

**M.K. DANDEKER & CO.,**  
*Chartered Accountants*

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Kilpauk, CHENNAI - 600 010.

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF PATEL-KNR INFRASTRUCTURES LIMITED**

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone IND AS financial statements of **Patel-KNR Infrastructures Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and 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 "standalone IND AS financial statements").

**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 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) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

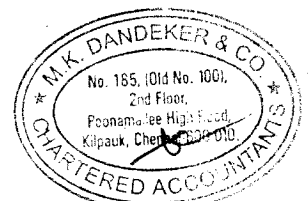
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 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 standalone 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 standalone Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone Ind AS financial statements.

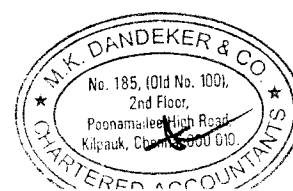
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 statements of the Company as at 31st March 2017, and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

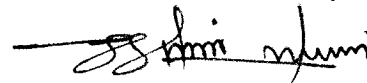
1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
  - (e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.



**M.K. Dandeker & Co.**  
**Chartered Accountants**

- (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".
- (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 does not have any pending litigations as at March 31, 2017 which would impact its financial position.
  - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in its standalone IND AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 36 to the standalone Ind AS financial statements.

For **M.K. Dandeker & Co.,**  
**(ICAI Reg. No. 000679S)**



**S. Poosaidurai**

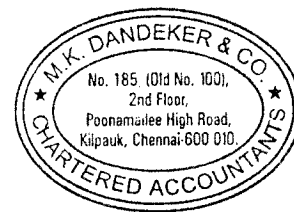
**Partner**

**Chartered Accountants**

**Membership No. 223754**

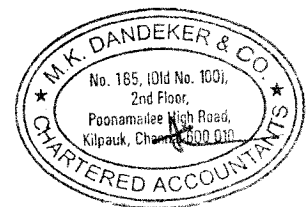
**Date:** May 30, 2017.

**Place:** Hyderabad



**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT**  
**(Referred to in our Report of even date)**

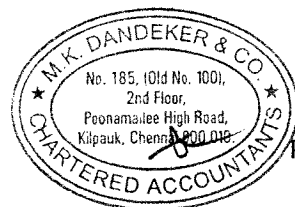
1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- b. The Fixed Assets have been physically verified by the Management at regular intervals and no material discrepancies were noticed on such verification.
- c. The title deeds of immovable properties are held in the name of the Company.
2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. According to the information and explanations given to us, the Company has not entered into any transactions in respect of loans, Investments, Guarantees and securities, which attracts compliance with the provisions of section 185 and 186 of the Companies Act, 2013. Therefore the clause 3(iv) of order is not applicable to the Company.
5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
6. According to the information and explanation given to us the Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.
7. a. According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.



b. According to the information and explanation given to us, the following statutory dues have not been deposited on account of disputes.

Name of the statute	Nature of dues	Amount (in Rs.)	Period to which the amount Relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	538,120	Assessment Year 2011-12	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	17,563,800	Assessment Year 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	160,767,210	Assessment Year 2013-14	Commissioner of Income Tax (Appeals)

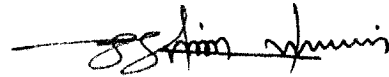
8. The Company has not defaulted in payment of Interest on Borrowings, repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders, if any.
9. The money's raised by way of debt instruments and term loans were applied for the purposes for which those are raised.
10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not paid / provided for managerial remuneration.
12. The Company is not a Nidhi Company and hence clause 3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.



**M.K. Dandeker & Co.**  
**Chartered Accountants**

14. According to the information and explanations 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 year.
15. According to the information and explanations 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 directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **M.K. Dandeker & Co.,**  
**(ICAI Regn. No.000679S)**



**S. POOSAIDURAI**

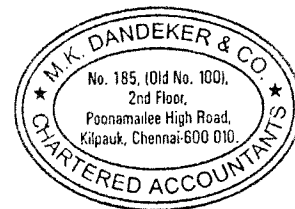
**Partner**

**Chartered Accountants**

**Membership No.223754**

**Date:** May 30, 2017.

**Place:** Hyderabad



**ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT**  
(Referred to in our Report of 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 Infrastructures Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

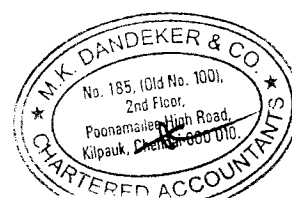
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). 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 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 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.

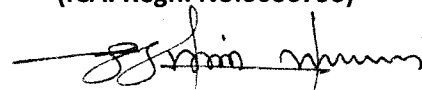
### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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 M.K. Dandeker & Co.,  
(ICAI Regn. No.000679S)



S. Poosaidurai

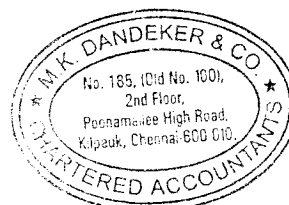
Partner

Chartered Accountants

Membership No.223754

Date: May 30, 2017.

Place: Hyderabad





PATIL KNR INFRASTRUCTURES LTD.

Balance Sheet as at March 31, 2017

Particulars	Note	As at March 31,	As at March 31,	As at April 01,
		2017	2016	2015
		₹	₹	₹
<b>ASSETS</b>				
<b>(1) Non-current assets</b>				
a) Property, Plant and Equipment	1 (a)	42,05,237	25,98,043	33,54,536
b) Financial Assets				
Lease Receivable	3	2,25,50,08,686	2,37,96,65,643	2,48,23,31,803
c) Deposits	2	25,000	25,000	25,000
	A	2,25,92,38,923	2,38,22,88,686	2,48,57,11,338
<b>(2) Current assets</b>				
a) Financial Assets				
i) Lease Receivable	3	65,88,00,000	65,88,00,000	65,88,00,000
ii) Trade receivables	4	98,76,742	1,76,24,060	37,24,515
iii) Cash and cash equivalents	5	67,23,95,097	60,69,73,388	85,29,27,112
b) Current Tax Assets (net)	3	6,65,53,102	6,66,26,443	5,00,49,039
c) Other current assets	3	17,08,707	9,55,788	38,73,829
	B	1,40,93,33,648	1,35,09,79,679	1,56,93,74,495
	A+B	3,66,85,72,571	3,73,32,68,365	4,05,50,85,833
<b>TOTAL</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a) Equity Share capital	6	37,00,00,000	37,00,00,000	37,00,00,000
b) Other Equity	7	14,28,970	29,97,816	-3,33,07,268
	C	37,14,28,970	37,29,97,816	33,66,92,732
<b>LIABILITIES</b>				
<b>(1) Non-current liabilities</b>				
a) Financial liabilities				
Borrowings	8	2,88,33,82,005	3,09,87,30,824	3,30,27,66,007
b) Provisions	9	19,80,90,361	1,81,16,964	4,87,00,000
	D	3,08,14,72,366	3,11,68,47,788	3,35,14,66,007
<b>(2) Current liabilities</b>				
a) Financial liabilities				
i) Borrowings	8	20,53,00,000	19,62,00,000	18,71,00,000
ii) Trade payables	11	19,21,537	4,47,14,768	1,91,47,500
b) Other current liabilities	10	11,60,962	25,07,993	26,79,594
c) Provisions	9	72,88,736	-	15,80,00,000
	E	21,56,71,235	24,34,22,761	36,69,27,094
	C+D+E	3,66,85,72,571	3,73,32,68,365	4,05,50,85,833
<b>Total Equity and Liabilities</b>				
Other notes forming part of accounts	19-36			
Significant accounting policies	37			

As per our report attached

M.K.DANDEKER & CO.

