetty**  
Company Secretary

November 11, 2016  
Mumbai

## NOTES to consolidated financial statement for the year ended March 31, 2016

### NOTE : 1

#### BASIS OF PREPARATION

Patel Engineering Ltd. ('the Company') has prepared consolidated financial statements to provide the financial information of its activities along with its subsidiaries, associates and joint ventures as a single entity. They are collectively referred as "Group" herein. The financial statements have been prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, read with rule 7 to the Companies (Accounts) Rules 2014 in respect of section 133 to the Companies Act, 2013. The financial statements are prepared under the historical cost convention, on an accrual basis of accounting. The accounting policies applied are consistent with those used in the previous year.

### NOTE : 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 the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the result of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognized in the period in which they are determined.

##### 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

###### i) Tangible fixed assets :

Fixed assets are stated at cost of acquisition including attributable interest and finance costs till the date of acquisition/ installation of the assets and improvement thereon less accumulated depreciation and accumulated impairment losses, if any.

###### ii) Intangible assets:

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciations/ amortization and impairment loss, if any. Fixed assets costing ₹ 5,000 or less are not capitalised and charged to the Statement of Profit and Loss. 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

As per the Schedule II of the Companies Act 2013, effective 1st April 2014, the management has internally reassessed the useful lives of assets to compute depreciation wherever necessary, to conform to the requirements of the Companies Act, 2013 which is:

Assets	Estimated useful life
<b>Tangible assets :</b>	
Factory building/ Building	28/60 years
Machinery/ Ship	8 ½ years
Motor cars/ Motor truck	8 years
Furniture/ Electrical equipments	6 years
Office equipments	5 years
<b>Intangible assets :</b>	
Computer / Software	3 years

Michigan Engineers Private Limited and Shreeanant Constructions Private Limited provide depreciation on written down value method and based on useful life of the assets as prescribed in schedule II of the Companies Act, 2013 and in onsite Michigan JV and Michigan Savitar Consortium as specified in the Income tax Act.

The estimated useful life of Patel Michigan JV - motor car - 10 years, motor truck - 6 years, office equipments - 5 years, container - 3 years.

For overseas subsidiaries depreciation is provided based on estimated useful lives of the fixed assets as determined by the management of such subsidiaries. In view of different sets of environment in which such entities operate in their respective countries, depreciation is provided based on the management experience of use of assets in respective geographies, local laws and are in line with the industry practices. These entities follow straight line method of depreciation spread over the useful life of each individual asset. It is practically not possible to align rates of depreciation of such subsidiaries with those of the domestic entities.

## NOTES to consolidated financial statement for the year ended March 31, 2016

### f) Impairment of Assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised in the statement of profit and loss whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

### g) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Current investments are carried in the financial statements at lower of cost or fair value determined on an individual investment basis. Non-current investments are carried at cost and provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

### h) Inventories

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost (on weighted average basis), or net realisable value, whichever is lower and work in progress of construction contracts at contract rate as per AS-7. 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.

Project work-in-progress is valued at contract rates and site mobilisation expenditure of incomplete contracts is stated at lower of cost or net realisable value.

### i) Recognition of income and expenditure

#### i) Accounting for construction contracts :

Revenue from contracts is recognised on the basis of percentage of completion method, based on the stage of completion at the balance sheet date, billing schedules agreed with the client on a progressive completion basis taking into account the contractual price and the revision thereto by estimating total revenue including claims / variations in terms of Accounting Standard 7 - Construction Contract and total cost till completion of the contract and the profit is recognised in proportion to the value of work done when the outcome of the contract can be estimated reliably. 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. Price/quantity escalation claims and/or variations are recognised on acceptance of concerned authorities or on evidence of its final acceptability. Revenue in respect of other claims are accounted as income in the year of receipt of award. Revenue on project development is recognised 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.

ii) Revenue from building development is recognised on the percentage completion method of accounting. Revenue is recognised, 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 recognised 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 recognised in the same financial year.

iii) Revenue from sale of goods is recognised when the substantial risk and rewards of ownership is transferred to the buyer, which is generally on despatch and the collectability is reasonably measured. Revenue from product sales are shown as net of all applicable taxes and discount.

### j) 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. The contribution to joint venture along with share of profit/ loss accumulated in the joint venture is reflected as investments or loans and advances or current liabilities as per the nature of the transaction.

### 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

## NOTES to consolidated financial statement for the year ended March 31, 2016

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 Statement of Profit and Loss. Depreciation is translated at rates used for respective assets.

However, Michigan Engineers Private Limited opted to recognize the exchange differences in the Statement of Profit and Loss.

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) Financial derivative and hedging transactions

In respect of financial derivative and hedging contracts, gain / loss are recognized on mark-to-market basis and charged to the Statement of Profit and Loss along with underlying transactions.

### m) Retirement and other employee benefits

Contribution to provident/ family pension/ gratuity funds are made to recognized funds and charged to the Statement of Profit and Loss. Provision for incremental liability in respect of gratuity and leave encashment is made as per independent actuarial valuation at the year-end.

### n) Taxation

#### Current tax:

Provision for current tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961.

#### Deferred tax:

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the balance sheet dates. The effect on the deferred tax assets and

liabilities of a change in tax rate is recognised in the period that includes the enactment date. Deferred tax assets are recognised only to the extent there is virtual certainty of realization in future.

### o) Provisions , contingent liabilities and 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.

### p) 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.

### 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

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as expense in the Statement of Profit and Loss on a straight line basis over the lease term.

### s) Preliminary and preoperative expenses

In respect of certain subsidiaries preliminary and preoperative expenses are written off commencement of operation.



## NOTES to consolidated financial statement for the year ended March 31, 2016

### NOTE : 3

#### SHARE CAPITAL

	2016		2015	
	No. of Shares	₹ in Million	No. of Shares	₹ in Million
<b>a) Authorized</b>				
Equity shares of ₹ 1 each	230,000,000	230.00	230,000,000	230.00
Preference shares of ₹ 1 each	20,000,000	20.00	20,000,000	20.00
<b>b) Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 1 each	76,806,282	76.81	76,806,282	76.81
	<b>76,806,282</b>	<b>76.81</b>	<b>76,806,282</b>	<b>76.81</b>
<b>c) Terms/rights attached to equity shares</b>				
The Company has only one class of shares referred to as equity shares of ₹ 1/- each. Each holder of equity shares is entitled to the same rights in all respects.				
<b>d) i) Reconciliation of equity shares outstanding at the beginning and at end of the year</b>	<b>No. of Shares</b>	<b>₹ in Million</b>	<b>No. of Shares</b>	<b>₹ in Million</b>
Outstanding at the beginning of the year	76,806,282	76.81	76,244,325	76.24
Add :- Issued during the year	-	-	561,957	0.57
Outstanding at the end of the year	<b>76,806,282</b>	<b>76.81</b>	<b>76,806,282</b>	<b>76.81</b>
<b>ii) Reconciliation of Optionally Convertible Preference Shares outstanding at the beginning and at end of the year</b>	<b>No. of Shares</b>	<b>₹ in Million</b>	<b>No. of Shares</b>	<b>₹ in Million</b>
Outstanding at the beginning of the year	-	-	561,957	0.57
Less:- Converted during the year	-	-	561,957	0.57
Outstanding at the end of the year	-	-	-	-
<b>e) Share held by each shareholder more than 5%</b>				
<b>Name of the shareholder</b>	<b>No. of Shares</b>	<b>% holding</b>	<b>No. of Shares</b>	<b>% holding</b>
i) Patel Engineering Employees Welfare Trust	6,028,900	7.85	6,045,000	7.87
ii) Praham India LLP	16,744,424	21.80	16,744,424	21.80
iii) Patel Corporation LLP	18,665,257	24.30	18,665,257	24.30

f) 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 on May 23, 2014 have granted 22,400 options to 159 eligible employees of the Company and the subsidiaries. Out of the 22,400 options so granted, 16,100 options have been vested and exercised during the year at an exercise price of ₹ 1 per share.

g) The Allotment Committee at its meeting on March 21, 2014 allotted 69,79,131 Optionally Convertible Preference shares(OCPS) to the Promoters of the Company. On March 31, 2014, out of the said OCPS, 64,17,174 OCPS were converted into 64,17,174 Equity shares of ₹ 1 and allotted @ ₹ 57.5 (including premium of ₹ 56.5). On April 15, 2014, the balance 5,61,957 OCPS were converted into 5,61,957 Equity shares of ₹ 1 and allotted @ ₹ 57.5 (including premium of ₹ 56.5) in terms of Chapter VII of SEBI (ICDR) Regulation 2009.

## NOTES to consolidated financial statement for the year ended March 31, 2016

### NOTE : 4

#### RESERVES AND SURPLUS

(₹ in Million)

	2016	2015
<b>Capital Reserve</b>		
As per the last balance sheet	268.60	266.51
Less: Addition /(deletion) on consolidation	-	2.09
Add: Transfer from opening surplus in Statement of Profit and Loss (Refer note 4(1))	8.97	-
<b>Closing Balance</b>	<b>277.57</b>	<b>268.60</b>
<b>Foreign currency translation reserve</b>		
As per the last balance sheet	809.75	650.69
Add - Transfer from security premium reserve (Refer note 4(2))	22.28	
Add: During the year	101.96	159.06
<b>Closing Balance</b>	<b>933.99</b>	<b>809.75</b>
<b>General reserve</b>		
As per the last balance sheet	2,324.95	2660.09
Add: Amount transferred from debenture redemption reserve	275.00	287.50
	2,599.95	2,947.59
Less: Amount transferred to the Statement of Profit and Loss	-	395.14
Less: Amount transferred to debenture redemption reserve	62.50	227.50
<b>Closing Balance</b>	<b>2,537.45</b>	<b>2,324.95</b>
<b>Securities premium reserve</b>		
As per the last balance sheet	7,927.66	7,873.63
Add: Premium on exercise of options (Refer Note 3(f))	1.61	-
Less : Transfer to foreign currency translation reserve (Refer note 4 (2))	22.28	-
Add: Premium on conversion of OCPs to equity shares (Refer Note 3(g))	-	54.03
<b>Closing Balance</b>	<b>7,906.99</b>	<b>7,927.66</b>
<b>Debenture redemption reserve</b>		
As per the last balance sheet	675.00	735.00
Add: Transfer from general reserve	62.50	227.50
	737.50	962.50
Less: Amount transferred to general reserve	275.00	287.50
<b>Closing Balance</b>	<b>462.50</b>	<b>675.00</b>
<b>Share options outstanding account</b>		
As per the last balance sheet	2.24	-
Add:- Value of employee stock options issued	-	2.24
Less: Options exercised during the year	1.61	-
Less: Options lapsed during the year	0.63	-

## NOTES to consolidated financial statement for the year ended March 31, 2016

Closing Balance	-	2.24
Foreign currency monetary item translation difference	-	(3.89)
<b>Surplus in the statement of profit and loss</b>		
As per the last balance sheet	6,845.91	5,770.36
Less : Amount transferred to capital reserve (refer note 4(1))	8.97	
Add : Reversal of prudent provision for tax (refer note -24 (ii))	-	600.64
Add : Amount transferred from general reserve	-	395.14
Add : Net profit / (loss) for the year	(1,866.57)	84.69
	4,970.37	6,850.83
b) Appropriations for :		
Depreciation impact as per Schedule II (refer note 16 (10))	-	4.92
<b>Closing Balance</b>	<b>4,970.37</b>	<b>6,845.91</b>
<b>Total Reserve and Surplus</b>	<b>17,088.87</b>	<b>18,850.22</b>

- ₹ 8.97 million reclassified as security premium in Patel Engineering Inc, a subsidiary out of opening surplus in Statement of Profit And Loss transferred to capital reserve.
- ₹ 22.28 million of translation difference on conversion of security premium of Patel Engineering Inc., a subsidiary in the previous year, transferred to foreign currency translation reserve.

### NOTE : 5 LONG TERM BORROWINGS

	(₹ in Million)			
	Non-Current		Current Maturities	
	2016	2015	2016	2015
<b>I Secured Loans</b>				
a) Debentures <sup>1</sup>	1,500.00	3,750.00	1,050.00	1,100.00
b) Term Loans				
- From Bank <sup>2</sup>	17,732.21	17,911.38	2,831.87	1,868.52
- From Others <sup>3</sup>	2,034.40	2,021.38	751.15	767.05
Amount disclosed under "Other Current Liabilities" in Note No. 9	-	-	(4,633.02)	(3,735.57)
	<b>21,266.61</b>	<b>23,682.76</b>	<b>-</b>	<b>-</b>

#### <sup>1</sup>Debentures

- 11.30% Secured redeemable non convertible debentures were 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 (P.Y. ₹ 1,500.00 million) and are to be redeemed on September 17, 2022. The same is secured against charge on land held as stock in trade of the Company and its subsidiaries.
- 9.80% Secured redeemable non convertible debentures were allotted on July 20, 2009 for a period of 7 years. These debentures have a face value of ₹ 1.0 million each aggregating to ₹ 550 million (P.Y. ₹ 550 million) repayable in a single installment, with a put / call option available and exercisable at par at the end of 5th year from the date of

allotment. The same are secured against land held as stock in trade of the Company and its subsidiaries. Interest rate has been revised to 13.32% p.a. (P.Y. 13.16% p.a.) for IDBI w.e.f 19th September 2014 and in case of others it is 13.16% (P.Y. 13.16% p.a.) w.e.f. July, 2014.

- 11.40% Secured redeemable non convertible debentures were allotted on July 11, 2011 for a period of 5 years. These debentures have a face value of ₹ ₹ 0.10 million each aggregating to ₹ 500 million (P.Y. ₹ 1,000 million). These debentures will be redeemed as follows: July 11, 2016 - ₹ 500 million. The same is secured against land held as stock in trade of the Company and its subsidiaries. Interest rates on the same has been revised at 13% p.a.(P.Y. 13% p.a.)
- 10.75% Secured redeemable non convertible debentures was allotted on 3 March, 2011 for a period of 5 years.

## NOTES to consolidated financial statement for the year ended March 31, 2016

These debentures have a face value of ₹ 0.10 million each aggregating to ₹ 200 million (P.Y. ₹ 350 million). These debentures would be redeemed as follows - March 3, 2016- ₹ 100 million having interest rate at 13% p.a.(P.Y. 13% p.a.) and ₹ 100 million (P.Y. ₹ 100 million) having interest rate at 10.75% p.a. (P.Y. 10.75% p.a.). The same is secured against land held as stock in trade and subservient charge on all the fixed asset of the Company. The same is disclosed under the head "Other Payable" in note no. 9 (b)

e) 9.55% Secured redeemable non convertible debentures were allotted on April 26, 2010 for a period of 5 years. These debentures have a face value of ₹ 1.0 million each aggregating to ₹ Nil (P.Y. ₹ 400 million). The same are secured against immovable property and subservient charge on all the fixed assets of the Company. Interest rate on the same has been at 9.55% p.a.(P.Y. 9.55% p.a.).

f) 14% Secured redeemable non convertible debentures ('NCD') having face value of ₹ 10,00,000 each are issued by Patel Realty (India) Limited (PRIL) and redeemable as under :

a) The Company to repay or deposit with Standard Chartered Bank('SCB') (under lien or charge) a sum of INR 90 Lacs per month beginning from 1st August 2015 until the final maturity of the said NCD; or,

b) Prepayment of the entire NCD of INR 1200 million subscribed to by SCB prior to repayment of term loan obtained by the company from Syndicate Bank.

It is secured by first ranking pari passu charge over the immovable properties purchased by the company and PRIL at electronic city Bangalore, escrow account and receivables, and assignment by way of security of the development right and all rights of the company under the EPC contract. Along with above security, company has pledged over 99.998% of the issued and fully-paid up equity share capital in favour of the Debenture Trustees under the share pledge agreement. The ultimate holding company i.e. Patel Engineering Limited has given unconditional and irrevocable corporate guarantee to secure the debenture.

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

As per Section 71 of the Companies Act, 2013 the Company has created adequate debenture redemption reserve for the above series of secured redeemable non convertible debenture issued during the year. Further, in terms section 71 read with Rule 18(7)(c) of Companies Share Capital and Debentures Rules, 2014, the Company has failed to deposit/invest a sum of ₹ 187.50 millions before April 30, 2015 to secure the repayments of debentures maturing during the year 2015-16. The debentures due to mature during the financial year 2015-16 amounted to ₹ 1,250 million including debentures stated at point no. 1(d) above, out of which debenture aggregating to ₹ 1,050 million were repaid. The interest on NCD due and outstanding within 0-30 days of ₹ 43.66 million.

### <sup>2</sup>Term loan from banks

a) The term loans are secured by first charge on the specific assets acquired out of the term loan alongwith specifically identified unencumbered assets & guarantees.

The rates of interest for these loans vary between 10%- 13% (floating) linked to Monitoring Institution's base rate, with a repayment period of 5-7 years respectively. Term loan includes Working Capital Term Loan (WCTL) secured by a first pari passu charge on the receivables more than 180 days, WIP, mortgage over certain lands owned by subsidiary companies, corporate guarantee and pledge of 30% shareholding of subsidiaries owning real estate lands. There is a negative lien on shareholding (up to 30% shares) of Patel Engineering Limited held by promoters. The promoters - Mr. Pravin Patel and Mr. Rupen Patel in their personal capacity and Ms. Sonal Patel, Mr. Bhimsen Batra & Mr. Muthu Raj to the extent of the value of the property given as security, owned by them in trust for the company, has provided personal guarantees for WCTL. Also, there is a charge on escrow accounts of PRIL & PEL, wherein cash flows will be deposited from real estate projects to be developed by respective companies.

b) Includes ₹ 928.29 million (USD 14,044,006) (P.Y. ₹ 929.51 million (USD 14,865,103)) which carries interest which ranging between LIBOR rate plus 3.5% to LIBOR rate plus 4.75% and US prime plus 1% to 6%. It is secured against hypothecation of equipment, receivables and inventories.

c) Term loans also include the loans taken from Standard Chartered bank in form of FCNR loan. Outstanding amount out of the same is ₹ 95.01 million (P.Y. ₹ 128.97 million) which was due before 20th January, 2016 and rate of interest on the same has been LIBOR + 400 i.e. 4.23% p.a.

d) Term loan amounting to ₹ 117.52 million were due and outstanding as on 31/03/2016 comprises of ₹ 22.50 million due within 0-30 days, ₹ 12.39 million due within 60-90 days and ₹ 82.62 million due for more 90 days. Interest on the term loans outstanding of ₹ 82.13 million as on 31/03/2016 comprises of ₹ 8.33 million due within 0-30 days, ₹ 72.60 million due within 30-60 days, ₹ 0.30 million due within 60-90 days and ₹ 0.90 million due for more than 90 days.

e) Term loan from Union Bank of India, Vijaya Bank and Syndicate Bank was taken by PRIL during the financial year 2013-14 and carries interest @ Base rate plus 3.5% - 3.55% (Presently 13.75%). The loan is secured by pari passu charge on mortgage of project land and building, other fixed assets, escrow account of lease receivable/rents, and assignment by way of securities of the development rights of the company under the EPC contract. Along with above security, company has pledged over 99.998% of the issued and fully-paid up equity share capital in favour of the bank. Patel Realty (India) Limited has given unconditional and irrevocable corporate guarantee to secure the loan. The Loan from Union Bank & Vijaya Bank is repayable 87 monthly unequal installment commence from 33 months after the first disbursement and that from Syndicate Bank is repayable in 87 monthly unequal installment commence from August 1, 2015, if lease rental discounting ('LRD') proposal is materialise. If LRD proposal does not materialise then loan shall be repay in bullet payment on or before October 31, 2016. For the loan of Syndicate bank, corporate guarantee of the Company is also given.

f) Includes term loans secured by first charge on tangible

## NOTES to consolidated financial statement for the year ended March 31, 2016

and intangible assets, both existing in the present and to be acquired in the future. Also, Collaterally secured by 51% of the equity shares pledged. The rate of interest is 13.25% p.a. and the repayment instalment shall be due between April, 2018 to January, 2030.

### <sup>3</sup> 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 13%-15.36% on an average, with a repayment period of 3-5 years respectively. This term loan also includes inter corporate deposits with an average rate of interest of 14%-15% with maturity period of 1-3 yrs. Principle due and outstanding on equipment loan of ₹ 13.13 million as on 31/03/2016 comprises of ₹ 4.42 million due within 0-30 days, 4.38 million due within 30-60 days and ₹ 4.34 million due within 60-90 days. Interest due and outstanding on equipment loan of ₹ 3.20 million as on 31/03/2016 comprises of ₹ 1.03 million due within 0-30 days, ₹ 1.07 million due within 30-60 days and ₹ 1.10 million due within 60-90 days.

b) Includes ₹ 116.73 million (USD 1,765,948) (P.Y. ₹ 85.57 million (USD 1,368,417)) which carries interest which ranging between LIBOR rate plus 3% to LIBOR rate plus 6%. It is secured against hypothecation of equipment.

c) Includes ₹ 222.44 million (P.Y. ₹ 470.38 million) which carries interest 14% p.a ( upto 07/08/2013, 13.75% p.a) The above loan is for a period of 3 years, with moratorium period of 1 year. The Loan shall be repayable in the ratio of 20% in the second year in 12 monthly installments and 80% in the third year in 12 monthly installments, secured by corporate guarantee given and immovable property of the Company.

d) Includes ₹ Nil (P.Y. ₹ 80.66 million) which carries interest 13.75% p.a. secured by corporate guarantee given and immovable property of the Company.

e) Includes term loans secured by first charge on tangible and intangible assets, both existing in the present and to be acquired in the future. Also, Collaterally secured by 51% of the equity shares pledged. The rate of interest is 13.25% p.a. and the repayment instalment shall be due between April, 2018 to January, 2030.

