

**PATEL KNR INFRASTRUCTURES LTD.**

**15<sup>TH</sup> ANNUAL REPORT**

**2020-2021**

# **PATEL KNR INFRASTRUCTURES LTD.**

CIN: U45201MH2006PLC162856

<b>BOARD OF DIRECTORS</b>	<b>Mr. Bollampally Sudaschander Reddy Mr. Kamidi Narasimha Reddy Mr. Sharad Kumar Mr. K Ramasubramanian, Independent Director Ms. Radhika B S, Independent Director -(wef 05-01-2021)</b>
<b>CHIEF EXECUTIVE OFFICER</b>	<b>Mr. Bollampally Sudaschander Reddy</b>
<b>CHIEF FINANCIAL OFFICER</b>	<b>Mr. Rishi R Vyas</b>
<b>COMPANY SECRETARY</b>	<b>Mr. Anurag Kankaria</b>
<b>AUDITORS</b>	<b>M/S. MKPS &amp; Associates.</b> Chartered Accountants, Hyderabad.
<b>BANKERS</b>	<b>AXIS BANK LTD.</b>
<b>REGISTERED OFFICE</b>	PATEL ESTATE ROAD JOGESHWARI (W) MUMBAI – 400 102.
<b>NAME AND ADDRESS OF DEBENTURE TRUSTEES</b>	<b>IDBI TRUSTEESHIP SERVICES LIMITED</b> Asian Bldg, Ground floor, 17, R Kamani Marg, Ballard Estate, Mumbai -400 001. T: +91 022 40807007 Fax: +91 022 66311776 Email: itsl@idbitrustee.com Website: <a href="http://www.idbitrustee.com">www.idbitrustee.com</a>

# PATEL KNR INFRASTRUCTURES LTD.

CIN: U45201MH2006PLC162856

REGD OFFICE: Patel Estate Road, Jogeshwari (W), Mumbai – 400102.

## BOARDS' REPORT

The Directors are pleased to present the Fourteenth Annual report together with the Audited Accounts for the year ended March 31, 2021.

### Financial highlights

The performance of the Company for the year ended on 31<sup>st</sup> March 2021 is summarized as follows:

Particulars	(Rs. In Lakhs)	
	2020-21	2019-20
Income for the year	3741.59	3921.51
Less: Expenditure	2980.99	3143.05
Profit/Loss before Depreciation & Tax (PBDT)	760.60	778.46
Less: Depreciation	10.11	8.39
<b>Profit /Loss before Tax (PBT)</b>	<b>750.49</b>	<b>770.07</b>
Less: Provision for Tax	183.59	178.66
<b>Profit /Loss after Tax (PAT)</b>	<b>566.90</b>	<b>591.41</b>
<b>Other Comprehensive Income</b>	<b>(86.99)</b>	<b>(42.71)</b>
<b>Total Comprehensive Income for the year</b>	<b>479.91</b>	<b>548.70</b>

### Dividend:

With a view to conserve resources, the Board of Directors has not recommended any dividend for the year ended March 31, 2021.

### Reserves

An amount of Rs.479.91 Lakhs has been transferred to Reserves for the year ended March 31, 2021.

### Share Capital

#### **A. Buy Back of Securities**

The Company has not bought back any of its securities during the year under review.

#### **B. Sweat Equity**

The Company has not issued any Sweat Equity Shares during the year under review.

#### **C. Bonus Shares**

No Bonus Shares were issued during the year under review.

#### **D. Employees Stock Option Plan**

The Company has not provided any Stock Option Scheme to the employees.

### Information on state of affairs of the Company

During the year under review, the Company has received two annuities of Rs. 6598 Lakhs each from NHAI. However, as per the disclosure requirements of IND-AS the amount of total income stood at Rs. 3741.59 Lakhs which comprises of Interest Income of Rs. 299.13 Lakhs and O& M income of Rs. 723.70 Lakhs on the carriage way which is to be recognized as a financial asset.