Chartered Accountants

Firm's Registration No.: 000679S

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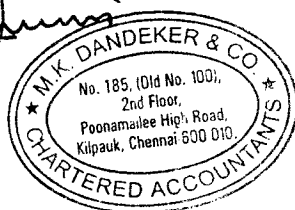
S.POOSAIDURAI

Partner

Membership No.: 223754

Place: Hyderabad

Date: 30th May 2017



For and on behalf of the Board

*K.N. Reddy B. S. S. Chander Reddy*

K.N. REDDY

Director

Din - 00382412

B. SUDASCHANDER REDDY

Director

Din - 01675600

Chief Financial Officer

Place: Hyderabad

Date: 30th May 2017

**PATEL KNR INFRASTRUCTURES LTD.**

**Statement of Profit and loss for the year ended March 31, 2017**

Particulars	Note	For the Year Ended	For the Year Ended
		March 31, 2017	March 31, 2016
		Rs *	Rs *
<b>REVENUE</b>			
Revenue from Operations	12	301,370,704	312,136,620
Construction contract revenue			
O&M Revenue	12	232,772,339	243,997,220
Other income	13	24,690,136	43,479,360
<b>Total Revenue</b>	<b>A</b>	<b>558,833,179</b>	<b>599,613,200</b>
<b>EXPENSES</b>			
Operating expenses	14	247,788,467	243,997,220
Employee benefit expenses	15	240,000	240,000
Finance costs	16	287,249,373	307,785,187
Depreciation and amortisation		839,717	549,509
Administration Expenses	17	1,352,255	369,547
Other Expenses	18	15,643,477	10,366,653
<b>Total Expenses</b>	<b>B</b>	<b>553,113,289</b>	<b>563,308,116</b>
<b>Profit/(loss) before tax</b>	<b>A-B</b>	<b>5,719,890</b>	<b>36,305,084</b>
Tax Expense:			
Current tax		7,288,736	
Adjustment of tax relating to earlier periods			
MAT credit entitlement			
Deferred tax		7,288,736	-
<b>Profit/(loss) after tax for the year</b>		<b>(1,568,846)</b>	<b>36,305,084</b>
Prior period adjustments		-	-
<b>Profit for the year</b>		<b>(1,568,846)</b>	<b>36,305,084</b>
<b>Other Comprehensive Income</b>			
Nature			
Income-tax effect			
i) Reclassifiable to profit or loss in subsequent periods		-	-
ii) Not reclassifiable to profit or loss in subsequent periods		-	-
<b>Total Comprehensive Income for the year</b>		<b>-</b>	<b>-</b>
Earnings per equity share (Basic and Diluted)		(0.04)	0.98
Face value per equity share		10	10

As per our report attached

**M.K.DANDEKER & CO.**

Chartered Accountants

Firm's Registration No.: 000679S

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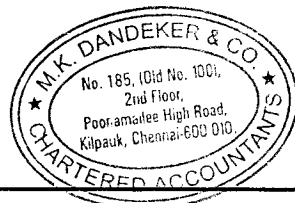
**S.POOSAIDURAI**

Partner

Membership No.: 223754

Place: Hyderabad

Date: 30th May 2017



For and on behalf of the Board

*K.N. Reddy* *B. Sudaschander Reddy*

**K.N.Reddy**

Director

Din - 00382412

**B.Sudaschander Reddy**

Director

Din - 01675600

*[Signature]*  
Chief Financial Officer

Place: Hyderabad

Date: 30th May 2017

PATEL KNR INFRASTRUCTURES LTD.  
Cash Flow Statement as on March 31, 2017

S. No.	Particulars	As at March 31, 2017	As at March 31, 2016
		₹	₹
A	Net profit / (loss) before tax and extraordinary items	(15,68,846)	3,63,05,084
	Adjustment for		
	Depreciation and amortisation expense	8,39,717	5,49,509
	Interest expense	28,72,49,373	30,77,85,187
	Interest income	(2,46,90,136)	(3,27,74,358)
	(Profit)/loss on sale of fixed assets	-	-1,93,017
	<b>Operating profit before working capital changes</b>	<b>26,18,30,108</b>	<b>31,16,72,405</b>
	<b>Adjustments for:</b>		
	Increase / (Decrease) in long term provisions	17,99,73,397	(3,05,83,036)
	Increase / (Decrease) in trade payables	(4,27,93,231)	2,55,67,268
	Increase / (Decrease) in other current liabilities	(13,47,031)	(1,71,601)
	Increase / (Decrease) in Current Borrowings	91,00,000	91,00,000
	Increase / (Decrease) in short term provisions	72,88,736	(15,80,00,000)
	(Increase) / Decrease in loan term loans and advances	12,46,56,957	10,26,66,160
	(Increase) / Decrease in other non-current assets	-	-
	(Increase) / Decrease in Trade Receivables	77,47,318	(1,38,99,545)
	(Increase) / Decrease in short term loans and advances	-	-
	(Increase) / Decrease in other current assets	(7,52,919)	29,18,041
	(Increase) / Decrease in Current Tax	73,341	(1,65,77,404)
	<b>Net cash generated from/(used in) operating activities</b>	<b>54,57,76,676</b>	<b>23,26,92,288</b>
	Direct taxes paid (net of refunds)		
	<b>Net Cash(used in)/generated from Operating Activities</b>	<b>54,57,76,676</b>	<b>23,26,92,288</b>
B	<b>Cash flow from investing activities</b>		
	Sale of fixed assets	-	4,00,000
	Purchase of Fixed Assets	(24,46,911)	-
	Interest received	2,46,90,136	3,27,74,358
	<b>Net cash (used in)/generated from investing activities</b>	<b>2,22,43,225</b>	<b>3,31,74,358</b>
C	<b>Cash flow from financing activities</b>		
	Repayment of long term borrowings	(21,53,48,819)	(20,40,35,183)
	Interest paid	(28,72,49,373)	(30,77,85,187)
	<b>Net cash (used in)/generated from financing activities</b>	<b>(50,25,98,192)</b>	<b>(51,18,20,370)</b>
	<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>6,54,21,709</b>	<b>(24,59,53,724)</b>
	<b>Cash and cash equivalents as at the beginning of the year</b>	<b>60,69,73,388</b>	<b>85,29,27,112</b>
	<b>Cash and cash equivalents as at the end of the year</b>	<b>67,23,95,097</b>	<b>60,69,73,388</b>

Notes:

- Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
- Cash and cash equivalents represent cash and bank balances.
- Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached

M.K.DANDEKER & CO.

Chartered Accountants

Firm's Registration No.: 000679S

by the hand of

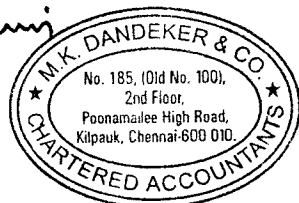
S.POOSAIDURAI

Partner

Membership No.: 223754

Place: Hyderabad

Date: 30th May 2017



For and on behalf of the Board

*K.N.Reddy*

K.N.Reddy

Director

Din - 00382412

*B.Sudaschander Reddy*

B.Sudaschander Reddy

Director

Din - 01675600

*[Signature]*

Chief Financial Officer

Place: Hyderabad

Date: 30th May 2017

PATEL KNR INFRASTRUCTURES LTD.  
Notes forming part of Accounts

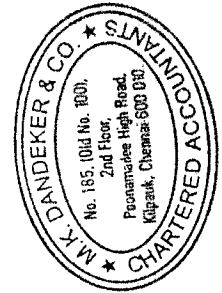
1 (a) Property, Plant and Equipment

Particulars	Cost				Depreciation			Book Value		Amount (₹)
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	For the year	Deductions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016	
	Owned Building	11,24,500	-	-	11,24,500	86,500	-	1,73,000	9,51,500	
Vehicles	12,42,033	24,46,911	-	36,88,944	7,53,217	-	4,35,207	32,53,737	15,66,043	
<b>Total</b>	<b>23,66,533</b>	<b>24,46,911</b>	<b>-</b>	<b>48,13,444</b>	<b>8,39,717</b>	<b>-</b>	<b>6,08,207</b>	<b>42,05,237</b>	<b>25,98,043</b>	
Previous year				23,66,533			-2,31,510			

- (a) the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities;  
(b) the amount of expenditures recognised in the carrying amount of an item of property, plant and equipment in the course of its construction;  
(c) the amount of contractual commitments for the acquisition of property, plant and equipment; and  
(d) Gross carrying amount of any fully depreciated property, plant and equipment that is still in use

1 (b) Property, Plant and Equipment

Particulars	Cost				Depreciation			Book Value		Amount (₹)
	As at 01 April, 2015	Additions	Deductions	As at March 31, 2016	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at 01 April, 2015	
	Owned Building	11,24,500	-	-	11,24,500	86,500	-	86,500	10,38,000	
Vehicles	22,30,035	-	9,88,002	12,42,033	4,63,009	7,81,019	-3,18,010	15,66,043	22,30,035	
<b>Total</b>	<b>33,54,535</b>	<b>-</b>	<b>9,88,002</b>	<b>23,66,533</b>	<b>5,49,509</b>	<b>7,81,019</b>	<b>-2,31,510</b>	<b>25,98,043</b>	<b>33,54,535</b>	
Previous year				33,54,535						



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PATEL KNR INFRASTRUCTURES LTD.

