

# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

Regd.off:KNR House,4th Floor, Plot No.114, Phase-1, Kavuri Hills,Hyderabad-500 033

Phone:+91-40-40268761/ 62 Fax.:+91-40-40268760

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Dated 29<sup>th</sup> May 2017

To  
Dept. of Corporate Services,  
BSE Limited  
P J Towers, Dalal Street,  
Fort, MUMBAI - 400001  
Fax: +91 - 22- 2272 2037 / 39 / 41  
+91 22 2272 3121 / 3719 / 1557

Dear Sir,

Sub: Intimation under clause 52 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

With reference to the captioned subject, we wish to inform you that the Board of Directors of the Patel KNR Heavy Infrastructures Limited (the Company) at its Meeting held on 29<sup>th</sup> May 2017, has approved the Audited Financial Results for the year ended 31<sup>st</sup> March 2017. Accordingly, please find enclosed herewith the following-

1. Audited Financial Results along with Auditors' Report thereon under clause 52(1)
2. Form A for audit report with unmodified opinion under clause 52(3)
3. Half Yearly Statement containing details for Non- Convertible Debentures (NCD's) under clause 52(4) and signed by Debenture Trustees under clause 52(5) stating that it has taken note of contents under clause 52(4)
4. Extent and nature of securities created with respect to the NCDs as per Regulation 54(2)

The above information is furnished to you in terms of the relevant provisions of the Uniform Listing Agreement entered into by the Company with the Exchanges.

Thanking you,  
Yours faithfully,  
for Patel KNR Heavy Infrastructures Limited



Authorised Signatory

Enclosed - As above

PATEL KNR HEAVY INFRASTRUCTURES LIMITED

CIN: U70102TG2006PLC049949

Regd Office: KNR House, 4th Floor, Plot No.114, Phase-1, Kavuri Hills, Hyderabad-500033

Ph: +91 40 40268761/62, Fax: +91 40 40268760

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2017

(Rs. In Lakhs)

Particulars	For the Half year ended March 31, 2017	For the Half year ended March 31, 2016	For the Year ended March 31, 2017	For the Year ended March 31, 2016
	Un-audited	Un-audited	Audited	Audited
<b>1. INCOME FROM OPERATIONS</b>				
(a) Income from Sales and Services	4,653.96	3,779.47	8,419.84	6,835.98
(b) Other Operating Income	-	-	-	-
<b>Total Income (a+b)</b>	<b>4,653.96</b>	<b>3,779.47</b>	<b>8,419.84</b>	<b>6,835.98</b>
<b>2. EXPENDITURE</b>				
a. Operating Expenses	1,806.83	953.06	2,782.14	1,195.62
b. Employees Benefit Expenses	1.20	1.20	2.40	2.40
c. Depreciation	1.37	1.44	2.92	2.88
d. Other Expenditure	104.86	49.78	182.21	91.54
<b>Total Expenditure (a+b+c+d)</b>	<b>1,914.26</b>	<b>1,005.48</b>	<b>2,969.67</b>	<b>1,292.44</b>
<b>3.PROFIT FROM OPERATIONS BEFORE OTHER INCOME, INTEREST AND EXCEPTIONAL ITEMS (1-2)</b>				
	<b>2,739.70</b>	<b>2,773.99</b>	<b>5,450.17</b>	<b>5,543.54</b>
4.Other Income	1,113.75	433.13	1,848.35	1,145.42
<b>5.PROFIT BEFORE INTEREST AND EXCEPTIONAL ITEMS (3+4)</b>				
	<b>3,853.45</b>	<b>3,207.12</b>	<b>7,298.52</b>	<b>6,688.96</b>
6. Financial Expenses	3,366.22	2,849.84	6,268.19	6,229.80
7. Exceptional items	-	-	-	-
<b>8. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX (5-6-7)</b>				
	<b>487.23</b>	<b>357.28</b>	<b>1,030.33</b>	<b>459.16</b>
9. Tax expense	-	-	-	-
<b>10. NET PROFIT FROM ORDINARY ACTIVITIES AFTER TAX (8-9)</b>				
	<b>487.23</b>	<b>357.28</b>	<b>1,030.33</b>	<b>459.16</b>
11. Extra Ordinary Items (Net of Tax Expense )	-	-	-	-
<b>12. NET PROFIT/(LOSS) FOR THE PERIOD (10-11)</b>				
	<b>487.23</b>	<b>357.28</b>	<b>1,030.33</b>	<b>459.16</b>
13. Paid up Equity Share Capital (Face Value of Rs 10 each)	2,382.38	2,382.38	2,382.38	2,382.38
14. Paid up Debt Capital	43,801.20	46,406.28	43,801.20	46,406.28
15. Reserves including Revaluation Reserves as per balance sheet of the previous accounting year	1,076.31	45.98	1,076.31	45.98
16. Debentures Redemption Reserve	365.00	-	365.00	-
17. Earnings per Share (EPS)	2.05*	1.5*	4.32	1.93
18. Debt Equity Ratio	7.25	9.26	7.25	9.26
19. Debt Service Coverage Ratio#	0.80	0.77	0.82	0.76
20. Interest Service Coverage Ratio	1.14	1.13	1.16	1.07

