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## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF PATEL ENGINEERING LANKA (PRIVATE) LIMITED

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the accompanying financial statements of Patel Engineering Lanka (Private) Limited (the Company), which comprise the Statement of financial position as at March 31, 2025, and the Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2025 and the financial statements give a true and fair view of the Company's state of affairs as at March 31, 2025 and its loss and cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium sized Entities (SLFRS for SMEs).

##### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Emphasis of Matter

We draw attention to Note 2.1.1 in the financial statements, which indicates that the Company has not yet commenced full-scale commercial operations and has incurred continuing losses with limited operating cash flows. These conditions, along with other matters described in the note, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

However, the Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and have concluded that they do not intend either to liquidate the Company or to cease trading. Our opinion is not modified in respect of this matter.

##### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with SLFRS for SMEs and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)


### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing website at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

### Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.



Edirisinghe & Co.  
Chartered Accountants  
Colombo  
21-May-2025



**PATEL ENGINEERING LANKA (PRIVATE) LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 March	Note	2025 Rs.	2024 Rs.
Revenue		-	-
Direct cost		-	-
Gross profit		-	-
Administrative expenses		(384,347)	(609,302)
(Loss) from before tax		(384,347)	(609,302)
Income tax expenses	03	-	-
(Loss) for the year		(384,347)	(609,302)
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(384,347)</b>	<b>(609,302)</b>

All figures stated in Sri Lankan Rupees, unless otherwise stated. Figures in brackets indicates deductions.

The material accounting policies and notes to the accounts form an integral part of these financial statements.





**PATEL ENGINEERING LANKA (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**

As at 31 March	Note	2025 Rs.	2024 Rs.
<b>Assets</b>			
<b>Non - current assets</b>			
Investment in subsidiaries and joint ventures	04	-	-
<b>Current assets</b>			
Due from related party	05	139,000	-
Cash and cash equivalents	06	66	293,667
		139,066	293,667
<b>Total assets</b>		<b>139,066</b>	<b>293,667</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital	07	94,394,174	94,394,174
General reserve		1,683,458	1,683,458
Retained earnings / (Accumulated losses)		(138,450,951)	(138,066,604)
		(42,373,319)	(41,988,972)
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other payables	08	1,086,309	856,563
Due to related party	09	41,426,076	41,426,076
Income tax liability	10	-	-
		42,512,385	42,282,639
<b>Total equity and liabilities</b>		<b>139,066</b>	<b>293,667</b>

These financial statements are in compliance with the requirements of the Companies Act No: 07 of 2007.

*[Signature]*  
Head of Finance

The directors are responsible for the preparation and presentation of these financial statements. Signed for on behalf of the board of directors

Patel Engineering Lanka (Pvt.) Limited

*[Signature]*  
Director

Director

*[Signature]*  
Director

All figures stated in Sri Lankan Rupees, unless otherwise stated. Figures in brackets indicates deductions.

The material accounting policies and notes to the accounts form an integral part of these financial statements.

21-May-2025

Page 02



**PATEL ENGINEERING LANKA (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2025

	Stated Capital Rs.	General Reserve Rs.	Retained Earnings/ (Accumulated losses) Rs.	Total Rs.
<b><u>For the year ended 31 March 2024</u></b>				
Balance as at 01 April 2023	94,394,174	1,683,458	(137,457,302)	(41,379,670)
Loss for the year	-	-	(609,302)	(609,302)
Balance as at 31 March 2024	94,394,174	1,683,458	(138,066,604)	(41,988,972)
<b><u>For the year ended 31 March 2025</u></b>				
Balance as at 01 April 2024	94,394,174	1,683,458	(138,066,604)	(41,988,972)
Loss for the year	-	-	(384,347)	(384,347)
Balance as at 31 March 2025	94,394,174	1,683,458	(138,450,951)	(42,373,319)

All figures stated in Sri Lankan Rupees, unless otherwise stated. Figures in brackets indicates deductions.

The material accounting policies and notes to the accounts form an integral part of these financial statements.



**PATEL ENGINEERING LANKA (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOW**

For the year ended 31 March

	Note	2025 Rs.	2024 Rs.
<b>Cash flows from operating activities</b>			
(Loss) from before tax		(384,347)	(609,302)
<b>Adjustment for:</b>			
Depreciation		-	-
Operating loss before working capital change		(384,347)	(609,302)
<b>Working capital changes</b>			
(Increase)/Decrease in due from related party	05	(139,000)	-
Increase/(Decrease) in trade and other payables	08	229,747	(381,800)
Cash (used in) operating activities		(293,601)	(991,102)
Income tax paid		-	-
Net cash (used in) operating activities		(293,601)	(991,102)
<b>Net decrease in cash and cash equivalents</b>		<b>(293,601)</b>	<b>(991,102)</b>
Cash and cash equivalents at the beginning of the year		293,667	1,284,769
<b>Cash and cash equivalents at the end of the year</b>	<b>Note A</b>	<b>66</b>	<b>293,667</b>
<b>Note A - Cash and cash equivalents</b>			
Cash at bank	06	66	293,667
		66	293,667

All figures stated in Sri Lankan Rupees, unless otherwise stated. Figures in brackets indicates deductions.