Notes forming part of Accounts

2 Deposits

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Amount(₹)	Non-current Amount(₹)	Current Amount(₹)	Non-current Amount(₹)	Current Amount(₹)	Non-current Amount(₹)
a) Security deposits						
Unsecured, considered good	-	25,000	-	25,000	-	25,000
	-	25,000	-	25,000	-	25,000

3 Other non-current and current assets

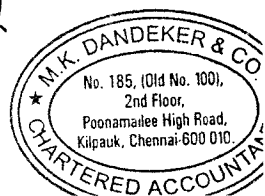
Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Amount(₹)	Non-current Amount(₹)	Current Amount(₹)	Non-current Amount(₹)	Current Amount(₹)	Non-current Amount(₹)
a) Advances other than capital advances						
Advances to related parties	1	-	-	-	38,57,551	-
b) Advance recoverable other than in cash						
Prepaid expenses	17,08,706	-	9,55,788	-	16,278	-
	17,08,707	-	9,55,788	-	38,73,829	-
c) Financial Lease receivables						
	65,88,00,000	2,25,50,08,686	65,88,00,000	2,37,96,65,643	65,88,00,000	2,48,23,31,803
	65,88,00,000	2,25,50,08,686	65,88,00,000	2,37,96,65,643	65,88,00,000	2,48,23,31,803
d) Income tax						
Income tax net of provisions	6,65,53,102	-	6,66,26,443	-	5,00,49,039	-
	6,65,53,102	-	6,66,26,443	-	5,00,49,039	-

4 Trade receivables

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current Amount(₹)	Non Current Amount(₹)	Current Amount(₹)	Non Current Amount(₹)	Current Amount(₹)	Non Current Amount(₹)
Unsecured, considered good						
Others						
Debts outstanding for a period exceeding six months	98,76,742	-	1,76,24,060	-	37,24,515	-
Less: Allowance for expected credit losses	-	-	-	-	-	-
	98,76,742	-	1,76,24,060	-	37,24,515	-

5 Cash and cash equivalents

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	Amount(₹) ₹.	Amount(₹) ₹.	Amount(₹) ₹.
a) Balances with banks	37,51,32,273	32,57,90,266	53,87,37,183
Trust retention and escrow accounts			
Other accounts			
b) Fixed deposits with banks including interest accrued thereon	29,72,62,824	28,11,83,122	31,41,89,929
	67,23,95,097	60,69,73,388	85,29,27,112



PATEL KNR INFRASTRUCTURES LTD.

Notes forming part of Accounts

12 Revenue from operations

Particulars	2016-17	2015-16
	Amount( ₹ )₹s.	Amount( ₹ )₹s.
Operating revenue:		
IND AS Adjustment (Finance Income)	30,13,70,704	31,21,36,620
IND AS Adjustment (O & M Income)	23,27,72,339	24,39,97,220
	53,41,43,043	55,61,33,840

13 Other income

Particulars	2016-17	2015-16
	Amount( ₹ )₹s.	Amount( ₹ )₹s.
Interest income from:		
Bank deposits	2,10,37,784	3,21,98,391
Miscellaneous Income	78,183	5,75,967
Income tax Refund	15,06,017	-
Interest Accrued But Not Due	20,68,152	-
Ind As Adjustment		1,07,05,002
	2,46,90,136	4,34,79,360

14 Operating expenses

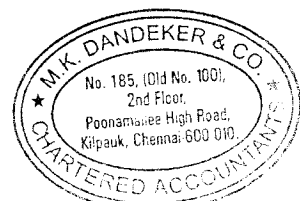
Particulars	2016-17	2015-16
	Amount( ₹ )₹s.	Amount( ₹ )₹s.
Repairs and maintenance		
Regular Maintenance Cost	5,27,98,942	5,04,78,216
Periodic major maintenance	19,49,89,525	19,35,19,004
	24,77,88,467	24,39,97,220

15 Employee benefit expenses

Particulars	2016-17	2015-16
	Amount( ₹ )₹s.	Amount( ₹ )₹s.
Salaries, wages and bonus	2,40,000	2,40,000
	2,40,000	2,40,000

16 Finance costs

Particulars	2016-17	2015-16
	Amount( ₹ )₹s.	Amount( ₹ )₹s.
Interest on Non Convertible Debenture	28,72,17,173	30,74,62,151
Bank Charges	32,200	3,23,036
	28,72,49,373	30,77,85,187



6 Share Capital

(i) Authorised, issued, subscribed and paid up

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	Amount( ₹ )	No. of shares	Amount( ₹ )	No. of shares	Amount( ₹ )
Authorised: Equity shares of ₹ 10 each	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
Issued, subscribed and fully paid up Equity shares of ₹ 10 each	3,70,00,000	37,00,00,000	3,70,00,000	37,00,00,000	3,70,00,000	37,00,00,000

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	Amount( ₹ )	No. of shares	Amount( ₹ )	No. of shares	Amount( ₹ )
At the beginning of the year	3,70,00,000	37,00,00,000	3,70,00,000	37,00,00,000	3,70,00,000	37,00,00,000
Issued during the year as fully paid	-	-	-	-	-	-
Others	-	-	-	-	-	-
At the end of the year	3,70,00,000	37,00,00,000	3,70,00,000	37,00,00,000	3,70,00,000	37,00,00,000

(iii) Terms / rights attached to shares

**Equity shares**

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

No dividend is declared by Board of Directors for the year ended 31st March, 2016. (Previous year - ₹. Nil)

(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

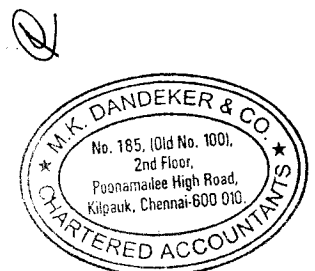
Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	Amount( ₹ )	No. of shares	Amount( ₹ )	No. of shares	Amount( ₹ )
Patel Engineering Ltd (Holding Company) Equity Share of Rs.10 each.	15,54,000	1,55,40,000	15,54,000	1,55,40,000	15,54,000	1,55,40,000
	15,54,000	1,55,40,000	15,54,000	1,55,40,000	15,54,000	1,55,40,000

(v) Details of Shareholders holding more than 5% shares in the company:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	%	No. of shares	%	No. of shares	%
Patel Engineering Ltd.	15,54,000	42%	15,54,000	42%	15,54,000	42%
KNR Constructions Ltd.	14,80,000	40%	14,80,000	40%	14,80,000	40%
Enpro Ltd.	6,66,000	18%	6,66,000	18%	6,66,000	18%

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; Forfeited Shares : NIL



PATEL KNR INFRASTRUCTURES LTD.  
Notes forming part of Accounts

8 Borrowings

Particulars	As at March 31, 2017		As at March 31, 2016			As at April 01, 2015	
	Current Amount( ₹ )	Non current Amount( ₹ )	Current Amount( ₹ )	Non current Amount( ₹ )	Total Amount( ₹ )	Current Amount( ₹ )	Non current Amount( ₹ )
Secured borrowings							
Debtures (Refer foot note no. i and ii)	20,53,00,000	2,88,30,99,037	19,62,00,000	3,09,83,11,224	3,29,45,11,224	18,71,00,000	3,30,23,58,807
Unsecured borrowings							
Loans from related parties		2,82,968	-	4,19,600	4,19,600	-	4,07,200
	20,53,00,000	2,88,33,82,005	19,62,00,000	3,09,87,30,824	3,29,49,30,824	18,71,00,000	3,30,27,66,007

Foot Notes:

I. The Company has issued 9.57% Rated Taxable Redeemable Non-Convertible Debentures of face value of Rs.10 each amounting to Rs 409 Crores on April, 23 2010. The same are redeemable partly every year with the redemption starting from Oct' 2010 and would be completed by 2027. The said debentures carry an interest rate of 9.57% payable half yearly. These debentures were subsequently listed on 01/06/2010 in NSE. Interest during the year have been paid fully without delay.

ii. All the above debentures are secured by 1) First charge on the entire assets, movable and immovable, present and future of the company, 2) First charge on the revenues and receivables of the company including the annuity, 3) First charge on the debt service, reserve account, and other reserves, Trust and retention account and all other bank accounts of the company, 4) Assignment of all the contracts, Project documents and insurance policies as regards the road project on NH - 7 on annuity and 5) Assignment of a revolving letter of credit of Rs. 32.94 Crores in favour of AXIS Bank. 6) Next repayment date 14/04/2017.