Operation and Maintenance (O&M) of project is as per O&M Agreement. M/s Patel-KNR JV is executing O&M. The Company received the final completion certificate from NHA1 on 31.03.2017, though provisional completion Certificate was received on 29.12.2009.

### **Company's response to Covid-19**

In view of the outbreak of the Coronavirus (CoVID-19) pandemic and in compliance with the directives / orders issued by the State / Central Government authorities (from time to time) and keeping in mind the safety and well-being of all the employees and stakeholders, the Company's office remained shut down for most of the financial year 2020-2021. With the gradual lifting of lockdown restrictions, partial operations resumed on and off from the first week of June, 2020. The business of the Company may be impacted due to lower realization from Debtors due to the lockdown which affected the working capital, cash flows and maintenance activities of the Company.

The Company has established protocols including working from home wherever possible, wearing of face masks at workplace all the time, maintaining social distancing and workplace sanitization, thermal screening before entering work space etc., in accordance with the post Covid-19 guidelines issued by relevant authorities in the geographies in which we operate and we are making adherence to the same.

### **Subsidiaries / Joint Ventures / Associate Companies**

The Company has no subsidiaries / joint ventures / associate companies.

### **Related party transactions:**

All the transactions entered by the Company with Related Parties during the financial year 2020-21 were in the ordinary course of Business and at arm's length basis.

There were no materially significant transactions with related parties during the financial year 2020-21 which were in conflict with the interest of the Company. All the Related Party Transactions as required under AS-18 are reported in the Notes to the financial statements.

### **Non-Convertible Debentures:**

Your company has earlier issued Non-convertible Debentures aggregating Rs.409 crores and the outstanding balance as on March 31, 2021 is **Rs.205.38 crores** and the Company is classified as a Large Corporate entity pursuant to SEBI circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018.

### **Credit Rating of Non-convertible Debentures (NCD):**

The credit rating assigned by Credit Analysis & Research Limited to the NCDs of the Company is "CARE AA+ (SO)" vide their letter dated December 31, 2020 (Previous rating being the same).

### **Particulars of loans given, Investments made, Guarantees given and Securities provided under Section 186**

Since the Company falls under the category of providing infrastructural facilities under Schedule VI of the Companies Act, 2013, none of the provisions of Section 186 except sub-section (1) are applicable to the Company. Hence no separate disclosures are made with respect to the particulars of loans given, investments made, guarantees given and securities provided by the Company.

### **Internal Financial Controls**

The Management continuously reviews the internal control systems and procedures for the efficient conduct of the Company's business.

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

The Board of Directors of the Company as on March 31, 2021 comprise of:

1. Mr. Bollampally Sudaschander Reddy, Chief Executive Officer and Director
2. Mr. Kamidi Narasimha Reddy, Non Executive Director
3. Mr. Sharad Kumar, Non Executive Director
4. Mr. K Ramasubramanian, Independent Director
5. Ms. Radhika B S, Independent Director

### **Appointment of Director:**

Mr. Sharad Kumar was appointed as Additional Director of the Company with effect from July 6, 2020.

Ms. Radhika B S was appointed as Additional Director (Independent) of the Company with effect from January 5, 2021. The Board is of the opinion that Ms. Radhika possess the integrity, expertise and experience required of an independent Director. She has enrolled for the online proficiency self-assessment test conducted by the Indian Institute of Corporate Affairs (IICA) under Section 150(1) of the Companies Act, 2013 read with Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

We seek members' confirmation for appointment of the aforesaid Directors in the ensuing Annual General Meeting.

### **Resignation of Director:**

Mr. Chittaranjan Kumar Singh ceased to be Director of the Company with effect from June 22, 2020. The Board places on record its appreciation for the valuable services rendered by Mr. C K Singh during his tenure with the Company.

### **Independent Directors:**

The Company has received necessary declarations from the independent directors under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and that they have complied with the Code for Independent Directors, as prescribed in Schedule IV to the Companies Act.

### **Retirement by Rotation of the Director:**

Mr. K N Reddy, Director, retire by rotation at the Annual General Meeting and being eligible, offer himself for re-appointment.