The material accounting policies and notes to the accounts form an integral part of these financial statements.





**PATEL ENGINEERING LANKA (PRIVATE) LIMITED**  
**NOTES AND MATERIAL ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2025**

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**Note 01 - Corporate information**

**1.1 - General**

The Company is a Private Limited Liability Company incorporated and domiciled in Sri Lanka. The Registered Office of the Company is located at No. 30/3, Albee crescent, Colombo 07, Sri Lanka.

**1.2 - Principal activities and nature of operations**

The Company's parent undertaking is Patel Engineering Limited where the registered office of the parent is located at Patel Estate Road, Jogeshwari (West), Mumbai - 400102, which holds 100% shares of Patel Engineering Lanka (Private) Limited.

**Note 02 - Summary of material accounting policies**

These financial statements prepared by Patel Engineering Lanka (Private) Limited., in accordance with the Sri Lanka Accounting Standard for Small and Medium-Sized Entities (hereafter referred to as the "SLFRS for SMEs") issued by the Institute of Chartered Accountants of Sri Lanka. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated. They are presented in Sri Lankan Rupees (Rs.). These SLFRS for SMEs have materially converged with the International Financial reporting standards for Small and Medium Entities (IFRS for SMEs) as issued by the International Accounting Standards Board (IASB).

These financial statements were authorized by the directors for issue on 21 May 2025.

**2.1 - Basis of preparation**

These financial statements of the Patel Engineering Lanka (Private) Limited, have been prepared in accordance with the SLFRS for SMEs. They have been prepared under the historical cost basis.

The preparation of financial statements in conformity with the SLFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

**2.1.1 - Going Concern**

The Company has suffered a serious loss of capital as at 31 March 2025 and consequently, as of that date, has not called for an Extraordinary General Meeting of Shareholders. The company's total liabilities exceeded its total assets by Rs.42,373,321/- and Rs.41,988,973/- (2024). The related party outstanding is Rs.41,426,076/- in 2025 and Rs.41,426,076 (2024) out of the net liability position of the company.

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or cease trading.



**PATEL ENGINEERING LANKA (PRIVATE) LIMITED**  
**NOTES AND MATERIAL ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2025**

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**2.1.3 - Investments in subsidiaries and joint ventures**

Company prepared & presented separate set of financial statements in accordance with section 9.26 of SLFRS for SME's where the investments in subsidiaries and joint contorted entities are accounted at cost less impairment.

**2.2 - Cash and cash equivalents**

Cash and cash equivalents includes cash in hand.

For the purpose of cash flow statement, cash & cash equivalents consists of cash in hand.

**2.3 - Trade and other receivables**

Trade and other receivables do not bear interest are stated at the amounts they are estimated to realize net of provisions for bad and doubtful receivables.

Other receivables and dues from related parties are recognized at cost less provision for bad and doubtful receivables.

**2.4 - Trade and other payables**

Trade and other payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

Liabilities for trade and other payables which are normally settled on 30 to 90 day terms are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

**2.5 - Stated capital**

Ordinary shares and preference shares are classified as equity.

**2.6 - Retirement benefit obligation**

**2.6.1 - Defined benefit plan - gratuity**

Provision has not been made for retirement gratuities as there are no employees in service at the end of the year.

**2.7 - Provisions**

Provisions are recognized when the company has a present obligation (legal and constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.





**PATEL ENGINEERING LANKA (PRIVATE) LIMITED**  
**NOTES AND MATERIAL ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2025**

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**2.8 - Taxation**

**a) Current taxes**

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto.

**b) Deferred taxation**

Deferred income tax is provided in full using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However company has not recognized deferred tax assets on tax losses incurred for the period due to the uncertainty of taxable profits available in near future in order to utilize such tax credits and no deferred tax liabilities have recognized as at year end.

**2.9 - Expenditure recognition**

Expenses are accounted on an accrual basis.

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income.

For the purpose of presentation of the statement of comprehensive income the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance and hence such presentation method is adopted.

**2.10 - Critical accounting estimates judgements.**

Estimates and judgments are continually evaluated and are based on historical experience and other factors,

**(a) Income taxes**

The company is subject to income tax under the Income Tax Act in Sri Lanka. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**(b) Allowances for doubtful debts**

Allowances for doubtful debts is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that company will not be able to collect the dues under the original terms of the invoice. An estimate is made with regard to the probability of insolvency and the estimated amount of debtors who will not be able to pay.