9 Provisions

Particulars	As at March 31, 2017		As at March 31, 2016			As at April 01, 2015	
	Current Amount( ₹ )	Non current Amount( ₹ )	Current Amount( ₹ )	Non current Amount( ₹ )	Total Amount( ₹ )	Current Amount( ₹ )	Non current Amount( ₹ )
Provisions for major maintenance reserve	-	19,80,90,361	-	1,81,16,964	1,81,16,964	15,80,00,000	4,87,00,000
Income Tax	72,88,736	-	-	-	-	-	-
	72,88,736	19,80,90,361	-	1,81,16,964	1,81,16,964	15,80,00,000	4,87,00,000

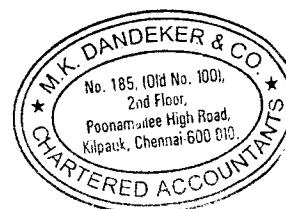
10 Other liabilities

Particulars	As at March 31, 2017		As at March 31, 2016			As at April 01, 2015	
	Current Amount( ₹ )	Non current Amount( ₹ )	Current Amount( ₹ )	Non current Amount( ₹ )	Total Amount( ₹ )	Current Amount( ₹ )	Non current Amount( ₹ )
i) Other liabilities	4,46,797	-	25,07,993	-	25,07,993	26,79,594	-
ii) Statutory payables	7,14,165	-	-	-	-	-	-
	11,60,962	-	25,07,993	-	25,07,993	26,79,594	-

11 Trade payables

Particulars	As at March 31, 2017 Amount( ₹ )	As at March 31, 2016 Amount( ₹ )	As at April 01, 2015 Amount( ₹ )
Acceptances	-	-	-
Total outstanding dues of micro and small enterprises*	-	-	-
Total outstanding dues of creditors other than micro and small enterprises	-	-	-
Due to related parties	19,21,537	4,47,14,768	1,91,47,500
	19,21,537	4,47,14,768	1,91,47,500

\*There have been no claimed transactions during the year with Micro and Small enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence, reporting of details of principal and interest does not arise.

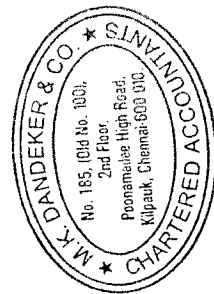




PATEL KNR INFRASTRUCTURES LTD.  
Statement of Changes in Equity for the period ended March 31, 2017

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus					Total
			Capital reserve	Securities premium reserve	General Reserve	Revaluation Reserve	Debtore Redemption Reserve	
Balance at the beginning of the reporting period	-	-	-	-	-	13,50,325	16,47,491	29,97,816
Profit for the year	-	-	-	-	-	-	(15,68,846)	(15,68,846)
Other comprehensive income	-	-	-	-	-	-	-	-
Transfer from / (to) debtore redemption reserve	-	-	-	-	-	-	-	-
<b>Balance at the end of the reporting period</b>	-	-	-	-	-	<b>13,50,325</b>	<b>78,645</b>	<b>14,28,970</b>

Particulars	Share application money pending	Equity component of compound financial	Reserves & Surplus					Total
			Capital reserve	Securities premium reserve	General Reserve	Revaluation Reserve	Debtore Redemption Reserve	
Balance at the beginning of the reporting period	-	-	-	-	-	13,50,325	(3,46,57,593)	(3,33,07,268)
Profit for the year	-	-	-	-	-	-	3,63,05,084	3,63,05,084
Other comprehensive income	-	-	-	-	-	-	-	-
Transfer from / (to) debtore redemption reserve	-	-	-	-	-	-	-	-
<b>Balance at the end of the reporting period</b>	-	-	-	-	-	<b>13,50,325</b>	<b>16,47,491</b>	<b>29,97,816</b>



17 Administration Expenses

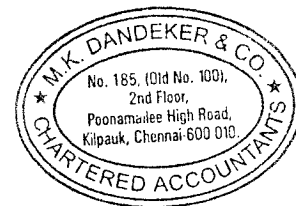
Particulars	2016-17	2015-16
	Amount( ₹ )₹	Amount( ₹ )₹
Insurance Expenses	6,68,547	1,31,179
Printing and stationery	4,610	59,754
Travel Rail/Road	16,158	30,438
Travell Loading/Boarding	1,31,150	4,000
Credits Written Back	2,39,526	-
Travel-meals/Food Expenses	87,022	4,371
Listing fee	31,035	33,708
General Expenses	26,943	1,06,097
Other Expenses	1,47,264	-
	<b>13,52,255</b>	<b>3,69,547</b>

18 Other Expenses

Particulars	2016-17	2015-16
	Amount( ₹ )₹	Amount( ₹ )₹
Audit fee	4,02,500	3,71,220
Certification fee	2,01,476	45,600
Other Services	12,893	-
Rates and Taxes	75,153	14,170
Advertisement	16,258	28,032
Consultation Charges	1,12,98,006	63,67,743
Professional	33,82,894	34,66,814
Tax audit fees	46,000	45,800
Interest on TDS Delay	95,747	27,274
Conveyance Exp	1,12,550	-
	<b>1,56,43,477</b>	<b>1,03,66,653</b>

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars	2016-17	2015-16
	Amount( ₹ )₹	Amount( ₹ )₹
a) As auditor	4,02,500	3,71,220
b) For taxation matters	-	-
c) For other services	12,893	-
<b>Total</b>	<b>4,15,393</b>	<b>3,71,220</b>



19 Corporate Information

The Company was formed as SPV namely Patel-KNR Infrastructures Ltd and has been awarded on Build Operate and Transfer (BOT) Annuity basis, the widening of existing two-lane portion from Km 463.60 (A.P-Karnataka border) to Km 524.00 (Avathi village), covering 60.4 Kilometers, on National Highway No.7 (NH-7) in the state of KARNATAKA, to 4 lanes under the Concession Agreement dated 28th September, 2006 with the National Highways Authority of India. The Concession Agreement is for a period of 18 years from the date of the Commencement stated in clause 1.1 of the said agreement. At the end of Concession period, the entire facility will be transferred to NHAI.

20 The Company has not earned any income/incurred any expenditure in foreign currency during the year. (previous year: ₹ Nil)

21 Disclosure pursuant to Ind AS 19 "Employee benefits":

The company does not have eligible employees as specified under Ind AS -19 on 'Employee Benefits'. Hence, provision for post- employment benefits has not been provided.

22 Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Borrowing cost capitalised during the year ₹ Nil. (previous year : ₹ Nil).

Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

24 Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

a) List of related parties

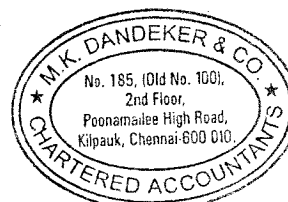
Holding Company :	Patel Engineering Limited
Share Holder :	KNR Constructions Limited
Key Managerial Personnel:	
	K.N.Reddy
	B.Sudaschander Reddy

b) Disclosure of related party transactions:

Particulars	2016-17	2015-16
	₹. ₹	₹. ₹
Operation and Maintenance Expenses		
Holding company		
Patel Engineering Limited	5,30,33,677	5,04,78,216
Major Maintenance		
Share Holder		
KNR Constructions Limited	-	38,21,02,040
ETC Work		
Share Holder		
KNR Constructions Limited	-	1,97,47,500
	5,30,33,677	45,23,27,756

c) Amount due to and due from related parties(net):

Particulars	Amounts due (to)/from	
	As at	As at
	As at March 31, 2017	As at March 31, 2016
Holding Company		
Patel Engineering Limited	(4,19,600)	(4,19,600)
Share Holder		
KNR Constructions Limited	(6,926)	(4,47,14,768)



d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

25 Disclosure pursuant to Ind AS 17 "Leases"

The Company has not acquired any assets either under Finance lease or under Operating lease. Hence disclosures pertaining to Ind AS 17 - "Leases" are not applicable.

26 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars	2016-17	2015-16
	₹, ₹	₹, ₹
Basic and Diluted Profit after tax as per accounts (A)	-15,68,846	3,63,05,084
Weighted average number of shares outstanding B	3,70,00,000	3,70,00,000
Basic and Diluted EP: A / B	(0.04)	0.98
Face value per equity share (C)	10	10

26 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars	2016-17	2015-16
	₹, ₹	₹, ₹
Basic and Diluted Profit after tax as per accounts (A)	(15,68,846)	3,63,05,084
Weighted average number of shares outstanding (B)	3,70,00,000	3,70,00,000
Basic and Dilut A / B	(0.04)	0.98
Face value per equity share (C)	10	10

27 Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

28 Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets"

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per industry practice, the periodic maintenance is expected to occur after 5 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually.