### **Key Managerial Personnel:**

Mr. B.S Reddy, Mr. Rishi K Vyas and Mr. Anurag Kankaria act as the Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company respectively and are the Key Managerial Personnel (KMP) of the Company as per the provisions of the Companies Act, 2013 (the Act).

### **Number of meetings of the Board of Directors**

The Company held four (4) meetings of the Board of Directors during the financial year 2020-21.

### **Evaluation of Board's performance:**

In compliance with the Companies Act, 2013, the Company has a formal mechanism for evaluating the performance of the individual Director(s) of the Board.

### **Directors' Responsibility statement:**

As required under Section 134 (3)(c) of the Companies Act, 2013, your Board of Directors of the Company hereby states and confirms that:

- a) in the preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2021 and of the profit and loss of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Audit Committee:**

The Audit committee consists of two independent directors and one Non-executive director. The Board reconstituted the membership of the Audit Committee during the year and the present members of the Committee are:

1. Mr. K Ramasubramanian – Independent Director
2. Ms. Radhika B S- Independent Director and
3. Mr. Sharad Kumar – Non Executive Director

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013. The Committee's role, terms of reference, the authority and the power of Chairman are in conformity with the requirements of the Companies Act, 2013.

The Audit committee met four times during the financial year 2020-21.

### **Nomination and Remuneration Committee:**

The Nomination and Remuneration committee consists of two independent directors and one Non-executive director. The Board reconstituted the membership of the Remuneration Committee during the year and the present members of the Committee are:

1. Mr. K Ramasubramanian – Independent Director
2. Ms. Radhika B S- Independent Director and
3. Mr. Sharad Kumar – Non Executive Director

The Committee's composition and terms of reference are in compliance with provisions of the Companies Act, 2013.

Remuneration Policy:

The Company has framed a Remuneration policy pursuant to Section 178 of the Companies Act, 2013 and the said policy is available on the Company's website at the link [www.knrcl.com/pkil.html](http://www.knrcl.com/pkil.html).

**Corporate Social Responsibility Policy (CSR):**

The provisions relating to CSR are not applicable to the Company.

**Cost Records**

The Central Government has not prescribed the maintenance of cost records under sub-section (1) of the section 148 of the Act.

**Auditors:**

**i) Statutory Auditors:**

The Auditors, M/s. MKPS & Associates, Chartered Accountants, Hyderabad bearing ICAI Registration No.302014E were appointed as Statutory Auditors of the Company for a period of 5 years (2017-2022) at the 11<sup>th</sup> Annual General Meeting of the company held on September 29, 2017.

**ii) Secretarial Auditor:**

In pursuance of Section 204 of the Companies Act, 2013, M/s. Neena Deshpande & Co., Company Secretaries, Thane was appointed to conduct the Secretarial Audit of the Company for the financial year 2020-21.

The Secretarial Audit report for the financial year 2020-21 is annexed to this report.

**Auditors' Report:**

The Auditors' Report for the financial year ended March 31, 2021 to the Shareholders does not contain any qualifications, reservations or any significant observations or remarks.

**Reporting of fraud by Auditors**

During the year under review, no instance of fraud was reported by Statutory auditors, as having been committed against the Company by its officers or employees.

**Conservation of energy, technology absorption and foreign exchange earnings and outgo**

**(A) Conservation of Energy and Technology Absorption:**

The provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are not applicable to the Company. However, Conservation of energy continues to be one of the important objectives of the Company and all possible efforts have been made to minimize its consumption. The Company has made all possible efforts to absorb the technology to its fullest capacity.

**(B) Foreign exchange earnings and Outgo:**

There are no Foreign exchange earnings and outgo during the year.

**Extract of the annual return**

In accordance with the provisions of the Companies Act, 2013 and the Rules framed thereunder, the Annual return in Form MGT -7 for the year 2020-21 is made available on the website of the Company at the link [www.knrcl.com/pkil.html](http://www.knrcl.com/pkil.html).