### NOTE : 6

#### OTHER LONG TERM LIABILITIES

	(₹ in Million)	
	2016	2015
Trade payables (refer other current liabilities Note# 9-1)	3,122.39	1,897.13
Capital creditors	24.75	59.63
<b>Other</b>		
Contractee advances	2,588.98	2,495.89
Deposits	364.31	0.32
Other liability	602.11	610.78
	<b>6,702.54</b>	<b>5,063.75</b>

### NOTE : 7

#### PROVISIONS

	(₹ in Million)			
	Long Term		Short Term	
	2016	2015	2016	2015
<b>Provision for employee benefits</b>				
Provision for gratuity	20.62	12.75	4.35	5.83
Provision for leave salaries	41.17	37.02	11.85	12.54
	<b>61.79</b>	<b>49.77</b>	<b>16.20</b>	<b>18.37</b>

### NOTE : 8

#### SHORT TERM BORROWINGS

	(₹ in Million)	
	2016	2015
<b>I. Secured loans</b>		
Short term loans		
- From bank <sup>1</sup>	4,323.00	6,110.14
- From others	300.00	300.00
<b>Loans repayable on demand</b>		
- From bank <sup>2</sup>	21,127.64	14,976.59
<b>II. Unsecured loans</b>		
- From bank <sup>3</sup>	2,470.35	2,823.58
- From others <sup>3</sup>	32.95	4.95
	<b>28,253.94</b>	<b>24,215.25</b>

## **NOTES** to consolidated financial statement for the year ended March 31, 2016

### **Short Term Loan**

- 1 From bank
  - a) Includes loans by earmarking from bank guarantee limits and short term loans from various banks against various immovable properties of company at interest rate of 12-13% p.a. (P.Y. 12-13% p.a.) payable within a year. Principle amount due and outstanding of ₹ 685.77 million as on 31/03/2016 comprises of ₹ 279.56 million due within 0-30 days and ₹ 406.21 million due within 30-60 days. Interest outstanding on short term loans of ₹ 80.61 million as on 31/03/2016 comprises of ₹ 12.09 million due within 0-30 days, ₹ 68.40 million due within 30-60 days and ₹ 0.11 million due within 60-90 days.
  - b) PRIL has availed short term loan facility from Axis bank which carries interest @ base rate + 3% p.a (presently 13.25% p.a.). The loan has been secured by hypothecation/charge of all the current assets of the one of the subsidiary company and exclusive charge on certain parcel of land and flats of the group companies.
  - c) PRIL has availed cash credit facility from Bank of Maharashtra which carries interest @ base rate + 4.5% p.a (presently 14.75% p.a.). The loan has been secured by hypothecation of all the present and future current assets of the company and mortgage of certain parcel of land situated at electronic city, south Bangalore.
  - d) Michigan Engineers Private Limited (MEPL) has availed working capital demand loan includes ₹ 60 million (P.Y. ₹ 150 million) secured by first pari-passu charges on the movable & immovable assets of the company excepts the assets specially charged for project/lease based finance. Interest rate 14% to 16% p.a.
  - e) MEPL includes cash credit ₹ 371.70 million (P.Y. ₹ 290.80 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.
  - f) MEPL includes cash credit ₹ 193.20 million (P.Y. ₹ 158.80 million) and foreign currency loans of ₹ 35.40 million (P.Y. ₹ 37.96 million) secured by first pari passu charge on the current assets and movable fixed assets (including plant and machinery) of the Company except for the assets specifically charged for relevant term loan. Interest rate on cash credits 14% to 16% p.a. and on foreign currency loan 5% to 6% p.a.
  - g) PRIL has availed short term loan facility from STCI Financial Limited which carries interest @ 16% p.a. The loan has been secured by pledge of equity shares of holding company and equitable mortgage on certain parcel of land of the director.
  - h) Patel Engineering Singapore Pte Ltd. has availed loan from Development Bank of Singapore ₹ 661.00 million (USD 10,000,000) {P.Y. ₹ 625.30 million (USD 10,000,000)} is secured by a standby letter of credit issued by IDBI and Axis bank. Interest is charged at 4.41% to 5.58% (P.Y. 4.41% to 5.58%) p.a.
  - i) PERL has availed loan from IDBI bank is secured by first charge on tangible and intangible assets, both existing in the present and to be acquired in the future. Also collaterally secured by 51% of the equity shares pledged. The rate of interest is 13.25% 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, rate of interest ranges between 12.50%-15% p.a. (P.Y. 12.50%-15% p.a.)

### **3 Unsecured loan**

#### **- From bank**

It includes short term loans from banks of ₹ 98.40 million as on 31/03/2016 comprises of ₹ 73.39 million due within 0-30 days, ₹ 25 million due within 30-60 days.

#### **- From others**

Patel Engineering Singapore Pte. Limited includes non interest bearing loan and is repayable on demand.

## NOTES to consolidated financial statement for the year ended March 31, 2016

### NOTE : 9

#### OTHER CURRENT LIABILITIES

(₹ in Million)

	2016	2015
<b>a) Trade payable<sup>1</sup></b>	7,883.48	8,671.47
<b>b) Other Liabilities</b>		
Current maturities of long-term debt	4,633.02	3,735.57
Interest accrued but not due on borrowings	83.93	217.47
Interest accrued and due on borrowings	475.21	418.94
Contractee advances	3,797.63	4,036.92
Unpaid dividend	1.76	2.11
<b>Other Payables</b>		
Deposits	259.43	100.50
Payable to employees	269.91	221.54
Unpaid matured debentures (Note no. 5 (1)(d))	200.00	150.00
Other liabilities	2,063.39	1,485.40
<b>c) Balance in Current Account</b>		
(i) With associates	0.17	-
(ii) With joint ventures' partner	684.83	8.83
	12,469.28	10,377.28
	<b>20,352.76</b>	<b>19,048.75</b>

<sup>1</sup> The Company has ₹ 4.66 million (P.Y. ₹ 5.15 million) due to suppliers under the Micro Small and Medium Enterprise Development Act, 2006, as at March 31, 2016. Principal amount due to suppliers under the Act is ₹ 2.07 million (P.Y. ₹ 3.58 million). Interest accrued and due to the suppliers on the above amount is ₹ 0.02 million (P.Y. ₹ 0.28 million). Payment made to the suppliers (other than interest) beyond appointed day during the year is ₹ 4.45 million (P.Y. ₹ 5.41 million). Interest paid to the suppliers under the Act is ₹ 0.57 million (P.Y. ₹ Nil). Interest due and payable to the suppliers under the act towards payments already made is ₹ 2.57 million (P.Y. ₹ 1.3 million). Interest accrued and remaining unpaid at the end of the accounting year is ₹ 1.47 million (P.Y. ₹ 1.58 million). The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure u/s 23 of the MSME Act, 2006 is ₹ 1.12 million (P.Y. Nil).

The above information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 and has been determined to the extent such parties had been identified on the basis of information available with the Company and relied upon by the auditors.

### NOTE : 10

#### NON- CURRENT INVESTMENTS

(₹ in Million)

	2016	2015
<b>Investment in equity instruments</b>		
<b>Trade investments - un-quoted</b>		
- In others	72.42	104.41
<b>OTHER INVESTMENTS - QUOTED</b>		
66,640 shares (66,640) of Kingfisher Airlines Ltd., Face Value ₹ 10/- per share*	-	-
*Written off in the financial year 2012-13		
<b>Other investments- unquoted</b>		
In joint ventures	17.28	0.24
In others	231.55	214.08
<b>In Associates</b>		
Other Investments		
(Accounted under equity method)		
26,672,000 shares (26,672,000) of Raichur Sholapur Transmission Company Limited, Face Value ₹ 10/- per share	249.80	261.75
24,665 Shares (24,665) of Terra Land Developers Limited, Face Value ₹ 10/- per share	-	-
10,006,000 shares (10,006,000) of Patel KNR Heavy Infrastructures Limited, Face Value ₹ 10/- per share	81.14	96.47
52,600 shares (51,000) of PAN Realtors Private Limited, Face Value ₹ 10/- per share (includes goodwill of ₹ 122 Million)	128.07	123.10

## NOTES to consolidated financial statement for the year ended March 31, 2016

	2016	2015
5,000 shares (5,000) of APS Michigan Engineering Private Limited, Face Value ₹ 10/- per share	0.05	0.05
5,000 shares (5,000) of PLS Private Limited, Face Value LKR.10/- per share	0.02	14.77
8,495,040 Shares (8,495,040) of ACP Tollways Private Limited, Face Value ₹ 100/- per share (includes goodwill of ₹ 2.77 Million)	816.67	848.02
1,55,40,000 shares (1,55,40,000) of Patel KNR Infrastructures Limited, Face Value ₹ 10/- per share	93.03	149.67
	<b>1,368.78</b>	<b>1,493.82</b>
Investment in Government Securities <sup>III</sup>	0.13	0.12
Investment in partnership firms <sup>IV</sup>	0.08	0.13
Share application money in PLS Private Limited	4.76	5.02
<b>TOTAL NON -CURRENT INVESTMENT</b>	<b>1,695.00</b>	<b>1,817.81</b>

- I. Aggregated amount of unquoted investments as at 31st March, 2016 ₹ 1,694.97 million (₹ 1,817.81 million)
- II. Aggregated amount of quoted investments as at 31st March, 2016 ₹ Nil , market value ₹ 0.09 million (P.Y. ₹ Nil, market value ₹ 0.11 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 has been reconstituted as follows:- the Company 20% (P.Y. 20%), Ace Housing & Constuction Limited 1% (P.Y. 1%) & Pravin Patel 79% (P.Y. 79%). A firm Patel Advance JV having nil fixed capital, partnership sharing has been as follows : the Company 26% (P.Y.27%), Advance Construction Company Private Limited 25% ( P.Y. 26%), Patel Realty (India) Limited Nil ( P.Y. 26%), Apollo Buildwell Private Limited 25% (P.Y. 21%) & Advance Equipment Finance Private Limited 24% (P.Y. Nil). On and with effect from March 31, 2016, PRIL retired from the M/s Patel Advance JV (the firm). The aggregate of capital account and credit balance in the current account of PRIL in the firm of ₹ 81,970,174 is agreed to be recovered from the firm in the form of residential flats from the project undertaken by the firm.

### NOTE : 11

#### LOANS AND ADVANCES

(₹ in Million)

	Long Term		Short Term	
	2016	2015	2016	2015
<b>Capital Advance</b>				
Unsecured, considered good	174.59	493.62	-	-
<b>Security Deposit</b>				
Unsecured, Considered Good	1,559.92	1,781.31	1,638.02	1,482.17
<b>Balance in Current Account with Subsidiaries/Associates/ JointVentures/Partnership</b>				
Unsecured, Considered Good	250.80	33.63	528.24	1,311.43
<b>Advance Recoverable in cash or in Kind</b>				
Unsecured, Considered Good	1,480.29	3,956.25	5,654.03	3,414.37
Doubtful	1,784.12	-	-	137.50
	3,264.42	3,956.25	5,654.03	3,551.87
Less: Provision for impairment	1,207.29	-	-	-
Less: Provision for doubtful debts	576.84	-	-	137.50
	1,480.29	3,956.25	5,654.03	3,414.37
<b>Other loans and advances</b>				
Prepaid expenses	29.43	38.39	264.08	186.79
Balance with statutory authorities	456.36	49.89	15.10	248.58
Service tax and cenvat credit	59.05	-	243.07	441.17
Works contract tax	-	8.77	-	-
Advance tax (Net)	3,286.60	2,557.02	51.37	0.67
Accrued interest	1,974.61	2,176.40	4.05	61.69
Advances to employees	7.68	97.54	11.83	20.44
	<b>5,813.73</b>	<b>4,928.01</b>	<b>589.50</b>	<b>959.34</b>
	<b>9,279.33</b>	<b>11,192.82</b>	<b>8,409.79</b>	<b>7,167.31</b>



## NOTES to consolidated financial statement for the year ended March 31, 2016

### NOTE : 12

#### INVENTORIES \*

(At lower of cost or net realisable value/Contract Rates)

(₹ in Million)

	Non-Current		Current	
	2016	2015	2016	2015
Stores, embedded goods and spare parts etc. (Includes stores in transit ₹ 7.4 million (P.Y. ₹ 35.13 million))	-	-	1,523.79	1,608.59
Work in progress	-	-	45,484.00	38,079.60
	-	-	<b>47,007.79</b>	<b>39,688.19</b>

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

### NOTE : 13

#### TRADE RECEIVABLES

(₹ in Million)

	Non-Current		Current	
	2016	2015	2016	2015
Unsecured, considered good unless otherwise stated				
Receivables outstanding for a period exceeding six months				
Considered good	5,765.92	7,061.39	824.09	1,703.94
Doubtful	-	-	-	43.78
	5,765.92	7,061.39	824.09	1,747.72
Less: Provision for doubtful debts	-	-	-	<b>43.78</b>
(A)	5,765.92	7,061.39	824.09	1,703.94
Other receivables				
Considered good	(B) 1,773.44	1,421.67	4,316.33	3,973.78
(A+B)	<b>7,539.36</b>	<b>8,483.06</b>	<b>5,140.42</b>	<b>5,677.71</b>

(refer Note no. 43 (g))

### NOTE : 14

#### OTHER CURRENT ASSETS

(₹ in Million)

	Non-Current		Current	
	2016	2015	2016	2015
Preoperative and preliminary expenses	397.20	365.62	-	0.01
Other current assets	-	-	10.47	6.38
	<b>397.20</b>	<b>365.62</b>	<b>10.47</b>	<b>6.39</b>

### NOTE : 15

#### CASH AND CASH EQUIVALENTS

(₹ in Million)

	Non-Current		Current	
	2016	2015	2016	2015
- Balances with banks	-	-	533.38	1,220.90
- On fixed deposits accounts with scheduled banks <sup>1</sup>	92.22	70.70	-	6.12
- Cheques in hand	-	-	0.29	243.65
- Cash on hand	-	-	90.08	16.84
Other bank balances				
- Deposits with maturity more than 3 months but less than 12 months	-	-	16.56	31.25
Balances with bank for unpaid dividend	-	-	1.56	2.08
	<b>92.22</b>	<b>70.70</b>	<b>641.87</b>	<b>1,520.84</b>

<sup>1</sup> Includes fixed deposit given towards margin money and earnest money deposit.

## NOTES to consolidated financial statement for the year ended March 31, 2016

### NOTE : 16 Fixed Assets Schedule Forming part of Consolidated Balance Sheet as at March 31, 2016

(₹ in Million)

Particulars	Gross Block		Depreciation For the year	Foreign Currency Fluctuation	Net Block	
	As at April 1, 2015	As at Mar 31, 2016			As at Mar 31, 2016	As at Mar 31, 2015
<b>TANGIBLE ASSETS</b>						
Land <sup>1 &amp; 6</sup>	2,450.20	2,460.16	-	-	2,470.04	2,450.20
Building <sup>2</sup>	630.72	616.82	16.75	2.84	129.80	494.95
Plant and equipment <sup>5</sup>	6,734.12	7,039.30	624.56	(5.49)	4,642.01	2,767.12
Furniture and fixtures	98.30	101.35	5.56	(0.95)	82.37	19.19
Vehicles <sup>3</sup>	1,264.64	1,219.95	111.75	0.27	871.56	455.00
Office equipments	61.04	63.40	3.46	(1.64)	58.69	4.81
Others <sup>4</sup>	28.76	28.76	1.20	-	28.63	1.33
Electric equipment	52.62	59.49	3.31	(4.25)	49.74	10.44
Computer equipments	93.31	109.03	6.16	0.29	90.62	19.10
Container	10.66	11.72	0.83	0.05	8.48	2.96
Establishment cost	126.47	-	126.47	-	-	-
Total	11,550.84	11,709.98	773.58	48.83	5,961.90	6,245.65
<b>INTANGIBLE ASSETS</b>						
Computer software	57.39	49.50	1.94	9.08	47.32	2.18
Goodwill	332.84	333.78	-	-	-	334.11
Total	390.23	383.28	1.94	9.08	47.32	336.29
Less : Transferred to Capital WIP <sup>9</sup>			225.74			
<b>GROSS TOTAL</b>	<b>11,941.07</b>	<b>12,093.26</b>	<b>549.78</b>	<b>48.83</b>	<b>6,009.22</b>	<b>6,581.42</b>
Previous Year	11,362.76	11,853.95	797.78	33.00	5,359.65	6,744.66
Capital work-in-progress	9,820.93	8,473.47	-	-	-	9,820.93
Previous Year	7,862.04	9,810.69	-	-	-	7,862.04

#### Notes

- Land includes ₹ 7.71 million (₹ 8.29 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 = ₹ 462.74 million (P.Y. ₹ 468.71 million), accumulated depreciation ₹ 87.94 million (P.Y. ₹ 75.23 million)] and factory building [Gross Block = ₹ 162.01 million (P.Y. ₹ 162.01 million), accumulated depreciation ₹ 41.86 million (P.Y. ₹ 36.10 million)]  
b) Includes ₹ 0.009 million (₹ 0.02 million) being the value of 180 shares and share deposits in Co-operative societies.

	Gross Block 2015-16	Gross Block 2014-15	Acc Dep. 2015-16	Acc Dep. 2014-15
<b>3. Vehicles include</b>				
Motor car	270.44	272.73	178.18	162.72
Motor truck	946.62	989.61	691.51	645.67
Motor cycle	3.15	2.29	1.69	1.25
<b>4. Others Include</b>				
Ship	2.81	2.80	2.78	2.77
Rails and trolley	25.95	25.95	25.84	24.65

- Includes assets costing ₹ 9.21 million (₹ 96.26 million) not commissioned/erected/put to use, ₹ 0.12 million (P.Y. ₹ Nil) towards exchange rate difference and ₹ 3.03 million (P.Y. ₹ Nil) reversal of excise duty claimed in earlier year as CENVAT credit.
- Deductions to land and building includes ₹ 0.58 million (₹ Nil) transferred to project development expenses.
- Includes of ₹ 1101.34 million on acquisition / consolidation of joint ventures during the year.
- Includes cumulative depreciation of ₹ 110.54 million on acquisition/ consolidation of joint ventures during the year.
- Includes ₹ 218.24 million transferred to other construction cost.
- Consequent to the introduction of schedule II of the Companies Act, 2013 the useful of certain assets has been revised. Accordingly, depreciation for the year is higher by ₹ Nil (P.Y. ₹ 4.25 Millions) net of Deferred Tax of ₹ Nil (P.Y. ₹ 0.67 Millions) and the same adjusted in the accumulated balance of retained earnings.

## NOTES to consolidated financial statement for the year ended March 31, 2016

### NOTE : 17

#### REVENUE FROM OPERATIONS

(₹ in Million)

	2016	2015
a) Revenue / Turnover (refer note 35 b)	32,671.85	28,017.12
Add: Increase/(decrease) in work in progress	7,143.15	5,400.41
Sale of goods	92.95	-
Total turnover	39,907.95	33,417.53
b) Other operating income		
Lease and service charges	1.41	1.12
Share of profit from JV / partnership firm	1.21	32.41
Other income	552.85	702.81
	<b>40,463.42</b>	<b>34,153.87</b>

### NOTE : 18

#### OTHER INCOME

(₹ in Million)

	2016	2015
Net gain on sale of assets	173.40	130.46
Net gain on sale of investments	54.83	22.32
Interest income (gross)	800.19	727.76
Miscellaneous income	298.97	133.92
Excess credit written back	141.76	144.76
	<b>1,469.15</b>	<b>1,159.22</b>

### NOTE : 19

#### COST OF CONSTRUCTION

(₹ in Million)

	2016	2015
<b>Stores, embedded goods and spare parts *</b>		
Inventories at the beginning of the year	1,608.59	1,758.75
Add: Purchase (Net)	6,313.60	4,746.67
	7,922.19	6,505.42
Inventories at the end of the year **	1,523.79	1,608.59
<b>Consumption of stores and spares</b>	<b>6,398.40</b>	<b>4,896.83</b>
Piece rate expenses (Net)	19,094.64	16,494.12
Repairs to machinery	11.79	19.26
Transportation, hire etc.	3,157.17	1,904.96
Power, electricity and water charges	358.51	503.51
Project development cost	768.37	1,438.82
Technical consultancy fees	87.44	51.77
Other construction costs	1,446.11	273.62
	<b>31,322.43</b>	<b>25,582.89</b>

\* Stores, embedded goods and spares etc., consumed include materials issued to sub contractors.

\*\* It includes materials of ₹ 7.40 million (₹ 35.13 million) in transit.

### NOTE : 20

#### EMPLOYEE BENEFITS EXPENSE

(₹ in Million)

	2016	2015
Salaries, wages and bonus	1,255.03	1,244.67
Contribution to provident and other funds	82.89	56.27
Employee stock option (ESOP)	0.33	1.91
Staff welfare expenses	50.64	46.90
	<b>1,388.89</b>	<b>1,349.75</b>

## NOTES to consolidated financial statement for the year ended March 31, 2016

### NOTE : 21

#### FINANCE COSTS

(₹ in Million)

	2016	2015
Interest expense	5,642.98	4,716.24
Other borrowing cost	284.47	453.25
Net loss on foreign currency translations	3.14	(7.81)
	<b>5,930.59</b>	<b>5,161.68</b>

### NOTE : 22

#### OTHER EXPENSES

(₹ in Million)

	2016	2015
<b>Other administrative costs</b>		
Rent	41.00	31.14
Repairs and maintenance - building	1.31	0.53
Insurance	100.93	117.94
Rates and taxes	211.17	166.09
Advertisement and selling expenses	1.81	17.09
Travelling and conveyance	73.87	65.45
Directors fees	3.16	3.28
Auditor's remuneration		
Audit fees	8.38	7.70
Tax audit fees	1.25	1.67
Taxation matters	2.30	2.30
Other capacity	1.60	1.24
Certification	1.50	1.50
Reimbursement of expenses	0.11	0.11
	15.14	14.52
Communication expenses	35.40	32.31
Printing and stationery	35.82	44.37
Legal and consultancy charges	272.91	188.55
Irrecoverable debts written off	2,322.76	1,022.24
Loss on foreign currency translation (Net)	29.20	198.61
Preliminary expenses written off	2.05	-
Share of loss from associates / joint ventures	110.80	24.55
Other expenses <sup>1</sup>	247.11	330.75
	<b>3,504.44</b>	<b>2,257.42</b>

<sup>1</sup>Includes miscellaneous expenses which includes other repairs, donation to Bharatiya Janata Party towards political contribution, tender fees, office and general charges, entertainment and rebate to clients etc.