29 Disclosure pursuant to Ind AS 38 - "Intangible Assets"

Intangible asset (In years)	Useful Life	Amortisation method used	Internally generated or Acquired
Carraigeway	18	Straight Line/ Remaining useful life	Constructed

30 Disclosure as per Ind AS 1 - "Presentation of Financial Statements"

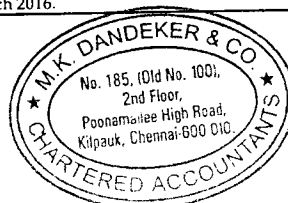
For the purpose of the company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

(Ind AS 1 requires the company to make quantitative and qualitative disclosures regarding objectives policies and processes for managing capital. Also, if comparative amounts are reclassified, nature amount and reason to be disclosed and not just the fact of reclassification.)

31 First time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2014, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.



## PATEL KNR INFRASTRUCTURES LTD.

### Note : 32- First time adoption of Ind AS

#### Transition to Ind AS

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 37 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the company's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP).

#### A. Exemptions and exceptions availed

In preparing these Ind AS financial statements, the company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the company in restating its previous GAAP financial statements, including the Balance Sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

#### Ind AS optional exemptions

##### Property plant and equipment, capital work-in-progress and intangible assets

As per Ind AS 101 an entity may elect to: measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date, use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, .. the date of the revaluation, broadly comparable to:

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition. As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment.

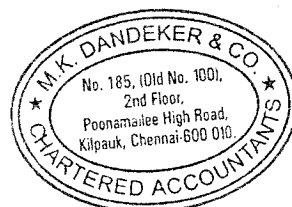
##### Financial assets accounted for in accordance with Appendix to Ind AS 11(Service Concession Arrangements)

As per Ind AS 101 an entity may elect to: Subject to paragraph (ii), changes in accounting policies are accounted for in accordance with Ind AS 8, i.e. retrospectively.

If, for any particular service arrangement, it is impracticable for an operator to apply this Appendix retrospectively at the date of transition to Ind AS, it shall:

a) recognize financial assets that existed at the date of transition to Ind AS;

b) use the previous carrying amounts of those financial assets (however previously classified) as their carrying amounts as at that date; and



c) test financial assets recognised at that date for impairment, unless this is not practicable, in which case the amounts shall be tested for impairment as at the start of the current period

There are two aspects to retrospective determination: reclassification and premeasurement. It will usually be practicable to determine retrospectively the appropriate classification of all amounts previously included in an operator's Balance Sheet, but that retrospective premeasurement of service arrangement assets might not always be practicable. However, the fact should be disclosed.

As permitted by Ind AS 101, the Company has elected to apply Appendix B to Ind AS 11 that the asset existed at the date of transition to Ind AS.

### **Ind AS mandatory exceptions**

#### **Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below:

- a) Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- b) Determination of the discounted value for financial instruments carried at amortised cost.

#### **Derecognition of financial assets and liabilities**

As per Ind AS 101, an entity should apply the De recognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the recognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

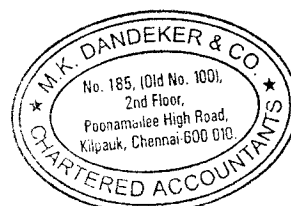
The Company has elected to apply the derecognition principles of Ind AS 109 prospectively as reliable information was not available at the time of initially accounting for these transactions.

#### **Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

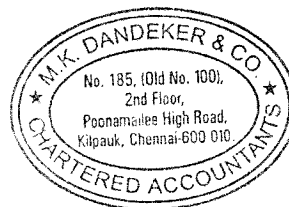
### **B. Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires the company to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.



Reconciliation of equity as at date of transition (April 1, 2015)

PATEL KNR INFRASTRUCTURES LTD.							
Reconciliation of Equity as at 01-04-2015 & 31-03-2016							
Particulars	Note	IGAAP	Effects of IND	April 01, 2015	IGAAP	Effects of IND	March 31, 2016
		₹	₹	₹	₹	₹	₹
<b>ASSETS</b>							
<b>Non-current assets</b>							
a) Property, Plant and Equipment	1	33,54,535	-	33,54,535	25,98,043	-	25,98,043
b) Financial Assets							
Lease Receivable	3	3,14,11,31,803	(65,88,00,000)	2,48,23,31,803	2,87,93,70,819	(49,97,05,176)	2,37,96,65,643
c) Other current assets							
Deposits	2	5,00,74,039	(5,00,49,039)	25,000	6,66,51,443	(6,66,26,443)	25,000
	A	3,19,45,60,377	(70,88,49,039)	2,48,57,11,338	2,94,86,20,305	(56,63,31,619)	2,38,22,88,686
<b>Current assets</b>							
a) Financial Assets							
i) Lease Receivable	3	-	65,88,00,000	65,88,00,000	-	65,88,00,000	65,88,00,000
ii) Trade receivables	4	2,72,38,155	(2,35,13,640)	37,24,515	2,65,75,147	(89,51,087)	1,76,24,060
iii) Cash and bank balances	5	85,29,27,112	-	85,29,27,112	60,69,73,388	-	60,69,73,388
b) Current Tax Assets (net)	3	-	5,00,49,039	5,00,49,039	-	6,66,26,443	6,66,26,443
c) Other current assets	3	16,278	38,57,551	38,73,829	9,55,788	-	9,55,788
	B	88,01,81,545	68,91,92,950	1,56,93,74,495	63,45,04,323	71,64,75,356	1,35,09,79,679
<b>TOTAL</b>	<b>A+B</b>	<b>4,07,47,41,922</b>	<b>(1,96,56,089)</b>	<b>4,05,50,85,833</b>	<b>3,58,31,24,628</b>	<b>15,01,43,737</b>	<b>3,73,32,68,365</b>
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
a) Equity Share capital	6	37,00,00,000	-	37,00,00,000	37,00,00,000	-	37,00,00,000
b) Other Equity	7	(1,36,51,179)	(1,96,56,089)	(3,33,07,268)	-14,71,45,921	15,01,43,737	29,97,816
	C	35,63,48,821	(1,96,56,089)	33,66,92,732	22,28,54,079	15,01,43,737	37,29,97,816
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
a) Financial liabilities							
Borrowings	8	3,15,43,00,000	14,84,66,007	3,30,27,66,007	2,95,81,00,000	14,06,30,824	3,09,87,30,824
b) Provisions	9	4,87,00,000	-	4,87,00,000	1,81,16,964	-	1,81,16,964
c) Other Long Term Liabilities							
	D	3,20,34,07,200	14,80,58,807	3,35,14,66,007	2,97,66,36,564	14,02,11,224	3,11,68,47,788
<b>Current liabilities</b>							
a) Financial liabilities							
i) Borrowings	8	-	18,71,00,000	18,71,00,000	-	19,62,00,000	19,62,00,000
ii) Trade Payables	11	1,91,47,500	-	1,91,47,500	4,47,14,768	-	4,47,14,768
b) Other current liabilities	10	33,78,38,401	(33,51,58,807)	26,79,594	33,89,19,217	(33,64,11,224)	25,07,993
c) Provisions	9	15,80,00,000	-	15,80,00,000	-	-	-
	E	51,49,85,901	(14,80,58,807)	36,69,27,094	38,36,33,985	(14,02,11,224)	24,34,22,761
<b>Total Equity and Liabilities</b>	<b>C+D+E</b>	<b>4,07,47,41,922</b>	<b>(1,96,56,089)</b>	<b>4,05,50,85,833</b>	<b>3,58,31,24,628</b>	<b>15,01,43,737</b>	<b>3,73,32,68,365</b>



## Note A

### i) Accounting for Service Concession Arrangements

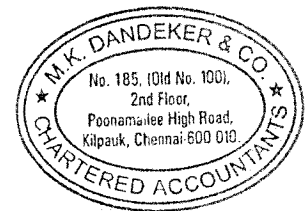
Under Ind AS, specific guidance is applicable for accounting by private sector operators involved in provision of public sector infrastructure assets and services. Under previous GAAP, there was no authoritative guidance for accounting for such arrangements. accordingly the company has recognised its financial asset.

The Company has availed the exemption under paraD22(ii)(b) of Ind AS 101 in respect of Financial asset. As per the principles, the previous GAAP carrying values for tangible asset has been considered as the deemed cost on the transition date.

Under the Previous GAAP, the Company measured the asset in respect of the road projects at cost and capitalized to Tangible asset. 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. 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, the Company has recognised construction cost and construction revenue in accordance with the Ind AS 11 principles. The construction revenue is measured at fair value of the construction services rendered.

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PATEL KNR INFRASTRUCTURES LTD.