\* Not Annualized

# The Debt Service Coverage ratio has been below one due to Implementation of IND-AS.



**PATEL KNR HEAVY INFRASTRUCTURES LTD.**

Balance Sheet as at 31st March 2017

(Rupees in Lakhs)

Particulars	As At 31-03-2017	As At 31-03-2016	As At 01-04-2015
<b>I ASSETS</b>			
<b>1) NON-CURRENT ASSETS</b>			
a) Property, plant and equipment	37.43	40.06	42.94
b) Financial Assets			
i) Trade Receivables	39,822.20	42,906.61	43,360.77
ii) Other Financial Asset	-	638.58	86.87
c) Other non-current assets	697.31	456.22	456.22
	<b>40,556.94</b>	<b>44,041.47</b>	<b>43,946.80</b>
<b>2) CURRENT ASSETS</b>			
a) Financial assets			
i) Investments	6,288.91	6,858.12	5,428.23
ii) Trade Receivables	3,084.41	454.17	2,038.02
iii) Cash and cash equivalents	192.75	222.66	191.73
iv) Bank Balances Other than (iii) above	-	-	1,312.14
v) Other Financial Asset	1,252.56	1,390.59	1,473.13
b) Current tax asset (net)	569.05	1,021.49	840.98
c) Other current assets	8.93	166.94	10.42
	<b>11,396.61</b>	<b>10,113.97</b>	<b>11,294.65</b>
<b>TOTAL ASSETS</b>	<b>51,953.55</b>	<b>54,155.44</b>	<b>55,241.45</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
a) Equity Share capital	2,382.38	2,382.38	2,382.38
b) Other equity	3,660.53	2,630.20	2,171.04
<b>Total Equity</b>	<b>6,042.91</b>	<b>5,012.58</b>	<b>4,553.42</b>
<b>LIABILITIES</b>			
<b>1) NON - CURRENT LIABILITIES</b>			
a) Financial liabilities			
i) Borrowings	41,108.65	44,057.16	45,743.25
ii) Other financial liabilities	1,771.91	2,367.55	1,983.33
b) Other non-current liabilities	172.69	189.96	207.23
	<b>43,053.25</b>	<b>46,614.67</b>	<b>47,933.81</b>
<b>2) CURRENT LIABILITIES</b>			
a) Financial liabilities			
i) Trade Payables	47.87	41.64	39.67
ii) Other financial liabilities	2,717.78	2,414.91	2,655.89
b) Other current liabilities	91.74	71.64	58.66
	<b>2,857.39</b>	<b>2,528.19</b>	<b>2,754.22</b>
<b>Total Liabilities(1+2)</b>	<b>45,910.64</b>	<b>49,142.86</b>	<b>50,688.03</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>51,953.55</b>	<b>54,155.44</b>	<b>55,241.45</b>



**Notes:**

- 1) The Company adopted Indian Accounting Standard ("Ind AS") from April 1, 2016 with transition date of April 1, 2015 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India, as applicable.
- 2) The above financial results were reviewed and approved and taken on record by the Board in their meeting held on 29th May 2017. The statutory auditors have performed a audit of the above financial statements.
- 3) The Company has only one reportable business segment namely "execution of BOT (Annuity) road projects", as per IND-AS-108 "Segment Reporting", issued by the Institute of Chartered Accountants of India. Hence, segmental reporting is not required.
- 4) The figures for the half year ended March 31, 2017 and March 31, 2016 are the the balancing figures between the audited figures of the full financial year years ended Mar 31, 2017 and March 31, 2016 (Ind AS) respectively and the published year to date figures up to the six months ended September 30, 2016 and September 30, 2015 respectively.