### 23. Details of subsidiaries, associates and joint ventures, which are consolidated:

#### A. Wholly owned (100%) Subsidiaries:

##### Direct Subsidiaries

1. Patel Realty (India) Limited	11. Patel Engineers Private Limited
2. Patel Energy Resources Limited	12. Pandora Infra Private Limited
3. Patel Engineering Inc.	13. Patel Engineering Lanka Private Limited
4. Patel Engineering (Mauritius) Limited	14. Shashvat Land Projects Private Limited
5. Patel Engineering (Singapore) Pte. Limited	15. Vismaya Constructions Private Limited
6. Patel Engineering Infrastructure Limited	16. Bhooma Realties Private Limited
7. Patel Concrete and Quarries Private Limited	17. Patel Lands Limited
8. Friends Nirman Private Limited	18. Energy Design Private Limited
9. Zeus Minerals Trading Private Limited	19. Shreeanant Construction Private Limited w.e.f November 25, 2014
10. Patel Patron Private Limited	

## NOTES to consolidated financial statement for the year ended March 31, 2016

### B. Other Subsidiaries:

Name of Subsidiaries	% holding
1. Michigan Engineers Private Limited	51.00%
2. ASI Constructors Inc.	65.20%

### C. Joint Ventures:

Name of Joint Ventures	% of share
1. Patel Michigan JV	10.00%
2. CICO Patel JV	99.90%
3. Patel SEW JV	60.00%
4. PATEL –KNR J.V.	50.00%
5. KNR – PATEL J.V.	49.00%
6. PATEL – SOMA J.V	50.00%
7. Era Patel Advance JV	30.00%
8. Patel – V Arks JV	65.00%
9. Navyuga – Patel – BHEL	42.23%
10. Patel – Avantika – Deepika – BHEL	52.83%
11. Patel – V Arks - Precision	60.00%
12. Patel APCO JV	50.00%

LGE&C - Patel JV, Patel - SA JV, ERA Patel Advance Kiran JV and Patel - Siddhivinayak JV have not been consolidated as operations of these JV's are almost over and financials are not been prepared on a regular basis.

Moreover, there is a difference of ₹ 32.36 million in balances of current account with JV which have been consolidated, the effect for which has not been considered in the financial statements as the same are subject to reconciliation.

- D. Patel KNR Infrastructure Limited, Raichur Sholapur Transmission Company Limited, Terra Land Developers Limited and ACP Tollways Private Limited (w.e.f. 26th May, 2014), PAN Realtors Private Limited (w.e.f. 4th January, 2015) has been consolidated as per equity method in accordance with AS -23 "Accounting for Investment in Associate in Consolidated Financial Statements".
24. (i) Income-tax assessments are completed up to A.Y. 2013-2014. Several appeals for the earlier assessment years are pending before the appellate authorities and out of the aggregate demand of ₹ 3,404.43 million, ₹ 1,050.69 million (P.Y. ₹ 1,050.69 million) has been already adjusted / paid. The Company has made a provision for tax of ₹ 6.46 million (P.Y. ₹ 171.18 million) under all proceeding under the Income Tax Act, 1961, and increment of deferred tax assets by ₹ 156.04 million (P.Y. ₹ 72.23 million).
- (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 hit hereto available. 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. Recently the Hon'ble Income Tax Appellate Tribunal, Mumbai vide its order dated 30.9.2015 has held that the assessee is eligible for the deduction u/s 80IA(4) on all the projects claimed by it including the projects contract which have been entered into with government corporations. However, out of abundant caution the provisions made with respect to the deduction claimed on government corporations is not written back. Excess provision for the tax of ₹ Nil (P.Y. ₹ 600.64 million) has been adjusted and credited to reserves.
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 1st July 2012. The amount of service tax payable on such projects is reimbursable by the client as per the contract conditions and the same has been reflected as receivables. However in few cases where the client has not accepted this liability, the same has been debited to the Statement of Profit and Loss.

### 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)	
	2016	2015
<b>Deferred tax liability (DTL)</b>		
Related to depreciation on fixed assets and other timing difference	371.48	344.51
	(a)	371.48
<b>Deferred tax assets (DTA)</b>		
i. Relating to depreciation on fixed assets	102.27	136.42
ii. Disallowances under the Income Tax Act	648.66	68.33
	(b)	750.93
<b>Liability / (Asset) for deferred tax (net)</b>	(a – b)	<b>(379.44)</b>
		<b>139.76</b>

## NOTES to consolidated financial statement for the year ended March 31, 2016

### 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, are as follows:

	(₹ in Million)	
	2016	2015
Minimum lease obligation payable as at March 31,		
a) within one year of the balance sheet date	313.95	332.06
b) due in a period between one year and five years	215.63	267.27

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

### 28. EARNING PER SHARE

	(₹ in Million)	
	2016	2015
Net profit / (loss) as per the Statement of Profit and Loss available for shareholders for both basic and diluted earnings per share of ₹ 1 each	(1,866.57)	84.69
Weighted average number of equity shares for earning per share	768,06,282	767,83,188
Earning Per Share (Basic) ₹	(24.30)	1.10
Earning Per Share (Diluted) ₹	(24.30)	1.10

### 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 Patel KNR Infrastructure Limited	4 Raichur Sholapur Transmission Company Limited
2 ACP Tollways Private Limited	5 Terra Land Developers Limited
3 Patel KNR Heavy Infrastructure Limited	6 Pan Realtors Private Limited (since Jan 12, 2015)

##### Partnership Firm :

1 AHCL PEL
2 Patel Advance JV

##### Others :

Patel Corporation LLP

#### B. (a) Key Management Personnel ( KMP )

Mr. Pravin Patel	Executive Chairman & Director of Michigan Engineers Private Limited
Mr. Rupen Patel	Managing Director & Director of Michigan Engineers Private Limited
Ms. Kavita Shirvaikar	Chief Financial Officer
Ms. Shobha Shetty	Company Secretary
Mr. Ashwin Parmar	Director (resigned to be director w.e.f. 04.04.2016) & Director of Michigan Engineers Private Limited
Ms. Silloo Patel	Whole Time Director (Ceased to be director w.e.f. 26.11.2015)
Mr. Shiraz Patel	Son of Ms. Silloo Patel (Upto 26.11.2015)
Mr. Nimish Patel	Whole Time Director (Ceased to be director w.e.f. 16.07.2015)
Dr. Manubhai Patel	} Director of Michigan Engineers Private Limited
Mr.Saurin Patel	
Mr. Suresh Kumar Garg	} Key Management Person of PAN Realtors Private Limited
Mr. Shitul Patel	
Ms. Priti Patel	Director of Patel Realty (India) Limited & Patel Energy Resources Limited
K. Jalandhar Reddy	Key Management Person of KNR Patel JV
Mrs. M .J.Patel	Relative of KMP of Michigan Engineers Private Limited
Mr. M. L. Gupta	Director of Patel Energy Resources Limited
Mr. Nimish Patel	CEO of Patel Energy Resources Limited
Mr. Kishan Lal Daga	KMP of Shreanant Constructions Private Limited
Mr. Pravin Malkani	Director of Patel Realty (India) Limited (till December 18, 2014)

#### (b) Entities Controlled by KMP

1. DSQ Architects Private Limited (Till December 18, 2014)
2. Hotel Transit Private Limited (Till December 18, 2014)

## NOTES to consolidated financial statement for the year ended March 31, 2016

### C. Transaction with related parties with associate companies, partnership firm and others referred to in item (A) above. (₹ in Million)

Particular	Associates/Partnership/ Others	
	2016	2015
- Revenue/Turnover	0.76	2,932.36
- Investment in equity / purchase of shares	-	472.99
- Loans / advances received	-	255.21
- Loans / advances repaid	0.15	159.24
-Inter company deposit received	-	4.95
-Inter company deposit repaid	-	31.75*
- Share of profit	-	32.41
- Share of loss	-	0.19
- Miscellaneous receipts	-	1.10
- Loans/advances given	23.79	344.44
- Loan/ advances recovered	67.12	49.15
- Corporate guarantee outstanding as at the end of the year	3001.44	3001.44
- Bank guarantee outstanding as at the end of the year	-	1,192.34
- Outstanding balance included in current / non current assets	1,732.63	2,188.77
- Outstanding balance included in current / non current liabilities	324.57	1,028.76
- Reimbursement of expenses from	-	1.63
- Interest income	0.13	0.97
- Sundry balances written off	1.95	412.90
- Sundry balances written back	0.00	-
- Issue of shares*	-	32.32

\* OCPS and loan converted into equity share

### D. Disclosures of material transactions with related parties with associate companies, partnership firm and others referred to in item (A) above.

Particular	Name of the Company	(₹ in Million)	
		2016	2015
- Revenue/Turnover	Navyuga-Patel-BHEL	-	2216.01
	Raichur Sholapur Transmission Company Limited	0.76	94.93
- Investment in equity / purchase of shares	ACP Tollways Private Limited	-	446.32
	Raichur Sholapur Transmission Company Limited	-	26.67
- Loans / advances received	Patel Avantika Deepika BHEL Consortium	-	115.20
	Patel Sew JV	-	114.08
	Patel V-araks Precision	-	25.93
- Loans / advances repaid	Raichur Sholapur Transmission Company Limited	0.15	18.98
	Patel Sew JV	-	128.15
- Inter company deposit received	Pan Realtors Private Limited	-	4.95
- Inter company deposit paid	Patel Corporation LLP	-	31.75
- Share of profit	AHCL-PEL	-	27.42
- Share of loss	Patel - KNR JV	-	0.18
- Miscellaneous receipts	Patel Leena JV	-	0.71
	Patel SA JV	-	0.23
	Patel Sew JV	-	0.16
- Loans/advances given	Patel Soma JV	-	114.66
	Patel Sew JV	-	185.37
	AHCL-PEL	23.77	-
	Patel KNR Infrastructure Limited	0.01	-
	Raichur Sholapur Transmission Company Limited	0.01	-
- Loan/ advances recovered	Patel KNR JV	-	16.61

## NOTES to consolidated financial statement for the year ended March 31, 2016

Particular	Name of the Company	2016	2015
	PAN Realtors Private Limited	0.29	-
	AHCL-PEL	66.83	7.84
	Patel V Arks Precision JV	-	8.00
	Patel Sew JV	-	12.34
- Reimbursement of expenses from	PATEL Leena JV	-	1.04
	PATEL SA JV	-	0.34
	PATEL Sew JV	-	0.25
- Interest income	Patel KNR Infrastructure Limited	0.06	-
	Raichur Sholapur Transmission Company Limited	0.04	-
	PATEL Leena JV	-	0.44
	ACP Tollways Private Limited	-	0.24
	PATEL SA JV	-	0.15
	PATEL Sew JV	-	0.11
	PAN Realtors Private Limited	0.03	-
- Sundry balances written off	ACP Tollways Private Limited	1.95	-
	Terra Land Developers Limited	-	412.90
- Sundry balances written back	PAN Realtors Private Limited	0.00	-
- Issue of shares	Patel Corporation LLP	-	32.32

### E. Details of transactions relating to persons referred in item (B) above.

(₹ In Million)

Particular	2016	2015
Managerial remuneration	58.76	70.58
Salary and contribution to provident fund	3.77	2.29
Rent income	1.06	-
Deposit outstanding	0.40	-
Share capital	-	-
Loan taken	33.45	50.00
Loan repaid	0.50	50.00
Rent paid	-	0.06
Director's sitting fees	-	-
Interest expenses	-	0.43
Other expenses	-	0.04
Consultancy expenses paid	-	11.63
Outstanding balance (Dr)	0.20	0.56
Outstanding balance (Cr)	60.04	28.28
Sale of asset	-	0.10

## 30. SEGMENT REPORTING

### Primary Segment :

Particulars	As at March 31, 2016			
	Business Segments			
	Construction	Real Estate	Others	Total
Segment revenue	39,748.99	714.44	-	40,463.43
Segment results	5,089.04	228.97	(133.03)	5,184.98
Carrying amount of segment assets	90,475.10	5,713.80	4,316.28	1,00,505.18
Segment liabilities	90,475.10	5,713.80	4,316.28	1,00,505.18
Addition to fixed assets	553.35	0.12	7.12	560.59
Segment depreciation	542.47	4.72	2.59	549.78



## NOTES to consolidated financial statement for the year ended March 31, 2016

### Geographical Segment :

Particulars	As at March 31, 2016		
	Domestic Operation	International Operation	Total
Segment revenue	29,482.53	10,980.90	40,463.43
Carrying amount of segment assets	93,751.88	6,753.30	1,00,505.18
Addition to fixed and intangible assets	347.28	213.31	560.59
Particulars	As at March 31, 2015		
	Domestic Operation	International Operation	Total
Segment revenue	26,676.83	7,477.04	34,153.87
Carrying amount of segment assets	91,300.03	6,664.91	97,964.94
Addition to fixed and intangible assets	2,472.59	396.60	2,869.19

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:

(₹ in Million)

BALANCE SHEET	As at March 31, 2016	As at March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>		
Shareholder's funds	1,208.32	20.36
Reserve and surplus	-	-
<b>Non-current liabilities</b>		
(a) Long-term borrowings	792.32	-
(b) Deferred tax liability (Net)	-	-
(c) Other long term liabilities	769.31	23.89
(d) Long-term provisions	195.10	7.05
<b>Current liabilities</b>		
(a) Short-term borrowings	-	-
(b) Trade payables	150.16	34.41
(c) Other current liabilities	344.88	13.60
(d) Short-term provisions	-	-
<b>TOTAL</b>	<b>3,460.09</b>	<b>99.31</b>
<b>II. ASSETS</b>		
<b>Non-current assets</b>		
(a) Fixed assets	999.07	1.92
(b) Non-current investments	0.02	-
(c) Long-term loans and advances	309.18	2.59
(d) Deferred tax assets (Net)	7.52	-
(e) Other Non current assets	56.50	53.58

**NOTES** to consolidated financial statement for the year ended March 31, 2016

<b>Current assets</b>		
(a) Inventories	230.69	38.95
(b) Trade receivables	844.70	-
(c) Cash and cash equivalents	56.41	1.44
(d) Short-term loans and advances	688.92	0.83
(e) Other current assets	267.07	-
<b>TOTAL</b>	<b>3,460.09</b>	<b>99.31</b>
<b>STATEMENT OF PROFIT AND LOSS</b>		
<b>INCOME</b>		
Revenue from operation	4,037.96	170.37
Other income	142.91	1.70
	<b>4,180.86</b>	<b>172.07</b>
<b>EXPENSES</b>		
Cost of construction	3,864.26	153.41
Employee benefits expense	10.80	0.05
Finance costs	2.58	1.40
Depreciation and amortization expense	3.41	0.99
Other expenses	83.53	0.06
Total expenses	<b>3,964.58</b>	<b>155.91</b>
Profit / (loss) before tax	216.29	16.16
Tax expense		
Provision for current tax	(47.75)	(6.12)
Provision for deferred tax	-	-
Profit / (loss) after tax	<b>168.53</b>	<b>10.04</b>

- 32 Income consisting of construction income of ₹ 132.34 million ( P.Y. ₹ Nil), interest income of ₹ Nil (P.Y. ₹ 18.53 million), income from customers of ₹ Nil ( P.Y. ₹ 0.64 million), and other income of ₹ 12.10 million (P.Y. ₹ 60.66 million) and expenses consisting of piece rate expenses ₹ 68.34 million (P.Y. ₹ 33.38 million), store material purchases ₹ 0.09 million (P.Y. ₹ 1467 million), professional and legal expense of ₹ Nil (P.Y. ₹ 0.35 million), import duty and custom clearance of ₹ Nil (P.Y. ₹ ₹ 5.84 million), service tax and WCT ₹ Nil (P.Y. ₹ 3.57 million) and other expenses ₹ 126.62 million ( P.Y. ₹ 190.17 million) pertaining to prior periods credited and debited respectively to the Statement of Profit and Loss 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 on December 29, 2011, the Company has carried over exchange (gain)/loss of ₹ Nil (P.Y. ₹ 3.89 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 ₹ (-) 0.12 million (P.Y. ₹ Nil) has been added/ (reduced) to the cost of the respective fixed asset.
- 34 In case of the Company, confirmation letters have been sent in respect of sundry debtors / loans and advances / sundry creditors of which certain confirmations have been received which are accordingly accounted and reconciled. The remaining balances have been shown as per books of accounts and are subject to reconciliation adjustments, if any. In the opinion of the management, the realizable value of the current assets, loans and advances in the ordinary course of business will not be less than the value at which they are stated in the balance sheet. In respect of subsidiaries, debit and credit balances are subject to confirmation from creditors, debtors, sub contractors and loans/advances/deposits. 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 and subsidiary and some of the land is in process of getting transferred in the name of the Company).

## NOTES to consolidated financial statement for the year ended March 31, 2016

- b) Turnover includes construction of multi purpose projects, water supply projects, irrigation projects, building projects, road and railway projects, on item rate or EPC basis and sale of development rights (net of rebate / cancellation of ₹ 2,000 Million (P.Y. ₹ 1068 Million)). 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, 2016 ₹ 1,849.70 million (P.Y. Rs.1,849.70 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 ₹ 492.24 million (P.Y. ₹ 783.56 million) is accounted for as construction receipts.
- 36 Patel Energy Resources Limited (PERL), wholly owned subsidiary of the Company has invested in various SPV's for hydro and thermal power projects which are of long gestation. The management is of the view that no provision is considered necessary at this stage in respect of these investments/loans, considering their long term nature. Based on future and long term potential of the projects, "going concern" basis of accounting has been adopted for the said subsidiary despite continuous/significant losses. These investments / loans are more than 50% of the total assets and income from such financial assets are more than 50% of the total income of PERL. However PERL has been legally advised that taking into account the intention of the company in setting up wholly owned subsidiaries as a special purpose vehicle (SPV) for executing independent power projects as per requirement under the Electricity Act, PERL cannot be treated as Non-Banking Finance Companies (NBFC).
- 37 Patel Realty (India) Limited (PRIL), wholly owned subsidiary of the company has 100% investment in Waterfront Developers Limited (Waterfront) and has granted loans and advances amounting to ₹ 747.17 million till 31st March, 2016 . Waterfront has invested in step down subsidiary, Les Salines Development Limited ("LSDL"). LSDL has undertaken a construction project in Mauritius in the year 2009-10. LSDL had received a notice dated 4th June, 2015 from the Government of Mauritius for the termination of lease agreement entered on December11, 2009. Management is of the view that as per the lease agreement the only cause where the lease can be terminated is the non payment of lease rent. In this regard a notice has been sent to the authorities and government of Mauritius on 1st July, 2016 contesting wrongful termination and further moving to seek compensation.
- 38 PRIL is in the process of being compliant with section 203 (appointment of Key managerial personnel) of the Companies Act 2013.
- 39 Arising out of proceedings initiated under section 132 read with Section 153C/143 (2) of Income Tax Act, 1961 by Income Tax Authorities, PERL had offered to reduce by way of disallowances, an aggregate sum of ₹ 795.77 million (As on 31.03.2015 - ₹ 795.77 million) from pre-operative expenses / land development expenses incurred by the Company in the past in setting up the power plant at Nagapattinam, Tamilnadu. Deputy commissioner of Income-Tax (DCIT) vide his order dated 25.03.2013 has also held that the above pre-operative expenses, amounting to ₹ 795.77 million (As on 31.03.2015 - ₹ 795.77 million) has to be reduced from the capital work in progress (CWIP) based on the above submissions and as well as other grounds. However, in the opinion of management, considering the realizable value of land, no adjustment is required to be carried out. Due to the above mentioned reduction of land development expenses, for tax purposes, the value of fixed assets reckoned subsequent to allocation of land development / pre-operative expenses to core assets, for computation of depreciation wherever applicable, will be lower to the extent of ₹ 795.77 million (As on 31.03.2015 - ₹ 795.77 million).
- 40 Ministry of coal (MOC) after keeping the request for change in location of the proposed power plant from Bhavnagar area to Pipavav area within Gujarat State pending for 16 months declined it after the LOA expired. Consequent upon the expiry of Letter of Assurance (LOA), South Eastern Coal Limited (SEC) invoked and encashed three bank guarantees aggregating to ₹ 196.64 millions issued as commitment guarantees against LOA. Patel Energy Limited has filed a writ petition at Delhi High Court challenging the decision of MOC refusing to approve the change of location of the said power plant, and also for quashing the unlawful invocation of bank guarantee by SEC and has sought a further direction that the change of location be approved and the LOA be extended in view of the delay by MOC. In the mean time company has represented the matter to the Honourable Minister for power and coal and CEA recommended the case to be reviewed and the SLC directed that the case be put up on file for review in ministry of coal. The matter is under process in ministry of coal. The petition in Delhi High Court was last heard on 22.02.2016 and the same is posted for final hearing on 11.08.2016. The Company is confident that requisite clearance shall be obtained and hence the accounts of the company is continued to be compiled on "going concern" basis.