**Risk management policy**

In compliance with the requirement of the Companies Act, 2013 and to effectively and efficiently manage risk and address challenges, the Company has formulated Risk Management Policy.

**Vigil Mechanism:**

The Company has established a system of Vigil Mechanism for the employees to report genuine concerns/grievances. The vigil mechanism is presently overseen by the Board. There are no complaints / grievances received from any Directors or employees of the Company under this policy during the year.

**Particulars of Employees:**

The information required under section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the company for the year under review.

**Significant and material orders passed by the regulators:**

During the year under review, no significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations.

**Material changes and commitments if any, affecting the financial position of the Company after March 31, 2021:**

There have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

**Deposits:**

The Company has neither accepted nor renewed any amount falling within the purview of provisions of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence the requirement of furnishing of details relating to deposits covered under chapter V of the said Act or details of deposits which are not in compliance with the chapter V of the said Act is not applicable.



**Acknowledgement:**

The Directors acknowledge and thank the Parent Companies, business associates, Government authorities and bankers for their support and co-operation.

By order of the Board,  
for **Patel KNR Infrastructures Ltd.**

By order of the Board,  
for **Patel KNR Infrastructures Ltd.**

**B S Reddy**  
**CEO & Director**  
**DIN: 01675600**

**K N Reddy**  
**Director**  
**DIN: 00382412**

Hyderabad  
21.05.2021

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**SECRETARIAL AUDIT REPORT**

**Form No. MR-3**

For the financial year ended 31<sup>st</sup> March, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**PATEL KNR INFRASTRUCTURES LTD.**  
Jogeshwari, Mumbai - 400102

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Patel KNR Infrastructures Limited** (CIN: U45201MH2006PLC162856) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 ('Audit Period'), complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Patel KNR Infrastructures Limited** ("the Company") for the financial year ended on 31st March, 2021 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

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- III. The Depositories Act, 1996 and the Regulations & Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 (FEMA) & the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings: **Not Applicable** as the Company has not availed any FDI or ECB.
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011: **Not Applicable**
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015: **Not Applicable**
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018: **Not Applicable**
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014: **Not Applicable**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client: **Not Applicable**
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: **Not Applicable**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: **Not applicable.**

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VI. I have relied on the representation made by the Company and its Officers for systems and mechanism put in place by the Company for Compliances under other applicable Act, Laws and Regulations to the Company.

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

- a. Secretarial Standards issued by The Institute of Company Secretaries of India.
- b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- c. The Debt Listing Agreement entered into by the Company with the National Stock Exchange of India.

I further report that compliance of applicable financial laws including Direct and Indirect Tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals.

During the Audit period under review and as per representations and clarifications provided by the management, I confirm that the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Debt Listing Agreement etc. as mentioned hereinabove.

I further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.
2. Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Decisions at the Board Meetings and Committee Meetings, as represented by the management and recorded in minutes, were taken unanimously.

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

I further report that during the audit period, there were no events / actions taken place in the Company having a major bearing on its affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Date: 21<sup>st</sup> May, 2021  
Place: Thane

For NEENA DESHPANDE & CO.  
COMPANY SECRETARIES

NEENA DESHPANDE  
PROPRIETOR  
FCS 7240  
COP 7833  
UDIN: F007240C000355500

# MKPS & ASSOCIATES

(Formerly DASS MAULIK MAHENDRA K AGRAWAL & CO)

**CHARTERED ACCOUNTANTS**

F110, Bhanu Enclave, 1st Floor,  
Above Maruti Showroom,  
Erragada, Hyderabad-500 038.  
Tel : 040-42038614  
Mob : 9849158055, 9652457167  
E-mail : surgyanmodi\_908@yahoo.com

## Independent Auditors' Report

To  
The Members,  
**PATEL-KNR INFRASTRUCTURES LIMITED**

### Report on the Audit of the financial statements

#### Opinion

We have audited the accompanying financial statements of **PATEL-KNR INFRASTRUCTURES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss (Including other comprehensive income), the Statement of Changes in Equity, and the Statement Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no Key audit matters to communicate in our report.