Statement of Profit and loss for the year ended March 31, 2017

Particulars	Note	IGAAP	Effects of IND AS	Ind As
		Rs ₹	Rs ₹	Rs ₹
<b>REVENUE</b>				
Revenue from Operations	12	65,88,00,000	35,74,29,296	30,13,70,704
O&M Revenue	12	-	(23,27,72,339)	23,27,72,339
Other income	13	2,44,50,610	(2,39,526)	2,46,90,136
<b>Total Revenue</b>	<b>A</b>	<b>68,32,50,610</b>	<b>12,44,17,431</b>	<b>55,88,33,179</b>
<b>EXPENSES</b>				
Construction contract expenses				
Operating expenses	14	23,27,72,339	(1,50,16,128)	24,77,88,467
Employee benefit expenses	15	2,40,000	-	2,40,000
Finance costs	16	28,72,49,373	-	28,72,49,373
Depreciation and amortisation		26,26,00,701	26,17,60,984	8,39,717
Administration Expenses	17	11,12,729	(2,39,526)	13,52,255
Other Expenses	18	1,56,43,477	-	1,56,43,477
<b>Total Expenses</b>	<b>B</b>	<b>79,96,18,619</b>	<b>24,65,05,330</b>	<b>55,31,13,289</b>
<b>Profit/(loss) before tax</b>	<b>A-B</b>	<b>(11,63,68,009)</b>	<b>(12,20,87,899)</b>	<b>57,19,890</b>
Tax Expense:				
Current tax		-	-	-
<b>Profit/(loss) after tax for the year</b>		<b>(11,63,68,009)</b>		<b>57,19,890</b>
Prior period adjustments		-		-
<b>Profit for the year</b>		<b>(11,63,68,009)</b>		<b>57,19,890</b>
<b>Other Comprehensive Income</b>		<b>-</b>		<b>-</b>
Nature				
Income-tax effect				
i) Reclassifiable to profit or loss in subsequent periods		-		-
ii) Not reclassifiable to profit or loss in subsequent periods		-		-
<b>Total Comprehensive Income for the year</b>		<b>(11,63,68,009)</b>		<b>57,19,890</b>
Earnings per equity share (Basic and Diluted)		(3.15)		0.15
Face value per equity share		10		10

As per our report attached

M.K.DANDEKER & CO.

Chartered Accountants

Firm's Registration No.: 000679S

by the hand of

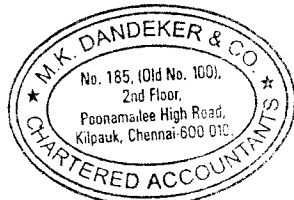
S.POOSAIDURAI

Partner

Membership No.: 223754

Place: Hyderabad

Date: 30<sup>th</sup> May 2017



For and on behalf of the Board

*K.N. Reddy* *B. Sudaschander Reddy*  
K.N.REDDY B. SUDASCHANDER REDDY

Director

Director

Din - 00382412

Din - 01675600

Chief Financial Officer

Place: Hyderabad

Date: 30th May 2017

**Note A**

Under Ind AS, provision for resurfacing is recognised based on discounted value of estimated expenses to its present value at a pre-tax rate while in IGAAP, such discounting was not allowed.

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PATEL - KNR INFRASTRUCTURES LIMITED  
Notes forming part of Accounts

33 Disclosure of Financial Instruments

33.1 Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			31.03.2016			01.04.2015		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial asset										
Deposits	2	-	-	25,000	-	-	25,000	-	-	25,000
Cash and cash equivalents	5	-	-	67,23,95,097	-	-	60,69,73,388	-	-	85,29,27,112
Other Current Assets	3	-	-	6,82,61,809	-	-	6,75,82,231	-	-	5,39,22,868
<b>Total Financial Asset</b>		-	-	<b>74,06,81,906</b>	-	-	<b>67,45,80,619</b>	-	-	<b>90,68,74,980</b>
Financial liability										
Borrowings	8	-	-	3,08,83,99,037	-	-	3,29,45,11,224	-	-	3,48,94,58,807
Loans from related parties	8	-	-	2,82,968	-	-	4,19,600	-	-	4,07,200
Other Current Financial Liabilities	10	-	-	11,60,962	-	-	25,07,993	-	-	26,79,594
Trade Payables	11	-	-	19,21,537	-	-	4,47,14,768	-	-	1,91,47,500
<b>Total Financial Liabilities</b>		-	-	<b>3,09,17,64,504</b>	-	-	<b>3,34,21,53,585</b>	-	-	<b>3,51,16,93,101</b>

33.2 Default and breaches

There are no defaults with respect to payment of principal, interest and no breaches of the terms and conditions of the loan.  
There are no breaches during the year which permitted lender to demand accelerated payment.

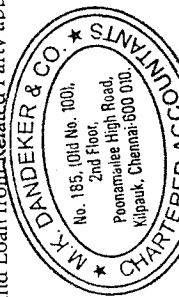
33.3 Fair value of Financial asset and liabilities at amortized cost

Particulars	Note no.	31.03.2017		31.03.2016		01.04.2015	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets							
Deposits	2	25,000	25,000	25,000	25,000	25,000	25,000
Cash and cash equivalents	5	67,23,95,097	67,23,95,097	60,69,73,388	60,69,73,388	85,29,27,112	85,29,27,112
Other Current Assets	3	6,82,61,809	6,82,61,809	6,75,82,231	6,75,82,231	5,39,22,868	5,39,22,868
<b>Total Financial Assets</b>		<b>74,06,81,906</b>	<b>74,06,81,906</b>	<b>67,45,80,619</b>	<b>67,45,80,619</b>	<b>90,68,74,980</b>	<b>90,68,74,980</b>
Financial liability							
Borrowings	8	3,08,83,99,037	3,08,83,99,037	3,29,45,11,224	3,29,45,11,224	3,48,94,58,807	3,48,94,58,807
Loans from related parties	8	2,82,968	2,82,968	4,19,600	4,19,600	4,07,200	4,07,200
Other Current Financial Liabilities	10	11,60,962	11,60,962	25,07,993	25,07,993	26,79,594	26,79,594
Trade Payables	11	19,21,537	19,21,537	4,47,14,768	4,47,14,768	1,91,47,500	1,91,47,500
<b>Total Financial Liabilities</b>		<b>3,09,17,64,504</b>	<b>3,09,17,64,504</b>	<b>3,34,21,53,585</b>	<b>3,34,21,53,585</b>	<b>3,51,16,93,101</b>	<b>3,51,16,93,101</b>

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.



**PATEL KNR INFRASTRUCTURES LTD.**

**Statement of Profit and loss for the year ended March 31, 2017**

Particulars	Note	For the Year Ended	For the Year Ended
		March 31, 2017	March 31, 2016
		Rs. *	Rs. *
<b>REVENUE</b>			
Revenue from Operations	12	301,370,704	312,136,620
Construction contract revenue			
O&M Revenue	12	232,772,339	243,997,220
Other income	13	24,690,136	43,479,360
<b>Total Revenue</b>	<b>A</b>	<b>558,833,179</b>	<b>599,613,200</b>
<b>EXPENSES</b>			
Operating expenses	14	247,788,467	243,997,220
Employee benefit expenses	15	240,000	240,000
Finance costs	16	287,249,373	307,785,187
Depreciation and amortisation		839,717	549,509
Administration Expenses	17	1,352,255	369,547
Other Expenses	18	15,643,477	10,366,653
<b>Total Expenses</b>	<b>B</b>	<b>553,113,289</b>	<b>563,308,116</b>
<b>Profit/(loss) before tax</b>	<b>A-B</b>	<b>5,719,890</b>	<b>36,305,084</b>
Tax Expense:			
Current tax		7,288,736	
Adjustment of tax relating to earlier periods			
MAT credit entitlement			
Deferred tax		7,288,736	-
<b>Profit/(loss) after tax for the year</b>		<b>(1,568,846)</b>	<b>36,305,084</b>
Prior period adjustments		-	-
<b>Profit for the year</b>		<b>(1,568,846)</b>	<b>36,305,084</b>
<b>Other Comprehensive Income</b>		-	-
Nature			
Income-tax effect			
i) Reclassifiable to profit or loss in subsequent periods		-	-
ii) Not reclassifiable to profit or loss in subsequent periods		-	-
<b>Total Comprehensive Income for the year</b>		<b>-</b>	<b>-</b>
Earnings per equity share (Basic and Diluted)		(0.04)	0.98
Face value per equity share		10	10