## NOTES to consolidated financial statement for the year ended March 31, 2016

- 41 In respect of 54.12 acres of land acquired by the 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 the PEL Power Limited. PEL Power Limited is legally advised that the title to the PEL Power Limited valid and good and there can be no claim against the 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.
- 42 During 2013-2014 short term loans and advances amounting to ₹ 43.97 million and reimbursements receivable from Patel Lanka Squanda (PVT) Limited amounting to ₹ 19.13 million have been erroneously recorded as investments in Patel Lanka Squanda (PVT) Limited. Correction have been made to the financials statement as at 31/03/2014 in accordance with SLFRS for SMEs, Section 10 "Accounting policies, estimates and error.
- 43 Contingent Liabilities
- (a) Commitment for capital expenditure is ₹ 132.16 million (P.Y. ₹ 176.37 million), advance paid ₹ 33.43 million (P.Y. ₹ 40.64 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 ₹ 14,800.40 million (P.Y. ₹ 7,302.27 million) (including Customs ₹ 109.17 million (P.Y. ₹ 120.64 million) Entry Tax ₹ 37.57 million (P.Y. ₹ 67.57 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 ₹ 14,400.16 million (P.Y. ₹ 18,876.34 million) (against which the Company has obtained counter indemnities for ₹ Nil (P.Y. ₹ 4,821.06 million) and towards Custom Duty ₹ Nil (P.Y. ₹ 71.62 million).
  - (c) The Company has received an amount of ₹ 12.74 million in 1997 against arbitration award in its favour. The client has preferred an appeal against above award claiming an amount of ₹ 213.32 million (P.Y. ₹ 213.32 million) before the Hon'ble appeal court. However the management feels that the likelihood of outflow of resources is remote.
  - (d) Service tax liability that may arise on matters in appeal ₹ 1,085.92 million (P.Y. ₹ 1,085.92 million) and advance paid ₹ 20.00 million (P.Y. ₹ 20.00 million). However, this amount is contractually recoverable from the clients.
  - (e) Sales tax ₹ 105.95 million (P.Y. ₹ 99.56 million) (Advance paid ₹ 18.68 million (P.Y. ₹ 17.09 million)), Cess ₹ 107.81 million (P.Y. ₹ 78.55 million), Custom Duty ₹ 17.62 million (P.Y. ₹ 17.62 million) (Advance paid ₹ 8.46 million (P.Y. ₹ 8.46 million)).
  - (f) Income tax liability that may arise on matters in appeal ₹ 3,671.77 million (P.Y. ₹ 2,819.73 million).
  - (g) Trade receivables/ client retention to the extent of ₹ 179.39 million (P.Y. ₹ 179.47 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 ₹ Nil (P.Y. ₹ 0.37 million). The same will be paid to the employees who were on the payrolls upto July 1, 2014.
  - (i) Michigan Engineers Private Limited has received show cause cum demand notices for a sum of ₹ 108.24 million (P.Y. ₹ 108.24 million) from service tax department pertaining to the financial years 2006-07 to 2010-11 and 2012-13.
  - (j) 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.
  - (k) 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) Limited (PRIL).
  - (l) PRIL is under commitment to construct specific area for land owners.
  - (m) 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 (P.Y. ₹ 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 and based on information with it, believe that future cash outflow for this is remote.
  - (n) Income Tax Demand of ₹ 36.56 million (P.Y. ₹ 18.20 million) for various subsidiaries for earlier years for which they have preferred an appeal which is pending at various forums.
  - (o) PRIL is subject to legal proceeding and claims, which have arisen in the ordinary course of business, including certain litigation for land acquired by it for construction purpose, the impact of which is not quantifiable. These case are pending with various courts and are scheduled for hearings. After considering the circumstances, management believes that these case will not adversely effect its financial statement.

## NOTES to consolidated financial statement for the year ended March 31, 2016

- (p) PRIL had received an show cause cum demand notice from the learned Commissioner of Service Tax for the period July 2012 to March 2013 demanding service tax amounting ₹ 203.79 million (P.Y. ₹ 203.79 million). The company has filled a reply before the tax authority against the said order and based on information with it, believe that future cash outflow for this is remote.
- (q) PRIL had received an show cause cum demand notice from the learned Commissioner of Service Tax for the period April 13 to March 2014 demanding service tax amounting ₹ 197.58 million (P.Y. ₹ 197.58 million).
- (r) Provident Fund liability that may arise on matter in appeal ₹ 9.52 million ( P.Y. ₹ 9.52 million) and advance Paid ₹ 2.38 million (P.Y. 2.38 million)
- (s) Claims not acknowledged as debt ₹ Nil (P.Y. ₹ 485 million) (any liability herein shall be borne by the Principal Contractor).
- (t) Entry Tax liabilities on purchase of goods of ₹ 11.35 million (against which amount of ₹ 3.78 million have been paid and for the balance amount of ₹ 7.60 million bank guarantee has been furnished) for assessment of F.Y. 2010 - 11 which has been stayed by Hon'ble High Court of H.P. The Company has not provided any further liability for assessment of the relevant financial year as the amount for same is not ascertainable.
- (u) In respect of Shreerant Construction Private Limited, a SLP was filed in the Supreme Court by the State Govt. of Arunachal Pradesh against the judgment of the Hon'ble Guwahati High Court in favour of the Company abolishing the Arunachal Pradesh Goods Taxation Act, 2005 as it was unconstitutional in nature. Still the matter is pending before the Supreme Court and hearings are going on. Further, a Writ petition was filed by the Company in the Guwahati High Court challenging the validity of newly enacted Arunachal Pradesh Entry Tax Act,2010. The Hon'ble Court has granted interim stay on the payment of Entry Tax subject to the furnishing of Bank Guarantee of the equivalent amount. The matter is still pending and final judgment is yet to be delivered. But in case of adverse judgment there may be outflow towards Entry Tax liability on import of goods from outside of Arunachal Pradesh. However the management feels that likelihood of outflow of resources is remote.
- (v) Company has provided a "cost overrun undertaking" for its wholly owned subsidiary, (B.E.D.L) now Associate with effect from 30.03.2016 to a lender.
- (w) The Company had received an statement of service tax not levied/not paid in terms of the provisions of section 73 (1A) of the finance act 1994 from the learned Commissioner of Service Tax for the period April, 2014 to March, 2015 demanding service tax (net of service tax collected) amounting to ₹ 65.58 million (P.Y. ₹ Nil).
- (x) Notice of Demand under Section 156 of the Income Tax Act , 1961 for Patel Realty (India) Limited for A.Y. 2012-13 a sum of ₹ 1.22 million, the subsidiary has filed appeal against the order passed by DCIT.
- (y) Notice of Demand under Section 156 of the Income Tax Act , 1961 for Patel Realty (India) Limited for A.Y. 2013-14 a sum of ₹ 1.12 million, the subsidiary has filed appeal against the order passed by DCIT.
- 44 The Patel Realty (India) Limited (PRIL) pending litigations comprise of claims by or against the Company primarily by the customers / contractors / suppliers, etc. and proceedings pending with tax and other government authorities. PRIL has reviewed its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. PRIL does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. In respect of litigations, where the management assessment of a financial outflow is probable, PRIL has made adequate provision of ₹ Nil (P.Y ₹ 0.35 million) and appropriate disclosure for contingent liabilities.
- 45 "In one Subsidiary Company of Patel Realty (India) Limited namely Bellona Estate Developers Limited (i.e. BEDL), the lender Banks of the BEDL (Union Bank of India, Vijaya Bank and Syndicate Bank) formed the Joint Lenders Forum ('JLF') as per circular DBR.BP.BC.No. 101/21.04.132/2014-15 of Reserve Bank of India ('RBI'). In the meeting of JLF held on October 29,2015, it was decided to invoke the option of Strategic Debt Restructuring ('SDR') under which the lenders converted part of their loans and interest outstanding into Equity Shares of the company so as to hold 51% shareholding in the BEDL.  
The Board of Directors (the Board) of the BEDL approved SDR in its meeting held on January 12,2016 as also agreed to allot 2,60,205 Equity Shares in the Company to JLF. For this purpose, authorised capital of the BEDL was increased from present ₹ 25,00,000 to ₹ 52,00,000 vide a resolution passed by members of the BEDL in the Extra Ordinary General meeting held on January 13, 2016. Accordingly, shareholders agreement was executed between the BEDL and JLF member Banks on March 30,2016 and upon allotment of shares to member Banks of JLF, BEDL has ceased to be subsidiary of PRIL on and from March 30, 2016.
- 46 In terms of provisions of section 135 of the Companies Act, 2013 and rules thereunder, the company is required to spend an amount of ₹ 10.20 million (P.Y. ₹ 8.90 million) during the financial year on Corporate Social Responsibility (CSR). However, the company has not spent the requisite amount during this financial year.

## NOTES to consolidated financial statement for the year ended March 31, 2016

- 47 PEL Port Private Limited was primarily incorporated to build a captive port to cater to the needs of PEL Power Limited 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 Limited 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 Limited are compiled on "going concern" basis.
- 48 In one of the subsidiary of PRIL, viz, Bellona Estate Developers Limited (BEDL), despite of losses and negative net worth in the financial statement of BEDL have been presented under "going concern" assumption considering the valuation of the project carried out by a valuer on behalf of lending bank and proposed action plan of the lending bank under SDR package.
- 49 Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiaries / associates / joint ventures.

Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in profit and loss	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
<b>Parent</b>				
Patel Engineering Limited	97.92%	16,809.46	10.01%	(186.91)
<b>Subsidiaries</b>				
<b>Indian</b>				
1 Patel Realty (India) Limited	6.73%	1,155.80	1.20%	(22.42)
2 Patel Energy Resources Limited	11.02%	1,890.85	0.80%	(14.91)
3 Patel Engineering Infrastructure Limited	0.52%	89.77	0.00%	-
4 Patel Concrete and Quarries Private Limited	0.00%	0.78	0.00%	(0.04)
5 Friends Nirman Private Limited	0.01%	1.88	-0.02%	0.45
6 Zeus Minerals Trading Private Limited	0.00%	0.34	0.00%	(0.05)
7 Patel Patron Private Limited	0.81%	139.09	0.01%	(0.15)
8 Patel Engineers Private Limited	0.55%	94.17	0.03%	(0.49)
9 Pandora Infra Private Limited	0.40%	69.00	0.00%	(0.08)
10 Shashvat Land Projects Private Limited	0.45%	77.70	0.00%	(0.08)
11 Vismaya Constructions Private Limited	0.32%	54.14	0.00%	(0.07)
12 Bhooma Realties Private Limited	0.41%	70.96	0.01%	(0.13)
13 Patel Lands Limited	0.00%	0.38	0.00%	(0.03)
14 Energy Design Private Limited	-0.24%	(40.86)	0.55%	(10.34)
15 Shreeanant Construction Private Limited	-0.03%	(5.45)	0.92%	(17.23)
16 Michigan Engineers Private Limited	2.78%	477.81	-1.04%	19.40
<b>Foreign</b>				
1 Patel Engineering Inc.	2.86%	490.58	5.21%	(97.26)
2 Patel Engineering (Mauritius) Limited	-0.99%	(170.02)	10.59%	(197.58)
3 Patel Engineering (Singapore) Pte. Limited	-3.70%	(635.18)	60.96%	(1,137.79)
4 Patel Engineering Lanka Limited	0.22%	38.25	-0.04%	0.77
5 ASI Constructors Inc.	12.30%	2,111.83	-4.43%	82.70
<b>Joint Ventures</b>				
1 Patel Michigan JV	0.07%	11.82	-0.04%	0.66
2 CICO Patel JV	0.28%	48.72	-0.13%	2.39
3 Patel SEW JV	2.02%	346.83	-0.10%	1.83
4 KNR Patel JV	-0.10%	(17.94)	-7.98%	148.95
5 Patel KNR JV	0.06%	11.14	-0.24%	4.46
6 Navyuga-Patel - BHEL Consortium	4.43%	761.03	-0.17%	3.13
7 Patel V Arks Precision Consortium	0.03%	5.06	-0.03%	0.63
8 Patel SOMA JV	0.02%	3.47	-0.33%	6.23

## NOTES to consolidated financial statement for the year ended March 31, 2016

9	Patel V Arks JV	0.01%	2.10	-0.01%	0.14
10	Patel APCO JV	0.18%	30.97	-0.01%	0.12
11	ERA Patel Advance JV	0.00%	0.76	0.00%	0.01
12	Patel Avantika Deepika BHEL Consortium	0.03%	4.35	0.00%	(0.02)
<b>Associate (as per proportionate consolidation/Investment as per the equity method)</b>					
1	Patel KNR Infrastructure Limited	0.55%	93.60	3.00%	(56.07)
2	ACP Tollways Private Limited	9.19%	1,576.83	1.53%	(28.60)
3	Raichur Sholapur Transmission Company Limited	1.46%	249.80	0.64%	(11.95)
4	TERRA Land Developers Limited	-1.19%	(203.64)	0.00%	(0.02)
5	Pan Realtors Private Limited	0.75%	129.54	-0.06%	1.15

### 50 Derivative transactions :

Foreign currency exposure that are not hedged by derivative instruments as on March 31, 2016 amounting to ₹ -266.93 million (P.Y ₹ -405.06 million).

Foreign currency exposure outstanding at

Currency	₹ in Million	
	March 31, 2016	March 31, 2015
USD	(143.25)	(169.40)
EURO	(496.64)	(510.75)
SGD	87.90	62.86
JPY	21.30	18.93
MUR	214.64	181.52
LKR	48.95	11.74
CNY	-	0.02
OMANI RIAL	-	0.02
NPR	0.16	Nil

### 51 Exceptional items comprises of-

- Net amount of ₹ 46.07 million of Patel Realty (India) Limited, (PRIL) a subsidiary of the company; being compensation towards delay in possession, advances/sundry balances written off and write back of liabilities.
- Net amount of ₹ 32.06 million of Patel Engineering Inc, a subsidiary of the company; being increase in profit due to difference in audited and un-audited accounts for the FY 2014-15.
- Net amount of ₹ 1100.42 million of Patel Engineering Singapore Pte Limited, a subsidiary of the company; towards impairment of deferred exploration cost and doubtful advances
- Net amount of ₹ 177.64 million of Patel Engineering Mauritius Limited, a subsidiary of the company; for writing off pre-operative expenses and provision for impairment of plant and equipment.

### 52 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 and 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. The companies' liabilities for long term employee benefits (gratuity/leave encashment) are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gain and losses are recognized in

## NOTES to consolidated financial statement for the year ended March 31, 2016

the Statement of Profit and Loss as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yield on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

II Disclosures for defined benefit plan based on actuarial reports as on March 31, 2016 and March 31, 2015:

### (i) Expenses recognized in the Statement of Profit and Loss :

(₹ in Million)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (unfunded)
Current service cost	10.26	1.33	14.76
	(7.17)	(1.66)	(9.24)
Interest cost	(0.08)	0.41	3.49
	(1.95)	(0.41)	(3.44)
Expected return on plan assets	-	-	-
	(-1.57)	(-)	(-)
Net actuarial gain /(loss)	6.81	7.13	(9.62)
	(-5.99)	(1.06)	(5.79)
<b>Total expenses recognized in the Statement of Profit and Loss</b>	<b>17.00</b>	<b>8.87</b>	<b>8.64</b>
	<b>(1.56)</b>	<b>(3.13)</b>	<b>(18.46)</b>

### (ii) Reconciliation of the present value of defined benefit obligation and the fair value of assets (amount recognized in balance sheet):

Present value of funded obligation as at year end	(47.52)	(3.67)	(49.62)
	(-31.47)	(-5.09)	(43.66)
Fair value of plan assets as at year end	38.95	-	-
	(32.49)	(-)	(-)
<b>Funded (asset)/liability recognized in the balance sheet</b>	<b>(8.57)</b>	<b>(3.67)</b>	<b>(49.62)</b>
	<b>(1.02)</b>	<b>(-5.09)</b>	<b>(43.66)</b>

### (iii) Changes in defined benefit obligation :

Liability at the beginning of the year	31.47	5.09	43.66
	(20.90)	(4.37)	(36.98)
Interest cost	2.52	0.41	3.49
	(1.95)	(0.41)	(3.44)
Current service cost	10.26	1.33	14.76
	(7.17)	(1.66)	(8.45)
Benefit Paid	(3.71)	(1.57)	(2.68)
	(-1.16)	(-2.41)	(-11.80)
Actuarial (gains) / losses on obligations	6.98	7.13	(9.62)
	(2.62)	(1.06)	(5.79)
<b>Liability at the end of the year</b>	<b>47.52</b>	<b>12.41</b>	<b>49.62</b>
	<b>(31.47)</b>	<b>(5.09)</b>	<b>(43.66)</b>

### (iv) Changes in the fair value of plan assets:

Fair value of plan assets at the beginning of the year	32.49	-	-
	(18.04)	(-)	(-)
Expected return on plan assets	2.60	-	-
	(1.57)	(-)	(-)
Contributions	7.40	-	-
	(5.44)	(-)	(-)
Benefit paid	(3.71)	-	-
	(-1.16)	(-)	(-)
Actuarial gain on plan assets	0.17	-	-
	(8.61)	(-)	(-)



## NOTES to consolidated financial statement for the year ended March 31, 2016

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (unfunded)
Fair value of plan assets at the end of the year	38.95 (32.50)	- (-)	- (-)
<b>Total actuarial gain to be recognized</b>	6.81 (5.99)	- (-)	- (-)
<b>(v) Actual return on plan assets</b>			
Expected return on plan assets	2.60 (1.57)	- (-)	- (-)
Actuarial gain on plan assets	0.17 (8.61)	- (-)	- (-)
<b>Actuarial gain on plan assets</b>	2.77 (10.18)	- (-)	- (-)
<b>(vi) The Company expects to contribute ₹ 20.16 million (P.Y. ₹ 9.23 million) to gratuity funded plan in FY 2016-17.</b>			
<b>(vii) Percentage of each category of plan assets to total fair value of plan assets:</b>			
Insurer managed funds	100% 100%	100% 100%	100% 100%
<b>(viii) In accordance with the Accounting Standard- 15 (Revised 2005), actuarial valuation was performed based on the following assumptions:</b>			
Discount rate	8.06% (8.00%)	8.01% (7.96%)	8.06% (8.00%)
Rate of increase in compensation levels	5.00% (5.00%)	6.00% (5.00%)	5.00% (5.00%)
Expected rate of return on plan assets	8.06% (8.00%)	- -	- -
Attrition rate	2.00% (2.00%)	5.04% (3.00%)	2.00% (2.00%)
Average age of retirement (years)	60 (60)	60 (60)	60 (60)
<b>(ix) Experience adjustments</b>			
On plan obligation (gain)/loss	- (1.20)	7.82 -	(9.37) (0.41)
On plan asset (loss)/gain	- (8.61)	- -	- -

### 53 Pension Plans

ASI Constructors Inc (ASI), a subsidiary of the Company participates in several multi-employer defined pension plans in connection with collective bargaining agreements with the various unions. The plans cover all employees who are members of the unions. For the years ended March 31, 2016 and 2015, the pension expense was ₹ 122.42 million (\$ 1,852,053) and ₹ 25.24 million (\$403,653), respectively.

ASI's participation in these plans for the annual period ended March 31, 2016, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2016 and 2015 is for the plan's year beginning in 2015 and 2014, respectively. The zone status is based on information that ASI received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The funding status of the plans for plan years beginning in 2016 was not readily available at the time these financial statements were issued. The last column lists the expiration dates of the collective-bargaining agreements to which the plans are subject.

## NOTES to consolidated financial statement for the year ended March 31, 2016

Pension Fund		MN Laborers Central Pension Fund	Central Laborers' Pension Funds	Twin City Carpenters & Joiners Fringe Benefit Fund	Building Trades United Pension Trust Fund	Laborers' District Council and Contractors' Pension Fund Of Ohio	Ohio Operating Engineers Pension Fund	Minnesota Cement Masons and Plasterers Pension Fund	Central Pension Fund of the International Union of Operating Engineers and participating Employers (MN and IL)
EIN/Pension Plan Number		"41-6159599 / 001 "	37-6052379 / 001	41-6043137 / 001	51-6049409 / 001	31-6129964 / 001	31-6129968 / 001	51-6096906 / 001	36-6052390 / 001
Pension Protection Act Zone Status (plan year beginning)	2015	Green	Red	Yellow	Green	Green	Green	Green	Green
	2014	Green	Red	Yellow	Green	Green	Green	Green	Green
FIP/RP Status Pending/implemented		N/A	RP Implemented	RP Implemented	RP Implemented	N/A	N/A	N/A	N/A
Contributions of ECI, Inc.	2016	44.14	25.43	7.34	0.15	1.49	4.80	0.96	38.11
	2015	16.57	0.30	3.98	-	-	-	-	4.39
Surcharge imposed		N/A	No	No	No	No	No	No	N/A
Expiration Date of Collective Bargaining Agreement		April 30, 2017	April 30, 2017	April 30, 2017	May 31, 2017	April 30, 2016	April 30, 2017	March 31, 2017	April 30, 2017

54

- a) Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.  
b) Figure in brackets indicates amounts pertaining to previous year.