H.O. AT MUMBAI

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### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the Management Discussion and Analysis and Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Board's Report including Annexures to Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.



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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.





We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure -A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the statement of changes in Equity and the statement of Cash flows and dealt with by this Report are in agreement with the relevant books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, relevant rules issued there under.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of section 197(16) of the act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the act



- (h) 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, as amended 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 which would impact its financial position;
  - ii. The Company did 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.

For MKPS & Associates  
Chartered Accountants  
FRN 302014E

*V. Vikash Modi*

CA Vikash Modi



Partner

M No. 216468

Place: Hyderabad

Date: 19/05/2021

UDIN : 21216468AAAACE2737

**Annexure - A to the Independent Auditors Report**

**Referred to in para 8 of our report of even date, to the members of PATEL-KNR INFRASTRUCTURES LIMITED for the year ended March 31, 2021**

- i)
  - (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets of the company have been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
  - (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the Company.
- ii) In our opinion, and according to the information and explanations given to us, 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.
- iii) According to the information and explanations given to us, the Company has not granted during the year any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted during the year in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company and hence not commented upon.
- v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits during the period under audit. Consequently, the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 of the Act and the rules framed there under are not applicable.
- vi) According to the information and explanations given to us, the company is maintaining cost records as specified by central government under sub section (1) of the section 148 of the Companies Act, 2013 in respect of services carried out by the company
- vii)
  - (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is Generally regular in depositing the undisputed statutory dues and income tax with the appropriate authorities in India.



- (b) According to the information and explanations 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	1,75,63,800	Assessment Year 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	16,07,67,210	Assessment Year 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	4,07,62,840/-	Assessment Year 2012-13	Commissioner of Income Tax (Appeals) .
Income Tax Act, 1961	Income Tax	96,30,820/-	Assessment Year 2014-15	Commissioner of Income Tax (Appeals) .
Income Tax Act, 1961	Income Tax	4,69,58,860/-	Assessment Year 2017-18	Commissioner of Income Tax (Appeals)

- viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, 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.
- ix) In our opinion and according to the information and explanations given to us, funds raised by way of debt instruments and were applied for the purposes for which they were taken. Further, the company has not raised any funds by way of initial / further public offer.
- x) Based on the audit procedures performed by us for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, we report that we have neither come across any instance of fraud by the company or on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) The company is not a Nidhi Company and hence the reporting requirements under clause (xii) of paragraph 3 of the order are not applicable.



- xiii) According to the information and explanations given to us, all transactions entered into by the company with related parties are in compliance with section 177 and 188 of the Act where applicable and the details thereof have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- xiv) 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 under audit.
- xv) 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 them. Accordingly, Para 3(xv) of the order is not applicable and hence not commented upon.
- xvi) In our opinion and according to the information and explanations given to us, the company is not required to be registered under Section 45 - IA of the Reserve Bank of India, 1934.

**For MKPS & Associates**  
**Chartered Accountants**  
**FRN 302014E**

*V. Vikash Modi*

**CA Vikash Modi**  
**Partner**  
**M No. 216468**



**Place: Hyderabad**  
**Date: 19/05/2021**  
**UDIN : 21216468AAAACE2737**

## **Annexure - B to the Independent Auditors Report**

Referred to in para 9 of our report of even date, to the members of PATEL-KNR INFRASTRUCTURES LIMITED for the year ended March 31, 2021

### **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, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, 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, 2021, 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 MKPS & Associates  
Chartered Accountants  
FRN 302014E

*V. Vikash Modi*  
CA Vikash Modi  
Partner  
M No. 216468



Place: Hyderabad

Date: 19/05/2021

UDIN : 21216468AAAAACE2737

PATEL KNR INFRASTRUCTURES LTD.