As per our report attached

**M.K.DANDEKER & CO.**

Chartered Accountants

Firm's Registration No.: 000679S

by the hand of

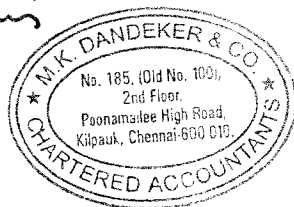
**S.POOSAIDURAI**

Partner

Membership No.: 223754

Place: Hyderabad

Date: 30th May 2017



For and on behalf of the Board

*K.N. Reddy B. Sudaschander Reddy*

**K.N.Reddy**

Director

Din - 00382412

**B.Sudaschander Reddy**

Director

Din - 01675600

*[Signature]*  
Chief Financial Officer

Place: Hyderabad

Date: 30th May 2017

PATEL - KNR INFRASTRUCTURES LIMITED

Notes forming part of Accounts

34 Fair Value Measurement

34.1. Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1 (₹)	Level 2 (₹)	Level 3 (₹)	Total (₹)
<b>Financial Assets</b>					
Deposits	2	-	25,000	-	25,000
<b>Total of Financial Assets</b>		-	25,000	-	25,000
<b>Financial Liabilities</b>					
Borrowings	8	-	3,08,83,99,037	-	3,08,83,99,037
Loans from related parties	8	-	2,82,968	-	2,82,968
Other Current Financial Liabilities	11	-	11,60,962	-	11,60,962
Trade Payables	12	-	19,21,537	-	19,21,537
<b>Total Financial liabilities</b>		-	3,09,17,64,504	-	3,09,17,64,504

As at March 31, 2016

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1 (₹)	Level 2 (₹)	Level 3 (₹)	Total (₹)
<b>Financial Assets</b>					
Deposits	2	-	25,000	-	25,000
<b>Total Financial Assets</b>		-	25,000	-	25,000
<b>Financial Liabilities</b>					
Borrowings	8	-	3,29,45,11,224	-	3,29,45,11,224
Loans from related parties	8	-	4,19,600	-	4,19,600
Other Current Financial Liabilities	11	-	25,07,993	-	25,07,993
Trade Payables	12	-	4,47,14,768	-	4,47,14,768
<b>Total Financial Liabilities</b>		-	3,34,21,53,585	-	3,34,21,53,585

As at April 1, 2015

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1 (₹)	Level 2 (₹)	Level 3 (₹)	Total (₹)
<b>Financial Assets</b>					
Deposits	3	-	25,000	-	25,000
<b>Total of Financial Assets</b>		-	25,000	-	25,000
<b>Financial Liabilities</b>					
Borrowings	8	-	3,48,94,58,807	-	3,48,94,58,807
Loans from related parties	8	-	4,07,200	-	4,07,200
Other Current Financial Liabilities	11	-	26,79,594	-	26,79,594
Trade Payables	12	-	1,91,47,500	-	1,91,47,500
<b>Total of Financial Liabilities</b>		-	3,51,16,93,101	-	3,51,16,93,101

There are no transfer between level 1 and level 2 during the year

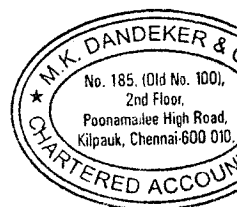
The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting

34.2. Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
<b>Financial assets</b>		
Security deposit & other loans and advances	Income	Cash flow
<b>Financial liabilities</b>		
Loans from Related parties	Income	Effective rate of borrowing
Other financial liabilities	Income	Cash flow

34.3 Asset pledged as security

Particulars	Note no	31.03.2017	31.03.2016	01.04.2015
<b>Non Financial Asset</b>				
Property, Plant & Equipment	1 (a)	42,05,237	25,98,043	33,54,535
<b>Financial Asset</b>				
Lease Receivable	3	2,91,38,08,686	3,03,84,65,643	3,14,11,31,803
Cash and Cash Equivalents	5	67,23,95,097	60,69,73,388	85,29,27,112
Other Financial Asset	4	98,76,742	1,76,24,060	37,24,515
<b>TOTAL</b>		<b>3,60,02,85,762</b>	<b>3,66,56,61,134</b>	<b>4,00,11,37,965</b>



**PATEL - KNR INFRASTRUCTURES LIMITED**

**Notes forming part of Accounts**

**35 Disclosure in pursuant to Ind AS 107- Financial Instruments:**

**35.1 Financial Risk Management**

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

**35.2 Market risk**

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

**35.2.1 Foreign Currency Risk**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

**35.2.2 Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through Currently, Lending by Commercial Banks is at variable rate only, which is the inherent business risk.

**35.2.3 Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk during the year. The company measures risk through sensitivity analysis.

**35.2.4 Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. The company is exposed to liquidity risk due to bank borrowings and trade and other payables. The company measures risk by forecasting cash flows. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

**The following are the contractual maturities of financial liabilities**

As at March 31, 2017	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>					
Trade Payables	19,21,537	19,21,537	-	-	-
Other financial liabilities	11,60,962	11,60,962	-	-	-

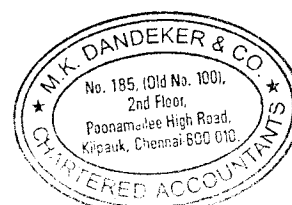
As at March 31, 2016	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>					
Trade Payables	4,47,14,768	4,47,14,768	-	-	-
Other financial liabilities	25,07,993	25,07,993	-	-	-

As at April 01, 2015	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>					
Trade Payables	1,91,47,500	1,91,47,500	-	-	-
Other financial liabilities	26,79,594	26,79,594	-	-	-

**35.2.5 Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. The company has other receivables primarily from government authority i.e. NHAI. Hence, the management believes that the company is not exposed to any credit risk.

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**PATEL - KNR INFRASTRUCTURES LIMITED**

**Notes forming part of Accounts**

**36 Disclosure pursuant to Appendix - A to Ind AS 11 - " Service Concession Arrangements"**

**36.1 Description and classification of the arrangement**

The Company was formed as SPV namely Patel KNR Infrastructures Ltd and has been awarded on Build Operate and Transfer (BOT) Annuity basis, the widening of existing two lane portion from Km 463.60 (A P Karnataka border) to Km 524.00 (Avathi village), covering 60.4 Kilometers, on National Highway No.7 (NH 7) in the state of KARNATAKA, to 4 lanes under the Concession Agreement dated 28th September, 2006 with the National Highways Authority of India. The Concession Agreement is for a period of 18 years from the date of the Commencement stated in clause 1.1 of the said agreement. At the end of Concession period, the entire facility will be transferred to NHAI.

**36.2 Significant Terms of the arrangements**

**36.2.1 Revision of Fees:**

Fees shall be revised annually on April 01 subject to the provisions Article 27.2 of the Concession Agreement.

**36.2.2 Concession Fee, Other Fees and Excess Revenue Sharing:**

As per Article 26 of the Concession Agreement, the company is liable to pay Concession Fee Re 1 every year. The company is also liable of payment of Additional Concession Fee at the rate of 9.01% of total realisable fee. The rate of additional concession fee increases by 1% for each subsequent period of concession.

**36.2.3 Rights of the Company for use Project Highway**

Where Company has acquired contractual rights to receive specified determinable amounts, such rights are recognised and classified as "Financial Assets", even though payments are contingent on Company ensuring that the infrastructure meets the specified quality or efficiency requirements. Such financial assets are classified as "Receivables against Service Concession Arrangements".

The cost incurred for work beyond the original scope per Concession agreement (normally referred as "Change of Scope") is recognised and classified as "Financial Assets as and when incurred.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of right under service Concession Arrangements are allocated and recognised and classified as "Financial Assets".

- a To demand, collect and appropriate, Fee from vehicles and persons liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.
- b Right of Way, access and licence to the Site.

**36.2.4 Obligation of the Company**

- a The company shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.
- b The company is under obligation to carry out the routine and periodic maintenance of Project Highway as per Schedule L of the CA.

**36.2.5 Details of any assets to be given or taken at the end of concession period**

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

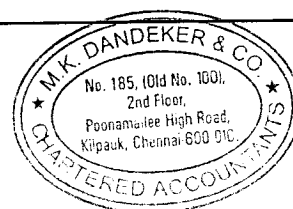
**36.2.6 Details of Termination**

CA can be terminated on account of default of the company or NHAI in the circumstances as specified under Article 37 of the CA.

**36.2.7 Details of Specified Bank Notes held and transacted during the period 09-Nov-2016 to 30-Dec-2016 provided in the table below:**

Particulars	SBNs	Other Denomination notes	Total
Closing Cash in hand as on 08/11/2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Amount deposited in Banks	-	-	-
<b>Closing cash in hand as on 30/12/2016</b>	-	-	-

The amount disclosed as 'permitted receipts' in other than SBNs denote the net income to the company from toll collection through cash mode. Irrespective of the denomination in which the amount is received and amount which was returned as change to the users, the amount disclosed will contain only the net amount accounted by the company as toll collected through cash. During the year, the company has not transacted any transactions in cash.