As per our report of even date

**For and on behalf of Board**

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

**Rupen Patel**  
Managing Director  
DIN : 00029583

**Pravin Patel**  
Executive Chairman  
DIN : 00029453

**Kavita Shirvaikar**  
Chief Financial Officer

**CA B. K. Vatsaraj**  
Partner  
Membership No. 39894

**Shobha Shetty**  
Company Secretary

November 11, 2016  
Mumbai



# Independent Auditors' Report

## TO THE MEMBERS OF PATEL ENGINEERING LIMITED REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of Patel Engineering Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to:

- (a) Note no 4.1 to the standalone financial statements, As per Section 71 of Companies Act, 2013 the Company has created adequate Debenture Redemption Reserve for the Secured Redeemable Non-Convertible Debenture issued by the Company. However, in terms of Section 71 read with Rule 18(7)(C) of Companies Share Capital and Debentures Rules, 2014, the Company has not made the required deposit/ investment to secure the repayment of debentures maturing during 2015-16. Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- e) on the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. the Company has disclosed the impact of pending litigations as at March 31, 2016 on its financial position in its standalone financial statements to the extent determinable/ascertainable. - Refer Note 41 to the standalone financial statements;
- ii. the Company has made provision as at March,31,2016 as required under the applicable law or accounting standard, for material foreseeable losses, if any, on long term contract.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

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

**CA B. K. Vatsaraj**  
Partner  
Membership NO.: 39894

May 30, 2016  
Mumbai

## Annexure A to Independent Auditors' Report

**Referred to in paragraph 1 under "Report on Other Legal and Regulatory requirement" section of our report of even date to the members of Patel Engineering Limited on the Standalone Financial Statements for the year ended March 31, 2016.**

- i (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) During the year, fixed assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties recorded as fixed assets in the books of accounts of the Company as on March 31, 2016 are held in the name of the Company, except for the details given below:

In respect of Freehold lands with gross block and net block of ₹ 30.45 million and Building with gross block of ₹ 5.53 million and net block of ₹ 3.96 million.

- ii The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- iii According to information and explanation given to us, the Company's has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnership firm or other parties, covered in the register maintained under section 189 of the Companies Act 2013 . Accordingly Paragraph 3 (iii)(a), 3 (iii)(b) and 3(iii)(c) of the Order are not applicable to the Company.
- iv In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies

Act, 2013, to the extent applicable, in respect of the loans, investments, guarantees and security.

- v The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly Paragraph 3(v) of the Order is not applicable to the Company.
- vi We have broadly reviewed the books of accounts maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost record under sub section (1) of section 148 of the Companies Act in respect to company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete
- vii (a) According to the information and explanations given to us and the records of the Company examine by us, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other statutory dues, as applicable, have been generally regularly deposited with the appropriate authorities except for the Sales Tax, Entry Tax, Service Tax, Municipality Tax, Income Tax and Professional Tax amounting to ₹ 280.17 million outstanding as on the last day of the financial year for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us and the records of the Company examine by us, the disputed statutory dues aggregating ₹ 3514.50 Million that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Particulars	Financial Year to which amount relates	Amounts in Million (₹)	Forum where dispute is pending
The Sales Tax Act	2001-2002 to 2003-2004	14.99	Appellate Tribunal
	2005-2006	0.50	Joint Commissioner of Sales tax (A)-II, Mumbai
	2005-2006, 2006-2007 and 2009-2010	32.78	Appellate Tribunal, Kolkata
	2007-2008	10.74	Deputy Commissioner Appellate -III, Mumbai
	2007-2008, 2008-2009 and 2010-2011	28.26	Senior Joint Commissioner , Siliguri
Entry Tax	2010-2011	7.57	High Court
The Finance Act, 1994	2007-2008 to 2012-2013	323.20	Custom , Excise and Service Tax Appellate Tribunal
	April 2003 to July 2006	2.54	
	October 2009 to September 2010	108.31	
	June 2007 to September 2009	631.88	
The Income Tax Act, 1961	2007-2008 to 2009-2010 and 2011-2012 to 2012-2013	2353.73	Commissioner of Income Tax (Appeals)
		<b>3514.50</b>	

viii There are no loans or borrowings payable to government. The Company has defaulted in repayment of following dues to the financial institution, banks and debenture holders during the year, which were paid on before the balance sheet date.

**Debenture Holders** (₹ in Million)

	Days	Principal	Interest
Axis Bank – Non-Convertible	1-30	-	22.90
	31-60	-	13.10
	61-90	500.00	54.91
GIC- Non-Convertible	>90	-	0.03
LIC- Non-Convertible	1-30	-	6.74
	61-90	-	44.22
	>90	-	37.19

**Banks** (₹ in Million)

	Days	Principal	Letter of Credit	Interest
DBS Bank	1-30	-	-	48.96
	31-60	1545.67	-	61.26
	61-90	122.00	-	118.81
HDFC Bank	1-30	-	-	1.50
	31-60	4.05	-	2.86
	61-90	33.35	-	10.19
Canara Bank	1-30	8.99	-	75.67
	31-60	0.25	-	12.92
Bank Of Baroda	1-30	-	882.39	98.46
	31-60	-	131.20	26.07
Bank of India	1-30	48.95	398.52	124.92
	31-60	7.82	1095.17	110.06
	61-90	2.30	-	64.84
IDBI Bank	1-30	75.00	-	92.68
	31-60	-	-	57.67
	61-90	-	-	42.93
Bank of Maharashtra	1-30	1.20	278.28	344.35
	31-60	-	51.55	176.52
Ratnakar Bank	1-30	-	-	2.74
	31-60	-	-	5.51
Axis Bank	1-30	-	211.36	25.18
	31-60	-	80.00	44.62
	61-90	-	127.60	43.83
Dena Bank	1-30	250.00	149.91	154.44
	31-60	-	-	146.52
	61-90	569.21	-	190.01
Indusind bank	1-30	-	-	22.02
	31-60	-	-	21.79
	61-90	-	-	13.70
State Bank of Patiala	1-30	-	-	36.26

ICICI Bank	1-30	-	1402.57	70.18
	31-60	-	648.94	24.42
	61-90	-	181.54	-
Society General Bank	1-30	-	-	54.83
	31-60	-	-	5.03
	61-90	-	-	41.60
Standard Chartered Bank	1-30	47.00	-	80.52
	31-60	-	-	102.18
	61-90	-	-	71.35
Exim Bank	1-30	-	-	83.75
Corporation Bank	1-30	-	-	51.53
	31-60	-	-	16.13

**Financial Institutions** (₹ in Million)

	Days	Principal	Interest
Sicom India Ltd	1-30	-	18.57

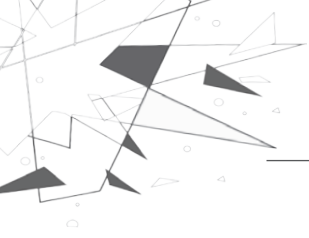
The Company has defaulted in repayment of following dues to the financial institution, banks and debenture holders during the year, which were not paid as at the balance sheet date:

**Debenture Holders** (₹ in Million)

	Days	Principal	Interest	Total
GIC- Non-Convertible	1-30	100.00	43.66	143.66
Axis Bank	1-30	100.00	39.10	139.10

**Banks** (₹ in Million)

	Days	Principal	Letter of Credit	Interest	Total
DBS Bank	1-30	-	-	9.59	9.59
	31-60	-	-	0.11	0.11
	61-90	-	-	0.11	0.11
HDFC Bank	1-30	4.42	-	1.03	5.45
	31-60	4.38	-	1.07	5.45
	61-90	4.34	-	1.10	5.44
Canara Bank	1-30	-	-	7.72	7.72
Bank of Baroda	1-30	-	257.52	7.59	265.11
	31-60	-	6.21	-	6.21
Bank of India	31-60	-	22.04	30.38	52.42
IDBI Bank	31-60	400.00	-	4.15	404.15
Bank of Maharashtra	1-30	-	-	0.46	0.46
	31-60	-	-	11.16	11.16
Ratnakar Bank	31-60	-	-	2.43	2.43
Axis Bank	1-30	-	25.00	2.39	27.39
	31-60	-	-	28.32	28.32
Dena Bank	1-30	-	-	0.02	0.02
Society General Bank	31-60	-	-	22.73	22.73



Standard Chartered Bank	31-60	-	-	34.10	34.10
	61-90	12.39	-	0.30	12.69
	>90	82.62	-	2.82	85.44
ICICI Bank	1-30	22.50	73.39	-	95.89
Corporation Bank	1-30	-	-	0.26	0.26

- ix The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). According to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- x During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to information and explanation given to us, we have neither come across any instance of fraud on or by the Company, its officers or employees, noticed or reported during the period, nor have we been informed of such case by the management.
- xi According to the information and explanations given to us, the Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii In our opinion and according the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii According to the information and explanation given to us

and based on our verification of the records of the Company and on the basis of review and approval by the Board and Audit Committee, the transactions with related parties are in compliance with Section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

- xiv According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- xv According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Vatsaraj & Co.**  
Chartered Accountants  
Firm Registration Number: 111327W

**CA B. K. Vatsaraj**  
Partner  
Membership Number: 39894

May 30, 2016  
Mumbai

## Annexure B to Independent Auditors' Report

Referred to in paragraph 2(f) under "Report on Other Legal and Regulatory requirement" section of our report of even date to the members of Patel Engineering Limited on the Standalone Financial Statements for the year ended March 31, 2016.

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

- We have audited the internal financial controls over financial reporting of Patel Engineering Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

- The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

- Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
- Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

- A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
  - Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - Provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
  - Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

- Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

- In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Vatsaraj & Co.**  
 Chartered Accountants  
 Firm Registration Number: 111327W

**CA B. K. Vatsaraj**  
 Partner  
 Membership Number: 39894

May 30, 2016  
 Mumbai



# BALANCE SHEET

as at March 31, 2016

		(₹ in million)	
	Notes	As At March 31, 2016	As At March 31, 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	2	76.81	76.81
(b) Reserves and surplus	3	16,732.65	16,916.30
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	4	16,307.59	16,756.82
(b) Other long term liabilities	5	7,257.23	6,040.86
(c) Long-term provisions	6	47.18	34.10
<b>3. Current liabilities</b>			
(a) Short-term borrowings	7	24,729.38	20,562.26
(b) Trade payables	8	4,880.06	5,823.20
(c) Other current liabilities	9	8,489.69	8,001.84
(d) Short-term provisions	6	11.60	12.62
<b>TOTAL</b>		<b>78,532.19</b>	<b>74,224.81</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets	12		
(i) Tangible assets		1,803.40	2,142.09
(ii) Intangible assets		1.91	2.68
(iii) Capital work-in-progress		30.63	42.25
		1,835.94	2,187.02
(b) Non-current investments	10	5,964.79	6,056.97
(c) Deferred tax assets (net)	11	259.31	103.28
(d) Long-term loans and advances	13	16,986.62	15,747.12
(e) Non current trade receivables	15	7,539.37	8,526.84
(f) Other non current assets	16	92.14	70.63
<b>2. Current assets</b>			
(a) Inventories	14	37,700.95	30,963.94
(b) Trade receivables	15	2,066.21	4,351.32
(c) Cash and bank balances	16	367.12	815.63
(d) Short-term loans and advances	13	5,682.68	5,395.68
(e) Other current assets	17	37.06	6.38
<b>TOTAL</b>		<b>78,532.19</b>	<b>74,224.81</b>
Summary of significant accounting policies	1		

The notes referred to above form an integral part of these financial statements

As per our report of even date

For and on behalf of Board

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

**Rupen Patel**  
Managing Director  
DIN : 00029583

**Pravin Patel**  
Executive Chairman  
DIN : 00029453

**Kavita Shirvaikar**  
Chief Financial Officer

**CA B. K. Vatsaraj**  
Partner  
Membership No. 39894

**Shobha Shetty**  
Company Secretary

May 30, 2016  
Mumbai

## STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

	Notes	Year ended March 31, 2016	Year ended March 31, 2015
(₹ in million)			
<b>I Revenue from operations</b>	18	26,149.42	24,728.08
<b>II Other income</b>	19	2,295.20	1,954.17
<b>III Total revenue (I + II)</b>		<b>28,444.62</b>	<b>26,682.25</b>
<b>IV Expenses</b>			
Cost of construction	20	18,139.67	17,932.75
Purchase of stock-in-trade		92.86	-
Employee benefits expense	21	1,132.03	957.02
Finance costs	22	5,885.39	5,522.93
Depreciation and amortization expense	12	447.34	519.18
Other expenses	23	2,893.83	1,531.69
<b>Total expenses</b>		<b>28,591.12</b>	<b>26,463.56</b>
<b>V Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)</b>		<b>(146.50)</b>	<b>218.69</b>
VI Exceptional items	23 A	189.99	-
<b>VII Profit / (Loss) before extraordinary items and tax (V - VI)</b>		<b>(336.49)</b>	<b>218.69</b>
VIII Extraordinary items		-	-
<b>IX Profit/(Loss) before tax (VII- VIII)</b>		<b>(336.49)</b>	<b>218.69</b>
<b>X Tax expense:</b>			
(1) Current tax	25	6.46	172.06
(2) Deferred tax	25	(156.04)	(72.23)
<b>XI Profit / (Loss) for the Year (IX-X)</b>		<b>(186.91)</b>	<b>118.86</b>
<b>XII Earnings per equity share:</b>			
(1) Basic	28	(2.43)	1.55
(2) Diluted		(2.43)	1.55
Summary of significant accounting policies	1		

The notes referred to above form an integral part of these financial statements

As per our report of even date

For and on behalf of Board

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

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Partner  
Membership No. 39894

**Shobha Shetty**  
Company Secretary

May 30, 2016  
Mumbai

# CASH FLOW STATEMENT

for the year ended March 31, 2016

(₹ in Million)

	2016	2015
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT/(LOSS) BEFORE TAX AND EXTRA-ORDINARY ITEMS	(336.49)	218.68
Adjustment for:		
Depreciation/ amortisation	447.34	519.18
Finance Charges	5,885.39	5,522.93
Interest and dividend received	(1,714.14)	(1,534.46)
Foreign exchange loss/ (gain)	46.75	(4.77)
Provision for leave salary	5.61	6.71
Provision for gratuity	6.45	2.15
Profit on sale of investment	-	(33.50)
Provision for impairment	189.99	-
Profit on sale of assets	(174.96)	(140.95)
Excess credit written back	(141.53)	(137.41)
Irrecoverable debts & advances written off	2,270.46	857.84
ESOP compensation expenses	0.33	1.91
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>6,485.20</b>	<b>5,278.30</b>
Adjustment for changes in:		
Trade & other receivables	1,545.28	2,058.82
Inventories	(6,737.01)	(5,721.21)
Trade payable, liabilities and provisions (excluding Proposed Dividend & Income tax)	43.43	(1,844.13)
<b>Cash from / (used in) operations</b>	<b>1,336.90</b>	<b>(228.21)</b>
Direct tax paid	(427.49)	(324.97)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES (A)</b>	<b>909.41</b>	<b>(553.18)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work in progress and capital advances)	(197.80)	(110.83)
Sale of fixed assets	239.17	219.90
Increase in loans to subsidiaries/ JV/ associates	(975.44)	(728.29)
Investments in subsidiaries/ JV/ associates	(2.28)	(447.34)
Divestment in subsidiaries	-	14.36
Sale of investments	-	332.63
(Increase)/ decrease in other bank balances	(3.26)	(23.02)
Interest and dividend received	835.38	272.93
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(104.23)</b>	<b>(469.65)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	3,937.89	7,933.95
Repayment of long term borrowings	(3,438.41)	(2,175.08)
Increase in other borrowings (Net)	4,167.12	167.90
Dividend paid	(0.35)	(0.86)
Finance charges	(5,857.91)	(5,158.76)
<b>NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)</b>	<b>(1,191.66)</b>	<b>767.14</b>
<b>Net decrease in cash &amp; cash equivalent (A+B+C)</b>	<b>(386.49)</b>	<b>(255.70)</b>
<b>Opening balance of cash &amp; cash equivalents</b>	<b>782.30</b>	<b>1,033.23</b>
<b>Balance of cash &amp; cash equivalents</b>	<b>395.81</b>	<b>777.53</b>
<b>Notes to cash flow statement</b>		
<b>Cash and cash equivalents</b>		
Cash on hand & balance with banks	349.06	782.30
Effect of exchange rate changes	46.75	(4.77)
Closing cash and cash equivalents as restated	395.81	777.53

The Notes referred to above form an integral part of these financial statements

As per our report of even date

For and on behalf of Board

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

**Rupen Patel**  
Managing Director  
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Partner  
Membership No. 39894

**Shobha Shetty**  
Company Secretary

May 30, 2016  
Mumbai

## NOTES to financial statement for the year ended March 31, 2016

### NOTE : 1

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of preparation

The financial statements of Patel Engineering Limited ("the Company or PEL") have been prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, read with rule 7 to the Companies (Accounts) Rules 2014 in respect of section 133 to the Companies Act, 2013. The financial statements are prepared under the historical cost convention, on an accrual basis of accounting. The accounting policies applied are consistent with those used in the previous year.

##### (b) Use of estimates

The preparation of financial statements, in conformity with Generally Accepted Accounting Principles, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the result of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognized in the period in which they are determined.

##### (c) Fixed asset

###### i) Tangible fixed assets :

Fixed assets are stated at cost of acquisition including attributable interest and finance costs till the date of acquisition/ installation of the assets and improvement thereon less accumulated depreciation and accumulated impairment losses, if any.

###### ii) Intangible assets:

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciations / amortization and impairment loss, if any. Fixed Assets costing ₹ 5,000 or less are not capitalised and charged to the Statement of Profit and Loss."

##### (d) Depreciation

As per the Schedule II of the Companies Act 2013, effective 1st April 2014, the management has internally reassessed the useful lives of assets to compute depreciation wherever necessary, to conform to the requirements of the Companies Act, 2013 which is:

Assets	Estimated useful life
<b>Tangible Assets:</b>	
Factory Building/ Building	28/60 years
Machinery/ Ship	8 ½ years
Motor Cars/ Motor Truck	8 years
Furniture/ Electrical Equipments	6 years
Office Equipments	5 years
<b>Intangible Assets:</b>	
Computer / Software	3 years

##### (e) Impairment of assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised in the statement of profit and loss whenever the carrying

amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

##### (f) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Current investments are carried in the financial statements at lower of cost or fair value determined on an individual investment basis. Non-current investments are carried at cost and provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

##### (g) Inventories

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost (on weighted average basis), or net realisable value, whichever is lower and Work-in-progress of construction contracts at contract rate as per AS-7. 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.

Project Work-in-progress is valued at contract rates and site mobilisation expenditure of incomplete contracts is stated at lower of cost or net realisable value.

##### (h) Recognition of income and expenditure

###### i) Accounting for construction contracts :

Revenue from contracts is recognised on the basis of percentage of completion method, based on the stage of completion at the balance sheet date, billing schedules agreed with the client on a progressive completion basis taking into account the contractual price and the revision thereto by estimating total revenue including claims / variations in terms of Accounting Standard 7 - Construction Contract and total cost till completion of the contract and the profit is recognised in proportion to the value of work done when the outcome of the contract can be estimated reliably. 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. Price/Quantity Escalation Claims and/or variations are recognised on acceptance of concerned authorities or on evidence of its final acceptability. Revenue in respect of other claims are accounted as income in the year of receipt of award. Revenue on Project Development is recognised 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.



## NOTES to financial statement for the year ended March 31, 2016

- ii) Revenue from building development is recognised on the percentage completion method of accounting. Revenue is recognised, 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 recognised 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 recognised in the same financial year.
- iii) Revenue from sale of goods is recognised when the substantial risk and rewards of ownership is transferred to the buyer, which is generally on despatch and the collectability is reasonably measured. Revenue from product sales are shown as net of all applicable taxes and discount.
- (i) 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. The contribution to joint venture along with share of profit/ loss accumulated in the Joint Venture is reflected as investments or loans & advances or current liabilities as per the nature of the transaction.
- (j) 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.
- (k) Financial derivative & hedging transactions**
- In respect of Financial Derivative & Hedging Contracts, gain / loss are recognized on Mark-to-Market basis and charged to Statement of Profit and Loss along with underlying transactions.
- (l) Retirement and other employee benefits**
- Contribution to Provident/Family Pension/Gratuity Funds are made to recognized funds and charged to the Statement of Profit and Loss. Provision for incremental liability in respect of Gratuity and Leave encashment is made as per independent Actuarial valuation at the year-end.
- (m) Taxation**
- Current tax:**
- Provision for current tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961.
- Deferred tax:**
- Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the balance sheet dates. The effect on the deferred tax assets and liabilities of a change in tax rate is recognised in the period that includes the enactment date. Deferred tax assets are recognised only to the extent there is virtual certainty of realization in future.
- (n) 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, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.
- Contingent Assets are neither recognised 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) 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.
- (q) Leases**
- Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as expense in the statement of profit and loss on a straight line basis over the lease term.