Balance Sheet as at March 31, 2021

(Amount in ₹ Lakhs.)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
		Audited	Audited
<b>ASSETS</b>			
<b>(I) Non-current assets</b>			
a) Property, Plant and Equipment	1	67.22	46.08
b) Financial Assets			
i) Lease Receivable	2	13,607.89	16,753.43
ii) Investments		-	-
c) Other Non-Current Assets			
Deposits	3	2.30	0.25
	A	13,677.41	16,799.76
<b>Current assets</b>			
a) Financial Assets			
i) Lease Receivable	2	6,588.00	6,588.00
ii) Trade receivables		-	-
iii) Investments	2	-	998.41
iv) Cash and cash equivalents	4	7,518.95	6,720.47
b) Current Tax Assets (net)	3	705.48	734.83
c) Other current assets	3	70.80	129.99
	B	14,883.23	15,171.70
<b>TOTAL</b>	A+B	<b>28,560.64</b>	<b>31,971.46</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
a) Equity Share capital	5	3,700.00	3,700.00
b) Other Equity	6	1,539.21	1,059.30
	C	5,239.21	4,759.30
<b>LIABILITIES</b>			
<b>(I) Non-current liabilities</b>			
a) Financial liabilities			
Borrowings	7	18,164.00	20,540.45
b) Provisions	8	-	-
	D	<b>18,164.00</b>	<b>20,540.45</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	7	2,376.54	2,211.00
ii) Trade payables	11	1,140.75	505.55
iii) Other Financial Liabilities	9	910.05	1,011.21
b) Other current liabilities	10	69.36	18.83
c) Provisions	8	660.73	2,925.12
	E	5,157.43	6,671.71
<b>Total Equity and Liabilities</b>	C+D+E	<b>28,560.64</b>	<b>31,971.46</b>
Other notes forming part of accounts	19-34		
Significant accounting policies	35		

As per our report attached  
M.K.P.S & ASSOCIATES  
Chartered Accountants

Firm's Registration No.: 302014E

by the hand of

*V. Vikash Modi*

Vikash Modi

Partner

Membership No.: 216468

UDIN:21216468AAAAACE2737

Place: Hyderabad

Date: 19/05/2021



For and on behalf of the Board

*K.N.Reddy*

K.N.Reddy  
Director  
Din - 00382412

*Rishu Vyas*  
Rishu Vyas  
CFO

*B. Sudaschander Reddy*

B.Sudaschander Reddy  
Director  
Din - 01675600

*Anurag Kankaria*  
Anurag Kankaria  
Company Secretary

Place: Hyderabad

Date:19/05/2021



**PATEL KNR INFRASTRUCTURES LTD.**

**Statement of Profit and loss for the Year Ended March 31, 2021**

(Amount in ₹ Lakhs.)

Particulars	Note	Year ended March 31,	Year ended March 31,
		2021	2020
		Audited	Audited
<b>REVENUE (I)</b>			
Revenue from Operations	12	2,718.76	2,759.00
O&M Revenue	12	723.70	688.83
Other income	13	299.13	473.68
<b>Total Revenue</b>		<b>3,741.59</b>	<b>3,921.51</b>
<b>EXPENSES (II)</b>			
Operating expenses	14	723.70	691.76
Employee benefit expenses	15	3.00	2.90
Finance costs	16	2,024.00	2,240.63
Depreciation and amortisation	1	10.11	8.39
Administration Expenses	17	128.40	38.15
Other Expenses	18	101.89	169.61
<b>Total Expenses</b>		<b>2,991.10</b>	<b>3,151.44</b>
<b>Profit/(loss) before tax (III = I-II)</b>		<b>750.49</b>	<b>770.07</b>
Tax Expense:			
Current tax (MAT)	19	183.59	178.66
MAT credit entitlement		-	-
Deferred tax		-	-
<b>Profit/(loss) after tax for the year (V = III-IV)</b>		<b>566.90</b>	<b>591.41</b>
<b>Prior period adjustments (VI)</b>		-	-
<b>Profit for the year (VII=V+VI)</b>		<b>566.90</b>	<b>591.41</b>
<b>Other Comprehensive Income (VIII)</b>		<b>(86.99)</b>	<b>(42.70)</b>
<b>Total Comprehensive Income for the year (IX = VII-VIII)</b>		<b>479.91</b>	<b>548.70</b>
Earnings per equity share (Basic and Diluted)		1.53	1.60
Face value per equity share		10.00	10.00