**P&L Reconciliation for FY 2015-16**

Particulars	Half Year Ended March 31, 2016	Year Ended March 31, 2016
As per IGAAP Financials	(74.07)	(365.00)
Less : Reversal of Revenue	(4,437.00)	(8,874.00)
Add : Revenue Recognised	3,779.47	6,835.98
Add : Reversal of Provision for Periodic Maintenance	250.50	501.00
Less : Periodic Maintenance Expenditure	(703.58)	(703.58)
Less : Interest on fair value of Financial Items	(8.90)	(13.77)
Less : Foreign Currency Translation expenses	(102.55)	(649.25)
Less : Derivative Loss for Interest Rate Swap	(176.70)	(384.22)
Add : Derivative Gain for Cross Currency Swap	180.28	551.71
Add/(Less) : Gain in fair value of Mutual Funds	(132.38)	17.91
Add : Reversal of Depreciation	1,782.21	3,542.38
<b>As per IND-AS</b>	<b>357.28</b>	<b>459.16</b>

**IND-AS 101 Reconciliation**

Particulars	As At 31-03-2016	As At 31-03-2015
As per IGAAP	1,931.79	2,296.79
IND-AS Impacts		
i) Deemed Equity on account of Fair value of Interest free Un secured loans	2,584.22	2,584.22
ii) Provision reversed/ Additional Expenditure Accounted for periodic maintenance	1,967.42	2,170.00
iii) Finance cost on fair value of Financial instruments	112.48	126.25
iv) Gain on fair value of Mutual Funds	46.28	28.37
v) Annuity Accrued reversed	(755.75)	(755.75)
vi) Reversal of Revenue	(8,874.00)	-
vii) Revenue Recognised	6,835.98	-
viii) Reversal of Depreciation	3,542.38	-
ix) Foreign currency translation & transaction expenses	(649.25)	-
x) Derivative Asset	638.58	86.87
xi) Derivative Liability	(2,367.55)	(1,983.33)
<b>As per IND-AS</b>	<b>5,012.58</b>	<b>4,553.42</b>

5) Under the Previous GAAP, the Company measured the asset in respect of the road projects at cost less accumulated depreciation and accumulated impairment loss, if any. The cost comprised the direct and attributable expenses for the construction of the road project. Further, the borrowing costs incurred in relation to the project was added to the project asset during the development phase of the project. Further, the annuity income accruing in accordance with the terms of the concession agreement is recognized as revenue in profit or loss. Under Ind AS, Company has accounted for the service concession arrangement in accordance with Appendix A to Ind AS 11 Service Concession Arrangements. As per the principles of this Appendix, where the Company has the contractual right to receive cash from the grantor of the concession, it has recognised a financial asset in exchange for the construction services. The financial asset is subsequently measured at amortised cost in accordance with Ind AS 109. Interest income (finance income) calculated using the effective interest method is recognised in profit or loss on the financial asset. The annuities received from the grantor of the concession are reduced from the financial asset. The borrowing costs attributable to the arrangement are recognised as an expense in the period in which these are incurred. Further, in accordance with the principles in this Appendix, the Company is treated as a service provider for the construction services, operation and maintenance services, and overlay services. Consequently, Company recognised operation and maintenance and overlay costs and revenue. These revenues are measured at fair value of the respective services.

6) The Company has recognised the Derivatives at its fair value as per the Ind-As 109, and the respective derivative liability and assets are recognised accordingly.

7) Under the Previous GAAP, the borrowings were measured at the transaction amount. Interest and incidental costs in relation to borrowings were capitalized to the Capital Work In Progress when incurred. Further, for borrowings other than those taken to finance the construction of a qualifying asset, the incidental expenses were amortised over the period of the borrowings. The unamortised portion was reflected under other assets. Under Ind AS, borrowings have been measured at amortized cost which requires that the incidental expenses are recognised over the period of the borrowings using the effective interest rate method. The borrowing costs attributable to the arrangement are recognised as an expense in the period in which these are incurred.

8) The Company has availed the exemption under Ind AS 101 in respect of Property, Plant & equipment. As per the principles, the previous GAAP carrying values have been considered as the deemed cost on the transition date

9) Previous financial year's figures have been regrouped / re-arranged wherever necessary to make them comparable.