## NOTES to financial statement for the year ended March 31, 2016

### NOTE : 2 SHARE CAPITAL

	2016		2015	
	No. of shares	₹ in Million	No. of shares	₹ in Million
<b>a) Authorized</b>				
Equity shares of ₹ 1 each	230,000,000	230.00	230,000,000	230.00
Preference shares of ₹ 1 each	20,000,000	20.00	20,000,000	20.00
<b>b) Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 1 each	76,806,282	76.81	76,806,282	76.81
	<b>76,806,282</b>	<b>76.81</b>	<b>76,806,282</b>	<b>76.81</b>
<b>c) Terms/rights attached to equity shares</b>				
The Company has only one class of shares referred to as equity shares of ₹ 1/- each. Each holder of equity shares is entitled to the same rights in all respects.				
<b>d) i) Reconciliation of equity shares outstanding at the beginning and at end of the year</b>	<b>No. of shares</b>	<b>₹ in Million</b>	<b>No. of shares</b>	<b>₹ in Million</b>
Outstanding at the beginning of the year	76,806,282	76.81	76,244,325	76.24
Add :- Issued during the year	-	-	561,957	0.57
Outstanding at the end of the year	<b>76,806,282</b>	<b>76.81</b>	<b>76,806,282</b>	<b>76.81</b>
<b>ii) Reconciliation of Optionally Convertible Preference Shares outstanding at the beginning and at end of the year</b>	<b>No. of shares</b>	<b>₹ in Million</b>	<b>No. of shares</b>	<b>₹ in Million</b>
Outstanding at the beginning of the year	-	-	561,957	0.57
Add :- Issued during the year	-	-	-	-
Less:- Converted during the year	-	-	561,957	0.57
Outstanding at the end of the year	-	-	-	-
<b>e) Share held by each shareholder more than 5%</b>				
<b>Equity shares</b>				
<b>Name of the shareholder</b>	<b>No. of shares</b>	<b>% holding</b>	<b>No. of shares</b>	<b>% holding</b>
i) Patel Engineering Employees Welfare Trust	6,028,900	7.85	6,045,000	7.87
ii) Praham India LLP	16,744,424	21.80	16,744,424	21.80
iii) Patel Corporation LLP	18,665,257	24.30	18,665,257	24.30

f) 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 on May 23, 2014 have granted 22,400 options to 159 eligible employees of the Company and the subsidiaries. Out of the 22,400 options so granted, 16,100 options have been vested and exercised during the year at an exercise price of ₹ 1 per share.

g) The allotment committee at its meeting on March 21, 2014 allotted 69,79,131 optionally convertible preference shares(OCPS) to the promoters of the Company. On March 31, 2014, out of the said OCPS, 64,17,174 OCPS were converted into 64,17,174 Equity shares of ₹ 1 and allotted @ ₹ 57.5 (including premium of ₹ 56.5). On April 15, 2014, the balance 5,61,957 OCPS were converted into 5,61,957 Equity shares of ₹1 and allotted @ ₹ 57.5 (including premium of ₹ 56.5) in terms of Chapter VII of SEBI (ICDR) Regulation 2009.

## NOTES to financial statement for the year ended March 31, 2016

### NOTE : 3 RESERVES AND SURPLUS

	(₹ in Million)	
	2016	2015
<b>Capital Reserve</b>	266.51	266.51
<b>General Reserve</b>		
As per last balance sheet	2,136.97	2,076.97
Add: Amount transferred from debenture redemption reserve	275.00	287.50
	2,411.97	2,364.47
Less: Amount transferred to debenture redemption reserve	62.50	227.50
<b>Closing Balance</b>	2,349.47	2,136.97
<b>Securities Premium Reserve</b>		
As per last balance sheet	7,905.38	7,873.63
Add: Premium on conversion of OCPS to equity shares (Refer Note # 2(g))	-	31.75
Add: Premium on exercise of options (Refer Note # 2(f))	1.61	-
<b>Closing Balance</b>	7,906.99	7,905.38
<b>Debenture Redemption Reserve</b>		
As per last balance sheet	675.00	735.00
Add: Transfer from general reserve	62.50	227.50
	737.50	962.50
Less: Amount transferred to general reserve	275.00	287.50
<b>Closing Balance</b>	462.50	675.00
<b>Share options outstanding account</b>		
As per last balance sheet	2.24	-
Add:- Value of employee stock options issued	-	2.24
Less: Options exercised during the year	1.61	-
Less: Options lapsed during the year	0.63	-
<b>Closing Balance</b>	-	2.24
<b>Foreign currency monetary item translation difference</b>	-	(3.89)
<b>Surplus in the statement of profit and loss</b>		
As per last balance sheet	5,934.09	5,219.52
Add : Reversal of provision for tax ( Refer Note #25 (ii))	-	600.64
Add : Net profit/ (loss) for the year	(186.91)	118.85
	5,747.18	5,939.01
b) Appropriations for :		
Depreciation impact as per schedule II (Refer note 12 (4#))	-	4.92
<b>Closing Balance</b>	5,747.18	5,934.09
<b>Total Reserve and Surplus</b>	<b>16,732.65</b>	<b>16,916.30</b>

## NOTES to financial statement for the year ended March 31, 2016

### NOTE : 4 LONG TERM BORROWINGS

(₹ in Million)

	Non-Current		Current Maturities	
	2016	2015	2016	2015
<b>I Secured Loans</b>				
a Debentures <sup>1</sup>	1,500.00	2,550.00	1,050.00	1,100.00
b Term Loans				
- From Bank <sup>2</sup>	13,609.38	13,053.34	2,749.25	1,868.52
- From Others <sup>3</sup>	1,198.21	1,153.48	515.07	519.89
Amount disclosed under "Other Liabilities" in Note No. 9 (a)	-	-	(4,314.32)	(3,488.41)
	<b>16,307.59</b>	<b>16,756.82</b>	<b>-</b>	<b>-</b>

#### <sup>1</sup>Debentures

- a) 11.30% Secured Redeemable Non Convertible Debentures were 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 (P.Y. ₹ 1,500.00 Million) and are to be redeemed on September 17, 2022. The same is secured against charge on land held as stock in trade of the Company and its subsidiaries.
- b) 9.80% Secured Redeemable Non Convertible Debentures were allotted on July 20, 2009 for a period of 7 years. These debentures have a face value of ₹ 1.0 Million each aggregating to ₹ 550 Million (P.Y. ₹ 550 Million) repayable in a single installment, with a put / call option available and exercisable at par at the end of 5th year from the date of allotment. The same are secured against land held as stock in trade of the Company and its subsidiaries. Interest rate has been revised to 13.32% p.a. (P.Y. 13.16% p.a.) for IDBI w.e.f 19th September 2014 and in case of others it is 13.16% p.a. (P.Y. 13.16% p.a.) w.e.f. July, 2014.
- c) 11.40% Secured Redeemable Non Convertible Debentures were allotted on July 11, 2011 for a period of 5 years. These debentures have a face value of ₹ 0.10 Million each aggregating to ₹ 500 Million (P.Y. ₹ 1,000 Million). These debentures will be redeemed as follows: July 11, 2016 - ₹ 500 Million. The same is secured against land held as stock in trade of the Company and its subsidiaries. Interest rates on the same has been revised at 13% p.a. (P.Y. 13% p.a.)
- d) 10.75% Secured Redeemable Non Convertible Debentures was allotted on 3 March, 2011 for a period of 5 years. These debentures have a face value of ₹ 0.10 Million each aggregating to ₹ 200 Million (P.Y. ₹ 350 Million). These debentures would be redeemed as follows - March 3, 2016- ₹ 100 Million having interest rate at 13% p.a. (P.Y. 13% p.a.) and ₹ 100 Million (P.Y. ₹ 100 Million) having interest rate at 10.75% p.a. (P.Y. 10.75% p.a.). The same is secured against land held as stock in trade and subservient charge on all the fixed asset of the Company. The same is disclosed

under the head "Other Payable" in note no. 9 (b)

- e) 9.55% Secured Redeemable Non Convertible Debentures were allotted on April 26, 2010 for a period of 5 years. These debentures have a face value of ₹ 1.0 Million each aggregating to ₹ Nil (P.Y. ₹ 400 Million). The same are secured against immovable property and subservient charge on all the fixed assets of the Company. Interest rate on the same has been at 9.55% p.a. (P.Y. 9.55% p.a.).

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

As per Section 71 of the Companies Act, 2013 the Company has created adequate debenture redemption reserve for the above series of Secured Redeemable Non Convertible Debenture issued during the year. Further, in terms section 71 read with Rule 18(7)(c) of Companies Share Capital and Debentures Rules, 2014, the Company has failed to deposit/invest a sum of ₹ 187.50 Millions before April 30, 2015 to secure the repayments of debentures maturing during the year 2015-16. The debentures due to mature during the financial year 2015-16 amounted to ₹ 1,250 million including debentures stated at point no. 1(d) above, out of which debenture aggregating to ₹ 1,050 Million were repaid. The interest on NCD due and outstanding within 0-30 days of ₹ 43.66 Million.

#### <sup>2</sup>Term loan from banks

- a) Term loans also include the loans taken from Standard Chartered Bank in form of FCNR loan. Outstanding amount out of the same is ₹ 95.01 Million (P.Y. ₹128.97 Million) which was due before 20th January 2016 and rate of interest on the same has been LIBOR + 400 i.e. 4.23% p.a.
- b) The Term loans are secured by first charge on the specific assets acquired out of the term loan alongwith specifically identified unencumbered assets & guarantees. The rates of Interest for these loans vary between 10%-13% (floating) linked to monitoring institution's base rate, with a repayment period of 5-7 years respectively. Term loan includes Working Capital Term Loan (WCTL) secured by a First paripassu charge



## NOTES to financial statement for the year ended March 31, 2016

on the receivables more than 180 days, WIP, mortgage over certain lands owned by subsidiary companies, corporate guarantee and pledge of 30% shareholding of subsidiaries owning real estate lands. There is a negative lien on shareholding (up to 30% shares) of Patel Engineering Limited held by promoters. The promoters - Mr. Pravin Patel and Mr. Rupen Patel in their personal capacity and Ms. Sonal Patel, Mr. Bhimsen Batra & Mr. Muthu Raj to the extent of the value of the property given as security, owned by them in trust for the company, has provided personal guarantees for WCTL. Also, there is a charge on escrow accounts of PRIL & PEL, wherein cash flows will be deposited from real estate projects to be developed by respective companies.

Term loan amounting to ₹ 117.52 Million were due and outstanding as on 31/03/2016 comprises of ₹ 22.50 Million due within 0-30 days, ₹ 12.39 Million due within 60-90 days and ₹ 82.62 Million due for more 90 days. Interest on the term loans outstanding of ₹ 82.13

Million as on 31/03/2016 comprises of ₹ 8.33 Million due within 0-30 days, ₹ 72.60 Million due within 30-60 days, ₹ 0.30 Million due within 60-90 days and ₹ 0.90 Million due for more than 90 days.

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

Includes funds from Financial Institutions on Equipments, secured against the said Equipments. These loans carry an interest rate of average between 13%-14% on an average, with a repayment period of 3-5 years respectively. This Term Loan also includes Inter Corporate Deposits with an average rate of interest of 14%-15% with maturity period of 1-3 yrs. Principle due and outstanding on equipment loan of ₹ 13.13 Million as on 31/03/2016 comprises of ₹ 4.42 Million due within 0-30 days, 4.38 Million due within 30-60 days and ₹ 4.34 Million due within 60-90 days. Interest due and outstanding on equipment loan of ₹ 3.20 Million as on 31/03/2016 comprises of ₹ 1.03 Million due within 0-30 days, ₹ 1.07 Million due within 30-60 days and ₹ 1.10 Million due within 60-90 days.

### NOTE : 5 OTHER LONG TERM LIABILITIES

	(₹ in Million)	
	2016	2015
Trade Payables	2,876.96	1,652.07
Capital Creditors	24.75	59.63
<b>Other</b>		
Contractee Advances	4,355.52	4,328.84
Deposits	-	0.32
	<b>7,257.23</b>	<b>6,040.86</b>

### NOTE : 6 PROVISIONS

	(₹ in Million)			
	Long Term		Short Term	
	2016	2015	2016	2015
<b>Provision for employee benefits (Note 24)</b>				
Provision for Gratuity	7.86	0.37	0.18	1.21
Provision for Leave Entitlements	39.32	33.73	11.42	11.41
	<b>47.18</b>	<b>34.10</b>	<b>11.60</b>	<b>12.62</b>

### NOTE : 7 SHORT TERM BORROWINGS

	(₹ in Million)	
	2016	2015
<b>I. Secured loans</b>		
Short term loans		
- From Bank <sup>1</sup>	4,323.00	3,982.00
<b>Loans repayable on demand</b>		
- From Bank <sup>2</sup>	17,903.08	13,751.73
<b>II. Unsecured loans</b>		
- From Bank <sup>3</sup>	2,470.35	2,823.58
- From related parties	32.95	4.95
	<b>24,729.38</b>	<b>20,562.26</b>

## NOTES to financial statement for the year ended March 31, 2016

### <sup>1</sup>Short term loan

Includes loans by earmarking from bank gurantee limits and short term loans from various banks against various immovable properties of company at Interest rate of 12-13% p.a (PY 12-13% p.a) payable within a year. Principle amount due and outstanding of ₹ 685.77 Million as on 31/03/2016 comprises of ₹ 279.56 million due within 0-30 days and ₹ 406.21 Million due within 30-60 days. Interest outstanding on short term loans of ₹ 80.61 Million as on 31/03/2016 comprises of ₹ 12.09 Million due within 0-30 days, ₹ 68.40 Million due within 30-60 days and ₹ 0.11 Million due within 60-90 days.

### <sup>2</sup>Loans repayable on demand

Includes cash credit and working capital demand loan from various banks. These loans have been given against hypothecation of stocks, spare parts, book debts, work in progress & guarantees;

### Terms of repayment:

Cash credit- yearly renewal, Rate of interest ranges between 12.50%-15% p.a. (PY 12.50%-15% p.a.)

### <sup>3</sup>Unsecured loan

It includes short term loans from banks of ₹ 98.40 Million as on 31/03/2016 comprises of ₹ 73.39 Million due within 0-30 days, ₹ 25 Million due within 30-60 days.

## NOTE : 8

### TRADE PAYABLES

(₹ in Million)

	2016	2015
Micro small and medium enterprises <sup>1</sup>	4.66	5.15
Other Payables	4,875.40	5,818.05
	<b>4,880.06</b>	<b>5,823.20</b>

The Company has ₹ 4.66 Million (PY ₹ 5.15 Million) due to suppliers under the Micro Small and Medium Enterprise Development Act, 2006, as at March 31, 2016. Principal amount due to suppliers under the Act is ₹ 2.07 Million (P.Y. Rs 3.58 Million). Interest accrued and due to the suppliers on the above amount is ₹ 0.02 Million (P.Y. ₹ 0.28 Million). Payment made to the suppliers (other than interest) beyond appointed day during the year is ₹ 4.45 Million (P.Y. ₹ 5.41 Million). Interest paid to the suppliers under the Act is ₹ 0.57 Million (P.Y. ₹ Nil). interest due and payable to the suppliers under the Act towards payments already made is ₹ 2.57 Million (P.Y. ₹ 1.3 Million). Interest accrued and remaining unpaid at the end of the accounting year is ₹ 1.47 Million (P.Y. ₹ 1.58 Million). The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure u/s 23 of the MSMED Act, 2006 is ₹ 1.12 Million (P.Y. Nil).

The above information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 and has been determined to the extent such parties had been identified on the basis of information available with the Company and relied upon by the auditors.

## NOTE : 9

### OTHER CURRENT LIABILITIES

(₹ in Million)

	2016	2015
<b>a) Other Liabilities</b>		
Current maturities of long-term debt	4,314.32	3,488.41
Interest accrued but not due on borrowings	68.79	150.49
Interest accrued and due on borrowings	467.52	358.35
Contractee Advances	2,185.23	2,979.88
Unpaid Dividend	1.76	2.11
<b>b) Other Payables</b>		
Deposits	60.83	100.50
Payable to Employees	244.81	194.76
Unpaid matured debentures (Note no. 4 (1)(d))	200.00	150.00
Other Liabilities	900.27	552.67
<b>c) Balance in Current Account</b>		
(i) With Subsidiaries, associates	0.89	15.84
(ii) With Joint Ventures	45.27	8.83
	<b>8,489.69</b>	<b>8,001.84</b>

## NOTES to financial statement for the year ended March 31, 2016

### NOTE : 10 INVESTMENTS

	(₹ in Million)	
	2016	2015
<b>NON- CURRENT INVESTMENTS</b>		
<b>TRADE INVESTEMENTS:</b>		
<b>Investment in equity instruments</b>		
<b>Equity instruments-unquoted, at cost</b>		
<b>- In Subsidiaries</b>		
8,85,220 shares (8,85,220) of Michigan Engineers Pvt. Ltd., Face Value ₹ 10/- per share	111.86	111.86
10,00,00,000 shares (10,00,00,000) of Patel Realty (I) Ltd., Face Value ₹ 10/- per share	1,000.00	1,000.00
10,000 shares (10,000) of Shreeanant Construction Pvt. Ltd., Face Value ₹ 10/- per share	0.10	0.10
20,207 shares (20,207) of ASI Constructors INC. par value US \$ 0.0099 per share	170.54	170.54
	<b>1,282.50</b>	<b>1,282.50</b>
<b>Investment in redeemable preference shares</b>		
<b>- In Subsidiaries</b>		
50,000 shares (50,000) Shares of ASI Constructors Inc, Par value US\$ 100 per share	225.98	225.98
	<b>1,508.48</b>	<b>1,508.47</b>
<b>OTHER INVESTEMENTS:</b>		
<b>Equity Instruments - Quoted, At Cost</b>		
66,640 shares (66,640) of Kingfisher Airlines Ltd., Face Value ₹ 10/- per share (Written off in the financial year 2012-13)	-	-
<b>Equity Instruments - Unquoted, At Cost</b>		
<b>-In Subsidiaries</b>		
409,422 shares (4,09,422) of Patel Engineering Inc. of par value US \$0.001 per share	391.53	391.53
60,000 shares (60,000) of Zeus Minerals Trading Pvt.Ltd., F.V. ₹ 10/- per share	0.60	0.60
7,210,000 shares (7,210,000) of Bhooma Realties Pvt. Ltd., Face Value ₹ 10/-per share	72.28	72.28
7,880,000 shares (7,880,000) of Shasvat Land Projects Pvt. Ltd., Face Value ₹ 10/-per share	79.00	79.00
7,000,000 shares (7,000,000) of Pandora Infra Pvt. Ltd., Face Value ₹ 10/-per share	70.18	70.18
9,100,000 shares (9,100,000) of Patel Engineers Pvt. Ltd., Face Value ₹ 10/-per share	91.23	91.23
5,510,000 shares (5,510,000) of Vismaya Constructions Pvt. Ltd., Face Value ₹ 10/-per share	55.24	55.24
14,070,000 shares ( 14,070,000) of Patel Patron Pvt. Ltd., Face Value ₹ 10/-per 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
50,000 shares ( 50,000) of Patel Lands Ltd. Face Value ₹ 10/- per share	0.50	0.50
17,05,000 shares (17,05,000) of Patel Engineering Mauritius Ltd. Face Value Mauritius Rupee 10/- per share	25.76	25.76
33,000 shares (33,000) of Friends Nirman Pvt. Ltd. Face Value ₹ 10/- per share	24.15	24.15
100,000 shares ( 100,000) of Patel Concrete & Quarries Pvt . Ltd. Face Value ₹ 10/- per share	1.00	1.00
23,65,000 shares (23,65,000) of Patel Engineering Singapore Pte. Ltd. Face Value US \$ 1/- per share	94.46	94.46
20,90,00,000 shares ( 20,90,00,000) of Patel Energy Resources Ltd. Face Value ₹ 10/- per share	2,090.00	2,090.00
1 share (26,193,077 ) of Patel Engineering Lanka Ltd. face value LKR 1/- per share <sup>v</sup>	-	11.21
	<b>3,237.48</b>	<b>3,248.68</b>
Less : Provision for impairment (Refer Note No. 23 A)	94.46	-
	<b>3,143.02</b>	<b>3,248.68</b>

**NOTES** to financial statement for the year ended March 31, 2016

	2016	2015
<b>In associates</b>		
<b>Other investments</b>		
15,540,000 shares (15,540,000) 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
8,495,040 shares (8,495,040) of ACP Tollways Pvt. Ltd., Face Value ₹ 100/- per share	849.50	849.50
26,672,000 shares (26,672,000) of Raichur Sholapur Transmission Company Pvt. Ltd., Face Value ₹ 10/- per share	266.72	266.72
52,600 shares (51,000) of Pan Realtors Pvt. Ltd. Face Value ₹ 10 per share	4.35	0.51
	<b>1,276.22</b>	<b>1,272.38</b>
<b>Investment in redeemable preference shares</b>		
<b>Other investments - In subsidiaries</b>		
Nil shares (56,231,670) of Patel Engineering Lanka Ltd. Face Value LKR 1/- per share <sup>v</sup>	-	26.32
Investment in Government Securities <sup>iii</sup>	0.12	0.12
Investment in Partnership Firms <sup>iv</sup>	0.03	0.03
Share Application Money <sup>v</sup>	36.94	0.98
<b>TOTAL NON -CURRENT INVESTMENT</b>	<b>5,964.79</b>	<b>6,056.97</b>

- I. Aggregated amount of unquoted investments as at 31st March, 2016 ₹ 5,927.82 Million (P.Y. ₹ 6,055.96 Million)
- II. Aggregated amount of quoted investments as at 31st March, 2016 ₹ Nil, market value ₹ 0.09 Million ( P.Y. ₹ Nil, market value ₹ 0.11 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 has been reconstituted as follows :- the company 20% (P.Y. 20%), Ace Housing & Const. Ltd. 1% (P.Y. 1%) & Pravin Patel 79% (P.Y. 79%). A firm Patel Advance JV having nil fixed capital, partnership sharing has been as follows : the Company 26% (P.Y.27%), Advance Const. Co. Pvt. Ltd. 25% ( P.Y. 26%), Patel Realty (India) Ltd. Nil ( P.Y. 26%), Apollo Buildwell Pvt. Ltd. 25% (P.Y. 21%) & Advance Equipment Finance Pvt. Ltd. 24% (P.Y. Nil).
- V. The Company had invested in shares of subsidiary Patel Engineering Lanka Pvt. Ltd (PELPL) for which allotment was made by the Board of PELPL and accordingly share certificates were issued. But due to some technical reasons and to comply with the Law of Sri Lanka with respect to issue of shares, the said allotment was reversed by PELPL. Hence the investment made by the Company is shown as Share Application Money.