**37 Significant Accounting Policies**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**37.1 2. Basis of preparation**

**a. Statement of compliance**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act. The Company's financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act. As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided.

**b. Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest rupee, unless otherwise indicated.

**c. Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement Basis
Certain financial assets and liabilities	Fair value

**d. Current Assets and Current Liabilities**

**Current Assets:**

An asset shall be classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded.
- (c) It is expected to be realized within twelve months after the reporting date, or
- (d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets shall be classified as non-current.

**Current Liabilities:**

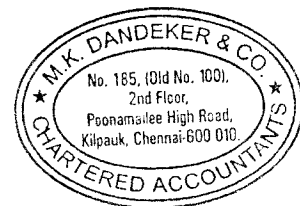
A liability shall be classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within twelve months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities shall be classified as non-current.

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**PATEL - KNR INFRASTRUCTRES LIMITED**

Notes accompanying the Financial Statements for the year ended 31 March 2017

**37.2 Basis of accounting**

The Company maintains its accounts on accrual basis following the historical cost convention. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

**37.3 Use of estimates**

The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

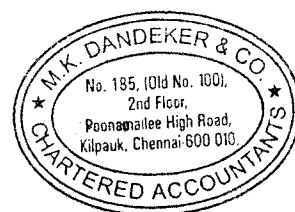
The financial statements of the Company have been prepared in accordance with the significant accounting policies duly considering Management's assessment of various matters relating to arbitration/termination proceedings, future projections etc, which are significant to the Company and the final outcome of these matters, including legal/contractual interpretations, where applicable, could have a significant impact on the financial statements and the Management's evaluation of the same is very critical and fundamental to the preparation of these financial statements.

**37.4 Presentation of financial statements**

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to nearest rupee in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

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**37.5 Cash and Cash Equivalents**

Cash and cash equivalents also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

**37.6 Cash Flow Statement**

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

- i. changes during the period in inventories and operating receivables and payables and transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, unrealised foreign currency gains and losses, and undistributed profits of associates; and
- iii. all other items for which the cash effects are investing or financing cash flows.

The cash flows from operating, investing and financing activities of the company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement.

**37.7 a.) Property , Plant and Equipment**

Property, Plant and Equipment is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

For transition to Ind AS, the carrying value of PPE under previous GAAP as on 01 April 2015 is regarded as its cost. The carrying value was original cost less accumulated depreciation.

Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalised as a part of the cost of the PPE.

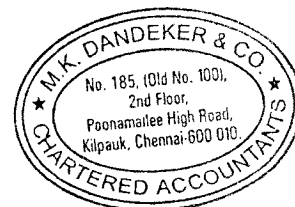
Depreciation is calculated on cost of items of property, plant and equipment in the manner and as per the useful life prescribed under Schedule-II to the Act, and is generally recognised in the statement of profit and loss. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Assets individually costing less than Rs.5,000 are fully depreciated in the year of purchase.

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b.) Rights under Service Concession Arrangements (Annuity Project)

**Financial Aseet under SCA**

Where Company has acquired contractual rights to receive specified determinable amounts, such rights are recognised and classified as "Financial Assets", even though payments are contingent on Company ensuring that the infrastructure meets the specified quality or efficiency requirements. Such financial assets are classified as "Receivables against Service Concession Arrangements".

The cost incurred for work beyond the original scope per Concession agreement (normally referred as "Change of Scope") is recognised and classified as "Financial Assets as and when incurred.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of right under service Concession Arrangements are allocated and recognised and classified as "Financial Assets".

**Transition to IND AS**

The Company has availed the exemption under para D22(ii)(b) of Ind AS 101 in respect of Financial asset. As per the principles, the previous GAAP carrying values for tangible asset has been considered as the deemed cost on the transition date.

**37.8 Amortisation**

The Company is annuity based project and hence the method of Amortisation calculations specified in Schedule II is not considered and the company is amortizing the cost of intangible asset over the period of concession agreement.

**37.9 Revenue Recognition**

**i. Construction contracts**

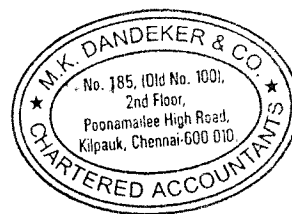
Construction contract revenue arises from construction of road as per the agreement with NHAI. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

If the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. Otherwise, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Contract costs are recognised as expenses as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in profit or loss.

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**ii. Service concession arrangements**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

Revenue from annuity based projects is recognised in the Statement of Profit and Loss over the concession period of the respective projects based on the implicit rate of return embedded in the projected cash flows. Such income is duly adjusted for any variation in the amount and timing of the cash flows in the period in which such variation occurs.

**iii. Other Income**

Interest income is accrued at applicable interest rate on time proportion basis.

Dividend income is accounted when the right to receive the same is established.

Other items of income are accounted for as and when the right to receive arises.

**37.10 Intangible Assets**

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Carriageway representing right to receive half yearly annuities are obtained in consideration for rendering construction, operation and maintenance services in relation to building and maintenance of the project on Build, Operate and Transfer basis. The cost of such Carriageway comprises of construction and other preoperative costs incurred during the construction phase.

Such Carriageway on completion is capitalized as Intangible Asset and amortized over the period of rights given under the Concession Agreement as they represent right to receive annuity during the concession period.

**37.11 Employee Benefits**

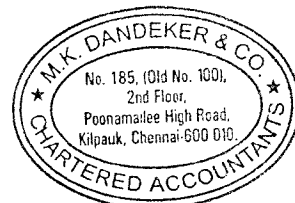
The Company does not have eligible employees as specified under Ind AS-19 on 'Employee Benefits'. Hence, provision for post-employment benefits has not been provided.

**37.12 Borrowing Costs**

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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**37.13 Segment reporting**

The Board of Directors assess the financial performance of the Company and make strategic decisions and has been identified as being the Chief Operating Decision Maker (CODM). Based on the internal reporting provided to the CODM, the Company has only one reportable segment i.e. the BOT road project and hence no separate disclosures are required under Ind AS 108.

**37.14 Earnings Per Share**

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**37.15 Taxes on income**

Income tax comprises of current and deferred tax. It is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

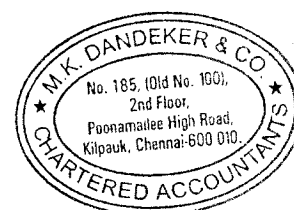
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternative Tax ("MAT") under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognized or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

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**PATEL - KNR INFRASTRUCTURES LIMITED**

**Notes accompanying the Financial Statements for the year ended 31 March 2017**

- Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

**37.16 Impairment of Assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

**37.17 Provisions, contingent liabilities and contingent assets**

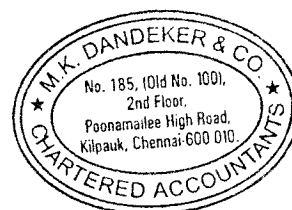
A provision is recognised when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible the Notes. Contingent assets have to be recognised in the financial statements in the period in which if it is virtually certain that an inflow of economic benefits will arise. Contingent assets are assessed continually and no such benefits were found for the current financial year.

**37.18 Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

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**PATEL - KJR INFRASTRUCTURES LIMITED**

Notes accompanying the Financial Statements for the year ended 31 March 2017

**37.19 Operating Cycle**

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**37.20 Claims**

Claims against the company are accounted for as and when accepted.

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

**37.21 New standards and interpretations not yet adopted**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows', The amendments are applicable to the Company from April 1, 2017.

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Company.

**37.22 Previous year figures have been regrouped/reclassified wherever necessary.**

As per our report attached

**M.K.DANDEKER & CO.**

Chartered Accountants

Firm's Registration No.: 000679S

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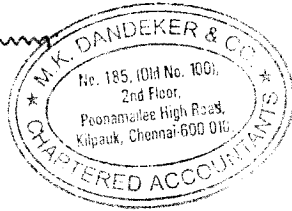
  
**S.POOSAIDURAI**

Partner

Membership No.: 223754

Place: Hyderabad

Date:




For and on behalf of the Board of Directors

  
**K.N.Reddy**

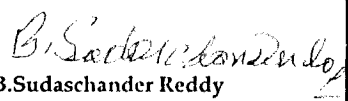
Director

Din - 00382412

  
Chief Financial Officer

Place: Hyderabad

Date:

  
**B.Sudaschander Reddy**

Director

Din - 01675600