For Patel KNR Heavy Infrastructures Ltd



B. Sudarshana Reddy

(B.S.Reddy)

K.N.Reddy  
(K.N.Reddy)

Date : 29-05-2017

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PATEL KNR HEAVY INFRASTRUCTURES LIMITED

### Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of **PATEL KNR HEAVY INFRASTRUCTURES LIMITED** ("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

### Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS 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 Ind AS financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including



other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 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, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued there under;
  - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The company has not pending litigation which would impact its financial position;
    - ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;
    - iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund, and;
    - iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016.(refer note 7)

For Gianender & Associates  
Chartered Accountants  
(Firm's Registration No. 004661N)



Manju Agrawal  
(Partner)  
(M No. 083878)

Place: New Delhi  
Date: 29<sup>th</sup> May, 2017

Annexure to the Independent Auditor's Report of PATEL KNR HEAVY INFRASTRUCTURES LIMITED for the Year ended as on 31<sup>st</sup> March 2017

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

- i.
  - a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b) The Fixed Assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification
  - c) The title deeds of immoveable properties are held in the name of the company.
- ii. As the company is engage in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.
- v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.
- vi. According to the information and explanations given to us, we are of the opinion that prima facie, cost records prescribed, pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, are made and maintained.
- vii.
  - a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities As on 31<sup>st</sup> March 2017, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.
  - b) According to the information and explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess etc. on account of any dispute.
- viii. During the year the company has not defaulted in repayment of loans or borrowings to the banks. The company has not taken any loan or borrowings from any financial institution or Government during the year. The company has not defaulted in payment of dues to the debentures holders.
- ix. Money raised by way of term loan were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.
- x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.
- xi. The company has not paid any managerial remuneration. Therefore the provisions of section 197 read with Schedule V of the Companies Act 2013 are not applicable.
- xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable.



- xiii. In our opinion and according to the information provided to us, the transaction entered with the related parties are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.
- xiv. In our opinion and according to the information provided to us, the company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. According to the information provided to us, the company is not required to be registered under section 451A of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

For Gianender & Associates  
Chartered Accountants  
(Firm's Registration No. 004661N)



Manju Agrawal  
(Partner)  
(M No. 083878)

Place: New Delhi  
Date: 29<sup>th</sup> May, 2017



## **Annexure-A**

Annexure referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

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

We have audited the internal financial controls over financial reporting of **PATEL KNR HEAVY INFRASTRUCTURES LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the 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. 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 judgement, including the assessment of the risks of material misstatement of the 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 my /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 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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, 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, 2017, 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 Gianender & Associates  
Chartered Accountants  
(Firm's Registration No. 004661N)



Manju Agrawal  
(Partner)  
(M No. 083878)

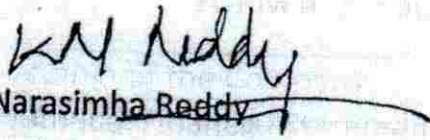
Place: New Delhi  
Date: 29<sup>th</sup> May, 2017

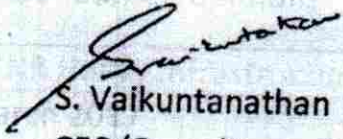
From A (for audit report with unmodified opinion) along with financial results issued under Regulation 52 of SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015

**FORM A (for audit report with unmodified opinion)**

1	Name of the Company	Patel KNR Heavy Infrastructures Limited
2	Annual Financial Statement for the year	31 <sup>st</sup> March 2017
3	Type of Audit Observations	Unmodified
4	Frequency of Observations	Not Applicable

For Patel KNR Heavy Infrastructures Limited

  
K Narasimha Reddy  
Director

  
S. Vaikuntanathan  
CFO/Compliance Officer

For Gianender & Associates  
Chartered Accountants  
FRN. 004661N

  
  
Manju Agrawal  
(Partner)  
M.No. 083878

**PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

**Extent and nature of security created with respect to the NCDs, as per Regulation 54(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