**NOTE : 11**  
**DEFERRED TAX ASSETS**

	(₹ in Million)	
	2016	2015
Retained to depreciation on fixed assets	40.10	41.32
Foreign currency monetary item reserve	-	(1.32)
Other disallowances under the income tax act	219.21	63.28
	<b>259.31</b>	<b>103.28</b>

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.

## NOTES to financial statement for the year ended March 31, 2016

Particulars	Gross Block		Depreciation and Amortization		Net Block	
	As at April 1, 2015	Addition Deduction/ Adjustment	As at Mar 31, 2016	For the year Adjustment	As at Mar 31, 2016	As at Mar 31, 2015
<b>TANGIBLE ASSETS</b>						
Land <sup>1</sup> *	171.29	0.10	170.70	-	-	170.70
Building <sup>2</sup> *	368.45	-	359.71	9.04	1.21	299.45
Plant and equipment @ & Furniture and fixtures	3,627.44	138.15	3,680.21	320.67	55.79	2,690.43
Vehicles <sup>3</sup>	34.16	0.61	34.77	1.62	-	31.01
Office equipments	1,210.22	32.24	1,137.72	105.34	68.90	812.98
Others <sup>4</sup>	37.23	0.55	37.76	1.45	-	36.16
Electric equipment	28.76	-	28.76	1.20	-	28.62
Computer equipments	35.87	2.43	37.99	2.29	0.09	32.72
	54.91	6.69	61.57	3.95	0.03	53.61
<b>Total</b>	<b>5,568.33</b>	<b>180.77</b>	<b>5,549.19</b>	<b>445.56</b>	<b>126.02</b>	<b>3,745.79</b>
						<b>1,803.40</b>
						<b>2,142.09</b>
<b>INTANGIBLE ASSETS</b>						
Computer software	56.65	1.01	47.17	1.78	10.49	45.26
<b>Total</b>	<b>5,624.98</b>	<b>181.78</b>	<b>5,596.36</b>	<b>447.34</b>	<b>136.51</b>	<b>3,791.06</b>
Previous Year	5,594.60	279.05	5,624.98	519.18	164.80	3,480.22

### Notes

- Land includes ₹ 7.71 Million (P.Y. ₹ 8.29 Million) held in the name of Directors, relatives of Directors and employees for and on behalf of the Company.
- Building includes Building [Gross Block ₹ 203.70 Million (P.Y. ₹ 212.44 Million), Accumulated Depreciation ₹ 19.81 Million (P.Y. ₹ 17.54 Million)] and Factory Building [Gross Block ₹ 156.01 Million (P.Y. ₹ 156.01 Million), Accumulated Depreciation ₹ 40.45 Million (P.Y. ₹ 34.88 Million)]
  - Includes ₹ 0.01 Million (P.Y. ₹ 0.02 Million) being the value of 180 shares and share deposits in Co - operative Societies

₹ in Million

Particulars	Gross Block		Acc Dep.	
	2015-16	2014-15	2015-16	2014-15
<b>3. Vehicles include</b>				
Motor Car	224.34	231.40	147.67	139.92
Motor Truck	910.59	976.51	663.87	635.37
Motor Cycle	2.79	2.29	1.43	1.25
<b>4. Other include</b>				
Ship	2.81	2.81	2.78	2.77
Rails and Trolley	25.94	25.94	25.84	24.65

- @ Includes Assets costing ₹ 9.21 Million (₹ 96.26 Million) not commissioned/erected/put to use, ₹ (-)0.12 Million (P.Y. ₹ 6.12 Million) towards exchange rate difference
- \* Deductions to Land and Building includes ₹ 0.58 Million (₹ Nil Million) transferred to Project Development Expenses
- & Deductions include assets written off amounting to ₹ 9.66 Million (P.Y. ₹ Nil) on account of accidental losses.
- # Consequent to the introduction of schedule II of the Companies Act, 2013 the useful of certain assets has been revised. Accordingly, depreciation for the year is higher by ₹ Nil (P.Y. 4.25 Millions) net of Deferred Tax of ₹ Nil (P.Y. 0.67 Millions) and the same adjusted in the accumulated balance of retained earnings.

## NOTES to financial statement for the year ended March 31, 2016

### NOTE : 13

#### LOANS AND ADVANCES

(₹ in Million)

	Non-Current		Current	
	2016	2015	2016	2015
<b>Capital advance</b>				
Unsecured, considered good	29.26	36.49	-	-
<b>Security deposit</b>				
Unsecured, considered good	1,585.44	1,775.73	803.33	696.12
<b>Balance in current account with Subsidiaries/associates/joint ventures/partnership</b>				
Unsecured, considered good	8,798.78	6,847.98	1,223.42	1,147.39
Doubtful	95.53	-	-	-
<b>Advance recoverable in cash or in kind</b>				
Unsecured, considered good 1	1,303.42	2,499.62	3,190.14	2,652.39
Doubtful	561.91	-	-	137.50
	12,374.34	11,159.82	5,216.89	4,633.40
Less: Provision for doubtful debts	561.91	-	-	137.50
Less: Provision for impairment (Refer Note No. 23 A)	95.53	-	-	-
	11,716.90	11,159.82	5,216.89	4,495.90
<b>Other loans and advances</b>				
Prepaid expenses	29.43	38.39	213.53	135.82
Balance with statutory authorities	456.08	49.89	15.10	248.58
Service tax and cenvat credit	59.05	-	226.29	441.17
Advance tax (net) <sup>1</sup>	2,743.43	2,322.40	-	-
Accrued interest	1,974.32	2,176.40	3.75	57.46
Advances to employees	7.40	0.23	7.12	16.74
	5,269.72	4,587.30	465.79	899.78
	16,986.62	15,747.12	5,682.68	5,395.68

<sup>1</sup> Includes advance tax which is net of provision for tax ₹ 611.31 Million (P.Y. ₹ 605.74 Million).

### NOTE : 14

#### INVENTORIES \*

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

(₹ in Million)

	2016	2015
Stores, embedded goods and spare parts etc.	1,122.91	1,215.48
(Includes stores in transit ₹ 7.40 Million (P.Y. ₹ 35.13 Million))		
Work in progress	36,578.04	29,748.46
	37,700.95	30,963.94

\*(As technically valued & certified by the management)

### NOTE : 15

#### TRADE RECEIVABLES

(₹ in Million)

	Non-Current		Current	
	2016	2015	2016	2015
<b>Unsecured, Considered Good unless otherwise stated</b>				
Receivables outstanding for a period exceeding six months				
Considered good	5,825.29	7,105.17	610.03	1,584.29
A	5,825.29	7,105.17	610.03	1,584.29
Other receivables				
Considered good	1,714.08	1,421.67	1,456.18	2,767.03
(A + B)	7,539.37	8,526.84	2,066.21	4,351.32

(refer Note no. 41 (g))

## NOTES to financial statement for the year ended March 31, 2016

### NOTE : 16

#### CASH AND BANK BALANCES

(₹ in Million)

	Non-Current		Current	
	2016	2015	2016	2015
<b>Cash and Cash Equivalents</b>				
<b>Balance with Banks</b>				
- On current accounts with scheduled banks	-	-	343.47	532.71
- On fixed deposits accounts with scheduled banks*	92.14	70.63	-	-
- Balances with non scheduled banks	-	-	0.47	1.45
- Cheques in hand	-	-	0.29	243.65
- Cash on hand	-	-	4.83	4.49
<b>Other bank balances</b>				
- Deposits with maturity more than 3 months but less than 12 months*	-	-	16.50	31.25
Balances with bank for unpaid dividend	-	-	1.56	2.08
	<b>92.14</b>	<b>70.63</b>	<b>367.12</b>	<b>815.63</b>

\* Includes amount given towards margin money and earnest money deposits

### NOTE : 17

#### OTHER CURRENT ASSETS

(₹ in Million)

	2016	2015
Deferred employees stock option expenses	-	0.33
Non-trade receivables	37.06	6.05
	<b>37.06</b>	<b>6.38</b>

### NOTE : 18

#### REVENUE FROM OPERATIONS

(₹ in Million)

	2016	2015
a) Revenue/Turnover (refer note 39 b)	18,512.32	18,154.83
Add: increase/(decrease) in work in progress	6,829.59	5,837.57
Sale of goods	92.95	-
Total turnover	25,434.86	23,992.40
b) Other operating income		
Lease and service charges [TDS ₹ 0.30 Million (P.Y. ₹ 0.25 Million)]	4.41	2.54
Share of profit from JV /partnership firm	158.49	34.13
Other income	551.66	699.01
	<b>26,149.42</b>	<b>24,728.08</b>

### NOTE : 19

#### OTHER INCOME

(₹ in Million)

	2016	2015
Gain on sale of assets (Net)	174.96	140.95
Other non operating income	264.57	103.07
Interest income (Gross) [TDS. ₹ 7.58 Million (₹ 14.53 Million)]	1,714.14	1,534.46

## NOTES to financial statement for the year ended March 31, 2016

Net gain on foreign currency translation	-	4.77
Excess credit written back	141.53	137.41
Net gain on sale of non-current investments	-	33.51
	<b>2,295.20</b>	<b>1,954.17</b>

### NOTE : 20

#### COST OF CONSTRUCTION

(₹ in Million)

	2016	2015
<b>Stores, embedded goods and spare parts *</b>		
Inventories at the beginning of the year	1,215.48	1,331.85
Add: Purchase (Net)	2,326.87	1,899.38
	3,542.35	3,231.23
Inventories at the end of the year **	1,122.91	1,215.48
<b>Consumption of stores and spares</b>	<b>2,419.44</b>	<b>2,015.74</b>
Piece rate expenses (Net)	13,234.13	13,582.08
Repairs to machinery	11.79	8.16
Transportation, hire etc.	1,634.58	895.19
Power, electricity and water charges	293.85	436.03
Project development cost	343.49	844.66
Technical consultancy fees	63.79	51.77
Other construction costs	138.60	99.12
	<b>18,139.67</b>	<b>17,932.75</b>

\* Stores, embedded goods and spares etc., consumed include materials issued to sub-contractors.

\*\* It includes materials of ₹ 7.40 Million (₹ 35.13 Million) in transit.

### NOTE : 21

#### EMPLOYEE BENEFITS EXPENSE

(₹ in Million)

	2016	2015
Salaries, wages and bonus	1,009.44	860.87
Contribution to provident and other funds	78.11	50.76
Employee stock option (ESOP)	0.33	1.91
Staff welfare expenses	44.15	43.48
	<b>1,132.03</b>	<b>957.02</b>

### NOTE : 22

#### FINANCE COSTS

(₹ in Million)

	2016	2015
Interest expense <sup>1</sup>	5,625.72	5,081.54
Other borrowing costs	259.67	441.39
	<b>5,885.39</b>	<b>5,522.93</b>

Interest capitalised of ₹ 342.44 Million (P.Y. ₹ 416.16 Million) towards Fixed assets and project development expenses.

### NOTE : 23

#### OTHER EXPENSES

(₹ in Million)

	2016	2015
<b>Other administrative costs</b>		
Rent	37.22	28.35
Repairs and maintenance - building	1.31	0.47
Insurance	68.89	82.33



## NOTES to financial statement for the year ended March 31, 2016

	2016	2015
Rates and taxes	188.32	149.77
Advertisement and selling expenses	0.44	0.42
Travelling and conveyance	49.21	47.28
Directors fees	1.95	2.19
<b>Auditor's remuneration</b>		
Audit fees	4.60	4.60
Tax audit fees	1.20	1.20
Taxation matters	2.30	2.30
Company law matters	1.20	1.20
Certification	1.50	1.50
Reimbursement of expenses	0.11	0.11
	10.91	10.91
Communication expenses	18.99	18.78
Printing and stationery	11.68	10.44
Legal and consultancy charges	74.87	153.42
Irrecoverable debts written off / provided	2,270.46	857.84
Net loss on foreign currency translation	46.75	-
Other expenses <sup>1</sup>	112.83	169.49
	<b>2,893.83</b>	<b>1,531.69</b>

<sup>1</sup> Includes miscellaneous expenses which includes other repairs- ₹ 8.19 Million (P.Y. ₹ 9.26 Million), donation to Bharatiya Janata Party towards political contribution amounting to ₹ Nil (P.Y ₹ 10.03 Million), tender fees, office and general charges, entertainment and rebate to clients etc.

### NOTE : 23 A

#### EXCEPTIONAL ITEMS

(₹ in Million)

	2016	2015
Provision for impairment on investment / loans and advances	189.99	-
	<b>189.99</b>	-

Provision made for impairment based on indication of diminution in value of the investment in / advance to a subsidiary, Patel Engineering Singapore Pte Ltd.

### NOTE : 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 and 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 based on actuarial reports as on March 31, 2016 and March 31, 2015:

₹ in Million

	Gratuity (Funded)	Gratuity (Non - funded)	Leave Encashment (Non - funded)
<b>i. Expenses recognised in the Statement of Profit and Loss :</b>			
Current service cost	10.26	0.06	14.76
	(7.17)	(0.38)	(9.24)
Interest cost (Net)	(0.08)	0.03	3.49
	(1.95)	-	(3.44)

**NOTES** to financial statement for the year ended March 31, 2016

	Gratuity (Funded)	Gratuity (Non - funded)	Leave Encashment (Non - funded)
Expected return on plan assets	-	-	-
	(-1.57)	-	-
Net actuarial (gain) / losses	6.81	7.76	(9.62)
	(-5.99)	-	(5.79)
<b>Total expenses recognized in the Statement of Profit and Loss</b>	<b>17.00</b>	<b>7.86</b>	<b>8.64</b>
	<b>(1.56)</b>	<b>(0.38)</b>	<b>(18.46)</b>
<b>ii. Reconciliation of the present value of defined benefit obligation and the fair value of assets (amount recognised in balance sheet):</b>			
Present value of funded obligation as at the year end	(47.52)	(8.04)	(49.62)
	(-31.47)	(-0.38)	(43.66)
Fair value of plan assets as at the year end	38.95	-	-
Present value of funded obligation as at the year end	(32.49)	-	-
<b>Funded liability recognized in the balance sheet</b>	<b>(8.57)</b>	<b>(8.04)</b>	<b>(49.62)</b>
	<b>(1.02)</b>	<b>(-0.38)</b>	<b>(43.66)</b>
<b>iii. Changes in defined benefit obligation :</b>			
Liability at the beginning of the year	31.47	0.39	43.66
	(20.90)	-	(36.98)
Interest cost	2.52	0.03	3.49
	(1.95)	-	(3.44)
Current service cost	10.26	0.06	14.76
	(7.17)	(0.38)	(8.45)
Benefit paid	(3.71)	(0.21)	(2.68)
	(-1.16)	-	(-11.80)
Actuarial (gains) / losses on obligations	6.98	7.76	(9.62)
	(2.62)	-	(5.79)
<b>Liability at the end of the year</b>	<b>47.52</b>	<b>8.04</b>	<b>49.62</b>
	<b>(31.47)</b>	<b>(0.38)</b>	<b>(43.66)</b>
<b>iv. Changes in the fair value of plan assets:</b>			
Fair value of plan assets at the beginning of the year	32.49	-	-
	(18.04)	-	-
Expected return on plan assets	2.60	-	-
	(1.57)	-	-
Contributions	7.40	-	-
	(5.44)	-	-
Benefit paid	(3.71)	-	-
	(-1.16)	-	-
Actuarial gain on plan assets	0.17	-	-
	(8.61)	-	-
Fair value of plan assets at the end of the year	38.95	-	-
	(32.50)	-	-
<b>Total actuarial gain to be recognized</b>	<b>6.81</b>	-	-
	<b>(5.99)</b>	-	-
<b>v. Actual return on plan assets</b>			
Expected return on plan assets	2.60	-	-
	(1.57)	-	-
Actuarial gain on plan assets	0.17	-	-
	(8.61)	-	-
Actuarial gain on plan assets	2.77	-	-
	(10.18)	-	-
<b>vi. The Company expects to contribute ₹ 20.16 Million (P.Y.Rs 9.23 Million) to Gratuity Funded Plan in FY 2016-17.</b>			
<b>vii. Percentage of each category of plan assets to total fair value of plan assets:</b>			
	100%	100%	100%
Insurer managed funds	100%	100%	100%
<b>viii. In accordance with the Accounting Standard- 15 (Revised 2005), actuarial valuation was performed based on the following assumptions:</b>			

## NOTES to financial statement for the year ended March 31, 2016

	Gratuity (Funded)	Gratuity (Non - funded)	Leave Encashment (Non - funded)
Discount rate	8.06% (8.00%)	8.01% (7.96%)	8.06% (8.00%)
Rate of increase in compensation levels	5.00% (5.00%)	5.00% (5.00%)	5.00% (5.00%)
Expected rate of return on plan assets	8.06% (8.00%)	-	-
Attrition rate	2.00% (2.00%)	2.00% (2.00%)	2.00% (2.00%)
Average age of retirement (years)	60 (60)	60 (60)	60 (60)
<b>ix. Experience adjustments</b>			
On plan obligation (gain)/loss	- (-1.2)	7.82 -	(9.37) (-0.41)
On plan asset (loss)/gain	- (8.61)	-	-
<b>x. Figure in brackets indicates amounts pertaining to previous year.</b>			

25. (i) Income-tax assessments are completed up to A.Y. 2013-2014. Several appeals for the earlier assessment years are pending before the Appellate Authorities and out of the aggregate demand of ₹ 3,404.43 Million, ₹ 1,050.69 Million (P.Y. ₹ 1,050.69 Million) has been already adjusted / paid. The Company has made a provision for tax of ₹ 6.46 Million (P.Y. ₹ 171.18 Million) under all proceeding under the Income Tax Act, 1961, and increment of Deferred Tax Assets by ₹ 156.04 Million (P.Y. ₹ 72.23 Million).
- (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 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. Recently the Hon'ble Income Tax Appellate Tribunal, Mumbai vide its order dated 30.9.2015 has held that the Assessee is eligible for the deduction u/s 80IA(4) on all the projects claimed by it including the projects contract which have been entered into with Government Corporations. However, out of abundant caution the provisions made with respect to the deduction claimed on Government Corporations is not written back. Excess provision for the tax of ₹ Nil (P.Y. ₹ 600.64 Million) has been adjusted and credited to Reserves.
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 payable on such projects is reimbursable by the client as per the contract conditions and the same has been reflected as receivables. However in few cases where the client has not accepted this liability, the same has been debited to the statement of profit and loss.

### 27. 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, 2016 are as follows:

	(₹ in Million)	
	2016	2015
a) within one year of the balance sheet date	151.89	210.93
b) due in a period between one year and five years	14.46	137.43
c) due after five years	-	-

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

### 28. EARNING PER SHARE

	(₹ in Million)	
	2016	2015
Net profit /(loss) as per the statement of profit and loss available for shareholders for both basic and diluted earnings per share of ₹ 1 Each	(186.91)	118.86
Weighted Average Number of Equity shares for earning per share	76,806,282	76,806,282
Earning Per Share (Basic) ₹	(2.43)	1.55
Earning Per Share (Diluted) ₹	(2.43)	1.55

## NOTES to financial statement for the year ended March 31, 2016

### 29. RELATED PARTY DISCLOSURE

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

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

##### Direct Subsidiaries

1. Patel Realty (India) Ltd.	12. Vismaya Constructions Pvt. Ltd.
2. Patel Energy Resources Ltd	13. Bhooma Realties Pvt. Ltd.
3. Michigan Engineers Pvt. Ltd.	14. Friends Nirman Pvt. Ltd.
4. Shreanant Construction Pvt. Ltd.	15. Patel Concrete and Quarries Pvt. 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	22. Pan Realtors Pvt. Ltd. (upto Jan 11, 2015)

##### Subsidiaries of Patel Realty (India) Limited

1. Bellona Estate Developers Ltd. (Upto March 30, 2016)	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. PBSR Developers Pvt. Ltd.
7. Praval Developers Pvt. Ltd. *	
8. Nirman Constructions Pvt. Ltd.	
9. Azra Land Projects Pvt. Ltd.	

##### Subsidiary of Patel Engineers Private Limited

1. Phedra Projects Pvt. Ltd.
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##### Subsidiaries of Patel Energy Resources Limited

1. Patel Hydro Power Pvt. Ltd.	10. PEL Port Pvt. 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 Pte. 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. PT Patel Engineering Indonesia Pte. Ltd.