As per our report attached

**M.K.P.S & ASSOCIATES**

Chartered Accountants

Firm's Registration No.: 302014E

by the hand of

*Vikash Modi*

**Vikash Modi**

Partner

Membership No.: 216468

UDIN:21216468AAAACE2737

Place: Hyderabad

Date: 19/05/2021



For and on behalf of the Board

*K.N.Reddy*

**K.N.Reddy**

Director

Din - 00382412

*Rishi Vyas*

**Rishi Vyas**

CFO

*B.Sudaschander Reddy*

**B.Sudaschander Reddy**

Director

Din - 01675600

*Anurag Kankaria*

**Anurag Kankaria**

Company Secretary

Place: Hyderabad

Date:19/05/2021

PATEL KNR INFRASTRUCTURES LTD.

Cash Flow Statement For the year ended March 31, 2021

(Amount in ₹ Lakhs.)

S. No.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A	Net profit / (loss) before tax and extraordinary items	750.49	770.07
	Adjustment for		
	Depreciation and amortisation expense	10.11	8.39
	Interest expense	2,024.00	2,240.63
	Interest income	(299.13)	(473.68)
	Operating profit before working capital changes	2,485.47	2,545.41
	Adjustments for:		
	Increase / (Decrease) in Non Current Liabilities	-	0.13
	Increase / (Decrease) in trade payables	635.20	172.40
	Increase / (Decrease) in other current liabilities	216.07	(238.34)
	Increase / (Decrease) in other current financial liabilities	(101.16)	(104.17)
	Increase / (Decrease) in short term provisions	(2,447.98)	(2,913.99)
	(Increase) / Decrease in loan term loans and advances	3,145.54	3,140.17
	(Increase) / Decrease in Trade Receivables	-	3,267.38
	(Increase) / Decrease in other current assets	59.19	(15.16)
	(Increase) / Decrease in Current Tax	29.35	(115.60)
	(Increase) / Decrease in short term Mutual funds	998.41	1,737.95
	Net cash generated from/(used in) operating activities	5,020.09	7,476.18
	Direct taxes paid (net of refunds)	-	-
	Net Cash/(used in)/generated from Operating Activities	5,020.09	7,476.18
B	Cash flow from investing activities		
	Purchase of fixed assets	(31.25)	-13.17
	Interest received	212.14	430.98
	Intercompany/Other deposits (placed)/refunded (net)	(2.05)	
	Net cash (used in)/generated from investing activities	178.84	417.81
C	Cash flow from financing activities		
	Repayment of long term borrowings	(2,376.45)	-2,211.00
	Interest paid	(2,024.00)	(2,240.63)
	Net cash (used in)/generated from financing activities	(4,400.45)	(4,451.63)
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	798.49	3,442.35
	Cash and cash equivalents as at the beginning of the year	6,720.47	3,278.11
	Cash and cash equivalents as at the end of the year	7,518.96	6,720.47

DISCLOSURE REQUIRED BY IND AS 7

Particulars	Short term borrowings	Long term borrowings
Balance at 31st March, 2019	2,423.00	22,751
Cash Flow	(212.00)	(2,211)
Non - Cash Changes (Others)	-	-
Balance at 31st March, 2020	2,211.0	20,540.45
Cash Flow	165.54	(2,376.45)
Non - Cash Changes (Others)	-	-
Balance at 31st March, 2021	2,376.54	18,164.00

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.P.S & ASSOCIATES

Chartered Accountants

Firm's Registration No.: 302014E

by the hand of

*Vikash Modi*

Vikash Modi

Partner

Membership No.: 216468

UDIN:21216468AAAACE2737

Place: Hyderabad

Date: 19/05/2021



For and on behalf of the Board

*K.N.Reddy*  
K.N.Reddy

Director  
Din - 00382412

*Rishi Vyas*  
Rishi Vyas  
CFO

*B.Sudaschander Reddy*  
B.Sudaschander Reddy

Director  
Din - 01675600

*Murag Kankaria*  
Murag Kankaria  
Company Secretary

Place: Hyderabad

Date: 19/05/2021

PATEL KNR INFRASTRUCTURES LTD.