**PATEL ENGINEERING LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March

	2025 Rs.	2024 Rs.
<b>Note 03 - Income tax expenses</b>		
Income tax expenses for the year	Note 03.1	-
Income Tax under/(over) provision	-	-
<b>Note 03.1 - Reconciliation of accounting profit / (loss) with tax profit / (loss)</b>		
Loss before income tax	(384,347)	(212,996)
Disallowable expenses	-	-
Tax deductible items	-	-
Adjusted business (loss)	(384,347)	(212,996)
Tax loss claimed during the year	-	-
Tax loss	(384,347)	(212,996)
Current income tax expense @ 30%	-	-
<b>As at 31 March</b>	<b>2025 Rs.</b>	<b>2024 Rs.</b>
<b>Note 04 - Investment in subsidiaries and joint ventures</b>		
Patel Engineering Lanka (Pvt) Ltd./ NKS JV	32,107,893	32,107,893
Provision for impairment	(32,107,893)	(32,107,893)
Investment in Equity Shares of Patel Lanka Sqanda (Pvt) Limited	50,000	50,000
Provision for impairment	(50,000)	(50,000)
<b>Application Money for Investments</b>		
Patel Lanka Sqanda (Pvt) Ltd.	10,938,620	10,938,620
Provision for impairment	(10,938,620)	(10,938,620)



**PATEL ENGINEERING LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at 31 March

	2025 Rs.	2024 Rs.
<b>Note 05 - Due from related party</b>		
Loans and Advances to Patel Lanka Sqanda (Pvt) Ltd	43,972,500	43,972,500
Provision for impairment	(43,972,500)	(43,972,500)
	-	-
Related Party Receivable - Patel Lanka Sqanda (Pvt) Ltd	39,763,810	39,624,810
Provision for impairment	(39,624,810)	(39,624,810)
	139,000	-
<b>Note 06 - Cash and equivalents</b>		
Cash at bank	66	293,667
	66	293,667
<b>Note 07 - Stated capital</b>		
65,601,097 No of preference shares issued and fully paid at Rs. 1/- per share	65,601,097	65,601,097
26,193,077 No of ordinary shares issued and fully paid at Rs. 1/- per share	26,193,077	26,193,077
2,600,000 No of ordinary shares issued and fully paid at Rs. 1/- per share	2,600,000	2,600,000
	94,394,174	94,394,174
<b>Note 08 - Other payables</b>		
97 K.Jagan Mohan Rao (IMP)	58,537	58,537
98 Balaraj Vanvari (IMP)	400,000	400,000
Audit fee payable	102,200	89,000
Tax fee payable	103,200	48,000
Other expenses payable	417,931	256,586
Sundry creditors payable	4,442	4,440
	1,086,310	856,563
<b>Note 09 - Due to related party</b>		
Patel Engineering Ltd	41,426,076	41,426,076
	41,426,076	41,426,076
<b>Note 10 - Income tax lialibility</b>		
Balance at the beginning of the year	-	-
Income tax under/(over) provision	-	-
Tax paid for previous year	-	-
	-	-
Tax provision for the year	-	-
<b>Balance at the end of the year</b>	-	-





**PATEL ENGINEERING LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2025**

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**Note 11 - Commitment and contingencies**

There are no contingent liabilities and capital commitments as at end of the reporting date.

**Note 12 - Events after end of the reporting date**

No circumstances have arisen, since the statement of financial position date, which would require adjustments to, or disclosure in the financial statements.

**Note 13 - Related party transactions**

There have been no transactions with Key management personnel of the Company during the year.

The key management personnel of the Company are the members of its Board of Directors.

There have been no related party transactions other than those disclosed in note no.11.1 to the financial statements.



PATEL ENGINEERING LANKA (PRIVATE) LIMITED  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (DETAILED)

For the year ended 31 March	Schedule	2025 Rs.	2024 Rs.
Revenue		-	-
Direct cost		-	-
Gross profit		-	-
Administrative expenses	01	(384,347)	(609,302)
Profit/(loss) from operations		(384,347)	(609,302)
Income tax expenses		-	-
(Loss) for the year		(384,347)	(609,302)
Profit balance brought forward		(138,066,605)	(137,457,303)
Loss carried forward		(138,450,952)	(138,066,605)



PATEL ENGINEERING LANKA (PRIVATE) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March

	2025 Rs.	2024 Rs.
<b>Schedule 01 - Administrative expense</b>		
Bank charges	3,250	2,250
Bad debt written off	-	177,158
Secretarial fees and expenses	179,051	183,244
Tax fees and expenses	55,200	75,500
Audit fees and expenses	102,200	171,150
Audit fees and expenses last year under provision	32,544	-
Certification charges	12,102	-
	<b>384,347</b>	<b>609,302</b>