- i. first ranking pari passu charge by way of simple mortgage in favour of the Debenture Trustee (for the benefit of the Debenture Holders) over the Mortgaged Property, save and except the Project Assets;
- ii. first pari passu charge on all the Issuer's tangible moveable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future save and except the Project Assets;
- iii. first pari passu charge on all the intangible assets of the Issuer including but not limited to goodwill, rights, undertaking and uncalled capital present and future excluding the Project Assets (provided that all amounts received on account of any of these shall be deposited in the Escrow Account that the charges on the same shall be subject to the extent permissible as per the priority specified in the Clause 25.2.1 and 25.3 of the Concession Agreement and Clause 3.3.1 and Clause 3.3.2 of the Escrow Agreement. Further, a charge on uncalled capital, as set in above, shall be subject however to the provisions of Clause 11.1 (xiii) of the Concession Agreement;
- iv. first pari passu charge over all accounts of the Issuer, including the DSRA, Escrow Account and sub-Accounts (except for the PKHIL Debenture Redemption Reserve Account, PKHIL ECB Redemption Reserve Account and PKHIL ECB Finance Parties Holding Account) (or any account in substitution thereof) that may be opened and the Escrow Agreement, or any of the other Project Documents and all funds from time to time deposited therein, the receivables and all Authorised Investments or other securities, provided that:
  - a. the same being applied to the extent of waterfall of priority of payment as specified in Clause 25.2.1 and Clause 25.3 of the Concession Agreement and Clause 3.3.1 and Clause 3.3.2 of the Escrow Agreement and not beyond that;
  - b. the charge over the receivables shall be enforceable by the Senior Lenders or on their behalf only for the purpose of ensuring that the receivables are credited to the Escrow Account for the purpose of being applied to the extent of waterfall of priority of payment as specified in Clause 25.2.1 and Clause 25.3 of the Concession Agreement and Clause 3.3.1 and Clause 3.3.2 of the Escrow Agreement and not beyond that;



- v. pledge of 100% (One Hundred percent) of the issued, paid up and voting equity share capital of the Issuer held by the Promoters in the Issuer till the Final Redemption Date. Provided that any enforcement of the pledge over shall be subject to Clause 11.1 (xiii) of the Concession Agreement and the prior approval of NHAI provided therein
- vi. Assignment by way of security of the following:
- all the rights, title, interest, benefits, claims and demands whatsoever of the Issuer in the Project Documents;
  - the rights, title and interest of the Issuer in, to and under all the Government Approvals;
  - all the rights, title, interest, benefits, claims and demands whatsoever of the Issuer in any letter of credit, guarantee including Contractors' guarantees and Liquidated Damages and performance bond provided by any party to the Project Document;
  - all the rights, title, interest, benefits, claims and demands whatsoever of the Issuer under all Insurance Contracts;

provided that, the charge on assignment mentioned in paragraph (f) above shall be enforceable in (A) the manner specified in the New Substitution Agreement so as to enable the Nominated Company (as defined under the Concession Agreement) to substitute the Issuer in respect thereof as per the Substitution Agreement; and (B) only for the purpose of ensuring that the amounts received thereupon are credited to the Escrow Account for the purpose of being applied in the order of priority specified in Clause 25.2.1 and Clause 25.3 of the Concession Agreement and Clause 3.3.1 and Clause 3.3.2 of the Escrow Agreement and not beyond that.


# PATEL KNR HEAVY INFRASTRUCTURES LIMITED

Regd.off: KNR House,4th Floor, Plot No.114, Phase-1, Kavuri Hills,Hyderabad-500 033  
Phone:+91-040-40268761/ 62 Fax.:+91-40-40268760, E-mail: info@knrcl.com,  
Web: www.knrcl.com, CIN: U70102TG2006PLC049949

Date: 29<sup>th</sup> May 2017  
To,  
The Manager,  
Listing Department,  
BSE Limited  
Phiroze jeejeebhoy Tower,  
Dalal Street, Mumbai-400 001

Dear Sir,

Sub: Patel KNR Heavy Infrastructures Limited - NCD's  
Ref: Year ended communication for the year ended 31<sup>st</sup> March-2017

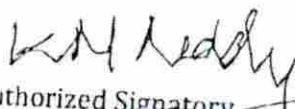
With Reference to the above, we submit herewith the information and documents as per the provision of the listing agreement thereunder.

1. The Credit Rating assigned in respect of Non-Convertible debentures of the company is "CARE AAA(SO)".
2. The Asset Coverage Ratio works out to 1.14 times (Rs 519.53 Cr /Rs. 438.01 Cr) based on the net book value of the assets available for security including value of financial assets of Rs. 429.07 Crores as on 31<sup>st</sup> March 2017 and the same is considered for calculation of Assets coverage ratio.
3. The Debt Equity Ratio of the company as on 31<sup>st</sup> March 2017 is 7.25:1.
4. The Previous due date for the payment of interest and principal in respect of debentures was 31<sup>st</sup> March 2017 and the same was paid on due date.
5. The next due date of principal and interest in respect of debentures is 30th September 2017.

We confirm that the information submitted as above is true and correct and the undersigned has authority to submit the same to you.


Thanking You,  
Yours Sincerely,

For Patel KNR Heavy Infrastructures Limited

  
Authorized Signatory



Countersigned by:  
For IDBI Trusteeship Limited

  
Authorized Signatory