## NOTES to financial statement for the year ended March 31, 2016

5 PT Surya Geo Minerals

6 PT Surpat Geo Minerals

### Subsidiaries of Patel Engineering Inc

1 ASI RCC Inc

2 ASI RCC India Ltd. \*

3 Westcon Microtunnelling Inc

4 ASI Global LLC.

### 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

### \*Applied for closure under fast track exit scheme of MCA.

#### Associates:

1. Patel KNR Infrastructure Ltd.

4. Terra Land Developers Ltd.

2. Patel KNR Heavy Infrastructure Ltd.

5. Pan Realtors Pvt. Ltd. (since Jan 12, 2015)

3. Raichur Sholapur Transmission Company Pvt. Ltd.

6. ACP Tollways Pvt. Ltd.

#### Joint Ventures:

Refer Note (37)

#### Partnership

1. AHCL PEL

2. Patel Advance JV

#### Others

1. Patel Corporation LLP

## B. Key Management Personnel (KMP)

Mr. Pravin A Patel

Executive Chairman

Mr. Rupen Patel

Managing Director (Son of Mr. Pravin Patel)

Ms. Silloo Patel

Whole Time Director (Ceased to be director w.e.f. 26.11.2015)

Mr. Shiraz Patel

Son of Ms. Silloo Patel (Upto 26.11.2015)

Mr. Nimish Patel

Whole Time Director (Ceased to be director w.e.f. 16.07.2015)

Mr. Ashwin Parmar

Whole Time Director (resigned to be director w.e.f. 04.04.2016)

Ms. Kavita Shirvaikar

Chief Financial Officer

Ms. Shobha Shetty

Company Secretary

## 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	
	2015-16	2014-15	2015-16	2014-15
- Revenue/Turnover	284.65	174.72	2,813.16	2,932.36
- Piece rate expenses	23.10	974.76	-	-
- Investment in equity / purchase of shares	-	0.05	-	472.99

## NOTES to financial statement for the year ended March 31, 2016

Particular	Subsidiary Companies		Associates/ Joint Ventures / Partnership/ Others	
	2015-16	2014-15	2015-16	2014-15
- Value of return of equity	-	19.93	-	-
- Share application money	-	0.98	-	-
- Loans / advances received	82.91	430.53	41.43	264.61
- Loans / advances repaid	49.05	664.34	508.04	168.64
- Inter company deposit received	-	-	-	4.95
- Inter company deposit paid *	-	-	-	31.75
- Share of profit	-	-	158.51	34.34
- Share of loss	-	-	0.02	0.19
- Miscellaneous receipts	7.37	6.90	4.87	6.61
- Loans/advances given	1,296.16	1,933.49	359.93	444.07
- Loans / advances recovered	355.52	662.66	455.86	142.13
- Corporate guarantee outstanding as at the end of the year	7,695.86	7,886.50	4,739.30	3,001.44
- Bank guarantee outstanding as at the end of the year	620.36	637.85	2,588.16	1,909.49
- Outstanding balance included in current/ non current assets	9,036.69	7,134.56	1,639.89	2,368.88
- Outstanding balance included in current / non current liabilities	2,049.09	1,984.52	1,445.16	1,028.76
- Purchase / issue of stores	-	248.73	-	-
- Sale of asset	1.00	2.25	18.50	-
- Land development expenses	-	69.06	-	-
- Reimbursement of expenses from	5.35	9.69	4.21	9.91
- Rent income	2.99	1.41	-	-
- Rent paid	4.31	4.74	-	-
- Interest income	1,047.68	850.69	4.99	6.55
- Interest expenses	-	5.70	-	-
- Sundry balances written off	-	412.90	1.95	-
- Sundry balances written back	0.95	-	0.00	-
- Issue of shares **	-	-	-	32.32
- Sales return	-	68.00	-	-
- Impairment of investment	94.46	-	-	-
- Impairment of loans and advances	95.53	-	-	-

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

\*\* OCPS and loan converted into equity share

### D. Disclosures of material transactions with related parties with subsidiaries, associate companies, joint ventures, partnership and others referred to in item (A) above.

Particular	Name of the Company	(₹ in Million)	
		2015-16	2014-15
- Revenue/Turnover	Navyuga-Patel-BHEL	2752.62	2216.01
	Dirang Energy Private Limited	284.65	-
	Raichur Sholapur Transmission Company Pvt. Ltd.	0.76	94.93
- Piece rate expenses	Shreeanant Construction Pvt. Ltd.	-	914.61
	Michigan Engineers Pvt. Ltd.	23.10	60.14
- Investment in equity / purchase of shares	ACP Tollways Pvt. Ltd.	-	446.32
	Raichur Sholapur Transmission Company Pvt. Ltd	-	26.67

## NOTES to financial statement for the year ended March 31, 2016

Particular	Name of the Company	2015-16	2014-15
- Value of return of equity	Patel Engineering Inc U.S.A	-	19.93
- Share application money	Patel Engineering Lanka Pvt. Ltd.	-	0.98
- Loans / advances received	Dirang Energy Pvt. Ltd.	82.91	94.00
	Patel Avantika Deepika Bhel Consortium	-	115.20
	Patel Sew JV	40.37	114.08
	Patel Realty (India) Ltd.	-	336.53
- Loans / advances repaid	Dirang Energy Pvt. Ltd.	49.05	288.61
	Patel Realty (India) Ltd.	-	363.01
	Raichur Sholapur Transmission Company Pvt. Ltd.	0.15	18.98
	Patel Sew JV	507.89	103.40
- Inter company deposit received	Pan Realtors Pvt. Ltd.	-	4.95
- Inter company deposit paid	Patel Corporation LLP	-	31.75
- Share of profit	AHCL-PEL Partnership Firm	-	27.42
	Patel Michigan JV	0.66	1.93
	KNR - PATEL JV	123.41	-
- Share of loss	Patel - KNR JV	-	0.18
	Patel Avantika Deepika Bhel Consortium	0.02	-
- Miscellaneous receipts	PEL Power Ltd.	4.34	5.32
	Patel Engineering (Singapore) Pte Ltd.	-	1.96
	Patel-Michigan JV	3.03	3.60
	CICO Patel JV	1.21	2.72
	Patel Leena JV	0.63	-
	Patel Realty (India) Ltd.	0.05	0.06
	Dirang Energy Pvt. Ltd.	2.87	-
- Loans/advances given	Patel Energy Resources Ltd.	577.00	1226.32
	Patel Realty (India) Ltd.	517.88	281.49
	Dirang Energy Pvt. Ltd.	10.51	5.07
	Patel KNR Infrastructure Ltd.	0.01	-
	Raichur Solapur Transmission Company Pvt. Ltd.	0.01	-
	Patel Advance JV	110.71	-
	Patel SEW JV	175.72	-
- Loan/ advances recovered	Patel Energy Resources Ltd.	150.60	313.88
	Patel Realty (India) Ltd.	172.91	315.98
	Dirang Energy Pvt. Ltd.	5.09	1.66
	Patel Engineering Infrastructure Ltd.	1.85	0.01
	PAN Realtors Pvt. Ltd.	0.29	-
	KNR Patel JV	202.25	-
	Patel SEW JV	76.93	-
	AHCL-PEL Partnership Firm	66.83	-
- Purchase / issue of stores	Shreanant Construction Pvt. Ltd.	-	248.73
- Sale of asset	Michigan Engineers Pvt. Ltd.	1.00	2.25
	Patel KNR JV	11.66	-
	Patel SEW JV	6.85	-
- Land development expenses	Patel Realty (India) Ltd.	-	69.06
- Reimbursement of expenses from	Patel Engineering (Singapore) Pte. Ltd.	-	6.26

**NOTES** to financial statement for the year ended March 31, 2016

Particular	Name of the Company	2015-16	2014-15
	PEL Power Ltd.	3.32	3.29
	Patel Michigan JV	2.07	5.64
	CICO PATEL JV	1.84	2.64
	Patel Realty (India) Ltd.	0.15	0.03
	Patel Leena JV	0.30	1.04
	Dirang Energy Pvt. Ltd.	1.82	-
- Rent income	Patel Realty India Ltd.	1.41	1.41
	Dirang Energy Pvt. Ltd.	1.58	-
- Rent paid	PEL Power Ltd.	4.19	4.07
	Patel Engineering USA Inc	-	0.56
- Interest income	Patel Energy Resources Ltd.	704.1	558.70
	CICO Patel JV	2.0	-
	Patel Michigan JV	2.4	-
	PAN Realtors Pvt. Ltd.	0.03	-
	Patel KNR Infrastructure Ltd.	0.06	-
	Raichur Solapur Transmission Company Pvt. Ltd.	0.04	-
- Interest expenses	Patel Realty (India) Ltd.	-	5.70
- Sundry balances written off	ACP Tollways Pvt. Ltd.	1.95	-
	Terra Land Developers Ltd.	-	412.90
- Sundry balances written back	Michigan Engineers Pvt. Ltd.	0.95	-
	PAN Realtors Pvt. Ltd.	0.000	-
- Issue of shares	Patel Corporation LLP	-	32.32
- Sales return	Patel Realty (India) Ltd.	-	68.00
- Impairment of investment	Patel Engineering (Singapore) Pte. Ltd.	94.46	-
- Impairment of loans and advances	Patel Engineering (Singapore) Pte. Ltd.	95.53	-

**E. Details of transactions relating to persons referred in item (B) above.** (₹ in Million)

Particular	2015-16	2014-15
Managerial remuneration	37.86	37.50
Salary and contribution to provident fund	3.62	2.15
Rent income	1.06	0.96
Deposit	0.40	0.40
Loan taken	33.45	-
Loan repaid	0.50	-
Outstanding balance payable	60.04	27.67
Outstanding balance receivable	0.20	-
Sale of assets	-	0.10

30. The Company has main reportable business segment namely "Civil Construction".
31. Income consisting of construction income of ₹109.60 Million (P.Y. ₹ Nil) and other income of ₹12.10 Million (P.Y. ₹ 60.66 Million) and expenses consisting of piece rate expenses ₹ 68.34 Million (P.Y. ₹ 33.38 Million), store material purchases ₹ 0.09 Million (P.Y. ₹ 14.67 Million) and other expenses ₹126.62 Million (P.Y. ₹ 189.58 Million) pertaining to prior period credited and debited respectively to the Statement of Profit and Loss under various heads of accounts.
32. 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



## NOTES to financial statement for the year ended March 31, 2016

- 13, 2011 and on December 29, 2011, the Company has carried over exchange (gain)/loss of ₹ Nil (P.Y. ₹ 3.89 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 ₹(-) 0.12 Million (P.Y. ₹ Nil) has been added/ (reduced) to the cost of the respective fixed asset.
33. In terms of provisions of Section 135 of the Companies Act 2013 and rules thereunder, the Company is required to spend an amount of ₹ 6.87 Million (P.Y. ₹ 8.90 Millions) during the financial year on Corporate Social Responsibility (CSR). However, the Company has not spent the requisite amount during this financial year.
34. The Company is engaged in providing infrastructural facilities as hence, as per Section 186(11) of Companies Act, 2013, nothing in Section 186 shall apply to the Company except sub-section (1) of Section 186. Accordingly, a separate disclosure has not been given in the financial statements as required under Section 186(4) with regard to particulars of loan given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security.
35. Confirmation letters have been sent in respect of sundry debtors / loans and advances / sundry creditors of which certain confirmations have been received which are accordingly accounted and reconciled. The remaining balances have been shown as per books of accounts and are subject to reconciliation adjustments, if any. In the opinion of the management, the realizable value of the current assets, loans and advances in the ordinary course of business will not be less than the value at which they are stated in the balance sheet.
36. Additional information pursuant to the provision of sub - clause (ii) of clause (40) of section 2 (5) of part II of Schedule III to the Companies Act, (wherever applicable).

### a. Value of imports on CIF basis:

(₹ in Million)

	2015-16	2014-15
Stores materials	-	-
Components and spare parts	4.76	0.22
Capital goods	3.37	32.18
	<b>8.13</b>	<b>32.41</b>

### b. Expenditure in foreign currency:

	2015-16	2014-15
At USA office	0.12	1.97
Interest paid	61.74	33.05
Travelling, lodging and boarding expenses	1.75	1.09
Subscription and other expenses	0.01	0.01
Bank charges	0.13	0.02
WCT and Cess	4.39	1.36
Mauritius office	0.23	0.24
	<b>68.37</b>	<b>37.74</b>

### c. Earnings in foreign exchange:

	2015-16	2014-15
Contract receipts	395.99	136.46
Interest income	-	1.47
At USA office	-	0.00
	<b>395.99</b>	<b>137.93</b>

### d. Value of imported and indigenous stores material, spare parts and components consumed:

	2015-16		2014-15	
	₹ in Million	%	₹ in Million	%
Imported	5.58	0.23%	24.91	1.24%
Indigenous	2,413.86	99.77%	1,990.83	98.76%
	<b>2,419.44</b>	<b>100.00%</b>	<b>2,015.74</b>	<b>100.00%</b>

## NOTES to financial statement for the year ended March 31, 2016

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

Name of the Joint Venture / Consortium	Name of the J.V / Consortium Member	Patel's Share
LGE&C-PATEL JV	L.G. Engineering and Construction, Korea	"100% (25%+75%)"
PATEL – KNR JV	KNR Constructions Ltd.	50%
KNR – PATEL JV	KNR Constructions Ltd.	49%
PATEL – SOMA JV	Soma Enterprises Ltd.	50%
PATEL – MICHIGAN JV	Michigan Engineers Pvt. Ltd.	10%
PATEL – SA JV	Sandeep Associates	75%
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 – 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%
CICO-Patel JV	Chongqing International Construction Corporation	99.90%
Patel APCO JV	APCO Infratech Ltd.	50%
AGE Patel JV	AGE Insaat VE Ticaret A.S.	49%

38 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 ₹ 24,986.33 Million (P.Y. ₹ 21,581.62 Million) contract costs incurred and recognized profit (less recognized losses) ₹ 129,834.23 Million (P.Y. ₹ 111,450.01 Million) advance received ₹ 535.70 Million (P.Y. ₹ 838.63 Million) retention deposit ₹ 1,822.44 million (P.Y. ₹ 2,026.18 Million) and gross amount due from clients for contract works included under current assets ₹ 26,552.47 Million (P.Y. ₹ 19,950.36 Million).

- 39 a Unbilled work in progress includes stock of land under development (including held in the name of directors/relatives of directors/employees, as nominees of the Company).
- b Turnover includes construction of multi purpose projects, water supply projects, irrigation projects, building projects, road and railway projects, on item rate or EPC basis and sale of development rights (net of rebate / cancellation of ₹ 2,000 Million (P.Y. ₹ 1068 Million)). 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, 2016 ₹1,849.70 Million (P.Y. ₹ 1,849.70 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 ₹ 492.24 Million (P.Y. ₹ 783.56 Million) is accounted for as construction receipts.

### 40 Derivative transactions :

- a. For Interest Rate Related Risks:  
Nominal amounts of interest rate swaps entered into by the company and outstanding as on 31st March, 2016 amounts to ₹ Nil (P.Y. Nil).
- b. Foreign Currency Exposure that are not hedged by derivative instruments as on March 31, 2016 amounting to ₹ -181.75 Million (P.Y ₹-330.54 Million).

Currency	Foreign currency exposure outstanding at ₹ in Million	
	March 31, 2016	March 31, 2015
USD	(57.27)	(94.26)
EURO	(496.64)	(510.75)

## NOTES to financial statement for the year ended March 31, 2016

SGD	87.90	62.86
JPY	21.30	18.93
MUR	213.85	180.94
LKR	48.95	11.74
NPR	0.16	-

### 41 Contingent Liabilities

- a Commitment for capital expenditure is ₹ 125.51 Million (P.Y. ₹ 169.72 Million), advance paid ₹ 29.26 Million (P.Y. ₹ 36.47 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 ₹ 14,057.00 Million (P.Y. ₹ 13,115.98 Million) (including Customs ₹ 109.17 Million (P.Y. ₹ 120.64 Million) Entry Tax ₹ 37.57 Million ( P.Y. ₹ 67.57 Million) for the current year includes guarantees given in US\$ 10 Million (P.Y. US\$ 10.00 Million). Corporate guarantees / Letter of Credit on behalf of subsidiaries and others is ₹ 12,500.16 Million (P.Y. ₹ 11,135.34 Million) (against which the Company has obtained counter indemnities for ₹ Nil (P.Y. Rs 4,821.06 Million) and towards Custom Duty ₹ Nil (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 Rs 213.32 Million (P.Y. ₹ 213.32 Million) before the Hon'ble appeal court. However the management feels that the likelihood of outflow of resources is remote.
- d Service tax liability that may arise on matters in appeal ₹ 1,085.92 Million (P.Y. ₹ 1,085.92 Million) and advance paid ₹ 20.00 Million (P.Y. ₹ 20.00 Million). However, this amount is contractually recoverable from the Clients.
- e Sales tax ₹ 105.95 Million (P.Y. Rs 99.56 Million) (Advance paid ₹ 18.68 Million (P.Y. ₹ 17.09 Million)), Cess ₹ 107.81 Million (P.Y. ₹ 78.55 Million), Custom Duty ₹ 17.62 Million (P.Y. ₹ 17.62 Million) (Advance paid ₹ ₹ 8.46 Million (P.Y. ₹ 8.46 Million)).
- f Income tax liability that may arise on matters in appeal ₹ 3,671.77 Million (P.Y. ₹ 2,819.73 Million).
- g Trade Receivables/ Client Retention to the extent of ₹ Nil (P.Y. ₹ 179.47 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 ₹ Nil (P.Y. ₹ 0.37 Million). The same will be paid to the employees who were on the payrolls upto July 1, 2014.
- i Provident Fund liability that may arise on matter in appeal ₹ 9.52 Million ( P.Y. ₹ 9.52 Million) and advance Paid ₹ 2.38 Million (P.Y. 2.38 Million)
- j Claims not acknowledged as debt ₹ Nil (P.Y. ₹ 485 Million) (any liability herein shall be borne by the Principal Contractor).
- k Entry Tax liabilities on purchase of goods of ₹ 11.35 Million (against which amount of ₹ 3.78 Million have been paid and for the balance amount of ₹ 7.60 Million bank guarantee has been furnished) for assesment of F.Y. 2010 - 11 which has been stayed by Hon'ble High Court of H.P. The Company has not provided any further liability for assesment of the relevant financial year as the amount for same is not ascertainable.

### 42. Information pertaining to loans given to subsidiaries (information pursuant to regulation 34(3) of SEBI (Listing Obligation And Disclosure Requirements) Regulations, 2015:

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

		(₹ in Million)			
Name of Companies / Associates	As at March 31, 2016	As at March 31, 2015	Maximum Amount outstanding (2015 - 16)	Maximum Amount outstanding (2014 - 15)	
1 Michigan Engineers Pvt.Ltd.	6.27	7.40	7.74	19.94	
2 Patel Patron Pvt. Ltd.	44.87	39.31	44.87	39.31	
3 PEL Power Ltd.	561.52	472.30	561.52	472.30	
4 Patel Realty (India) Ltd.	353.85	-	353.85	46.35	
5 Patel Energy Ltd.	439.92	385.77	439.92	385.77	
6 Patel Engineering (Mauritius) Ltd.	23.86	16.56	23.86	16.56	
7 Patel Engineering Infrastructure Ltd.	191.84	80.60	191.84	80.60	
8 Phedra Projects Pvt. Ltd.	8.36	7.31	8.36	7.31	

**NOTES** to financial statement for the year ended March 31, 2016

Name of Companies / Associates	As at March 31, 2016	As at March 31, 2015	Maximum Amount outstanding (2015 – 16)	Maximum Amount outstanding (2014 – 15)
9 Vismaya Constructions Pvt. Ltd.	31.23	27.37	31.23	27.37
10 Shashvat Land Projects Pvt. Ltd.	224.58	196.96	224.58	196.96
11 Bhooma Realtors Pvt. Ltd.	264.21	231.61	264.21	231.61
12 Pandora Infra Pvt. Ltd.	322.70	283.03	322.70	283.03
13 Patel Eng. (Singapore) Pte. Ltd.	95.53	69.96	117.55	69.96
14 Dirang Energy Pvt. Ltd.	27.25	13.15	27.25	13.15
15 Patel Mining Divn. Lda,	11.30	9.42	11.30	9.42
16 Patel Energy Resources Ltd.	5,808.76	4,678.21	5,808.76	4,678.21
17 Patel Mining (Mauritius) Ltd.	189.99	164.38	192.12	164.38
18 Energy Design Pvt.Ltd.	77.40	68.17	77.40	68.17
19 PT Patel Surya Minerals	8.36	7.04	8.36	7.04
20 Patel Lands Ltd.	32.15	28.20	32.15	28.20
21 Patel Hydro Power Pvt. Ltd.	1.18	1.25	1.25	1.25
22 Patel Engineering Lanka (Pvt.) Ltd.	12.01	11.74	13.04	11.74
23 Patel Engineers Pvt. Ltd.	1.93	1.65	1.93	1.65
24 Patel Concrete and Quarries Pvt. Ltd.	97.80	85.80	97.80	85.80
25 Zeus Minerals Trading Pvt. Ltd.	97.01	85.09	97.01	85.09
26 Naulo Nepal Hydroelectric Pvt. Ltd.	0.16	0.15	0.16	0.15
27 Shreenant Constructions Pvt. Ltd.	46.66	13.00	46.66	13.00
<b>Associates</b>				
28 Raichur Solapur Transmission Company Pvt. Ltd.	0.33	0.28	0.33	0.28
29 PATEL-KNR Infrastructure Ltd.	0.48	0.41	0.48	1.52
30 PATEL-KNR Heavy Infrastructure Ltd.	25.01	25.01	25.01	25.01
31 ACP Tollways Pvt. Ltd.	-	1.71	1.95	1.71
32 PAN Realtors Pvt.Ltd.	-	0.26	0.29	6.21
33 Terra Land Developers Ltd.	-	-	-	815.33
<b>Total</b>	<b>9,006.50</b>	<b>7,013.11</b>	<b>9,035.47</b>	<b>7,894.39</b>

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  
DIN : 00029583

Pravin Patel  
Executive Chairman  
DIN : 00029453

Kavita Shirvaikar  
Chief Financial Officer

**CA B. K. Vatsaraj**  
Partner  
Membership No. 39894

Shobha Shetty  
Company Secretary

May 30, 2016  
Mumbai



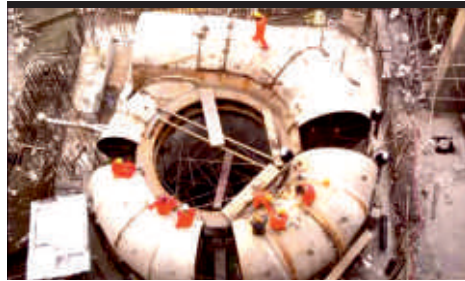




## 120 KM MICRO TUNNELS



## 8000 MW POWER



## 84 DAMS



## 180 KM TUNNELS



## 800 KM ROADS





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