Statement of changes in equity for the year ended 31 March 2021

a. Equity share capital

(Amount in ₹ Lakhs.)

	Amount
Balance as at 1 April 2020	3,700.00
Changes in equity share capital during the year	-
Balance as at the 31 March 2021	3,700.00

b. Other equity

(Amount in ₹ Lakhs.)

	Reserves and surplus	Items of OCI	Total
	Retained earnings	Other items of OCI	
Balance at 1 April 2020	972.32	86.99	1,059.30
Total comprehensive income for the year ended 31 March 2021			
Changes during the period	566.90	(86.99)	479.91
Total comprehensive income	566.90	(86.99)	479.91
Transactions with owners, recorded directly in equity	-	-	-
Balance at 31 March 2021	1,539.22	0.00	1,539.21

In terms of our report attached.

For MKPS & Associates  
Chartered Accountants  
Firm Registration No. 302014E

*Vikash Modi*

Vikash Modi  
Partner  
Membership No.: 216468  
UDIN:21216468AAAACE2737



For and on behalf of the Board

*K.N.Reddy*

K.N.Reddy  
Director  
Din - 00382412

*Rishi Vyas*

Rishi Vyas  
Chief Financial Officer

*B.Sudaschander Reddy*

B.Sudaschander Reddy  
Director  
Din - 01675600

*Anurag Kankaria*

Anurag Kankaria  
Company Secretary

Place : Hyderabad  
Date: 19/05/2021

Place : Hyderabad  
Date: 19/05/2021

PATEL KNR INFRASTRUCTURES LTD.

Notes forming part of Accounts

1 Property, plant and equipment

(Amount in ₹ Lakhs.)

	Building	Vehicles	Total
<b>Deemed cost (gross carrying amount)</b>			
Balance at 1 April 2020	11.25	64.92	76.16
Additions	-	31.25	31.25
Disposals	-	-	-
<b>Balance at 31<sup>st</sup> March 2021</b>	<b>11.25</b>	<b>96.17</b>	<b>107.41</b>
<b>Accumulated depreciation and impairment losses:</b>			
Balance at 1 <sup>st</sup> April 2020	4.34	25.75	30.08
Depreciation for the year	0.87	9.24	10.11
Disposals	-	-	-
<b>Balance at 31<sup>st</sup> March 2021</b>	<b>5.20</b>	<b>34.99</b>	<b>40.19</b>
<b>Carrying amounts (net):</b>			
At 31 <sup>st</sup> March 2021	6.05	61.18	67.22
At 1 <sup>st</sup> April 2020	6.91	39.17	46.08

②

*[Handwritten signature]*

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PATEL KNR INFRASTRUCTURES LTD.  
Notes forming part of Accounts

2 Financial Assets

(Amount in ₹ Lakhs.)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
a) Financial Lease Receivables	6,588.00	13,607.89	20,195.89	6,588.00	16,753.43	23,341.43
	<b>6,588.00</b>	<b>13,607.89</b>	<b>20,195.89</b>	<b>6,588.00</b>	<b>16,753.43</b>	<b>23,341.43</b>
b) Trade receivables	-	-	-	-	-	-
c) Investments						
Mutual Funds	-	-	-	998.41	-	998.41
	-	-	-	<b>998.41</b>	-	<b>998.41</b>

3 Other non-current and current assets

Particulars	As at March 31, 2021			As at March 31, 2020		
	Current	Non-current	Total	Current	Non-current	Total
a) Security deposits						
Unsecured, considered good	-	2.30	2.30	-	0.25	0.25
	-	<b>2.30</b>	<b>2.30</b>	-	<b>0.25</b>	<b>0.25</b>
b) Advances other than capital advances						
Advances to related parties	-	-	-	-	-	-
c) Advance recoverable other than in cash						
Prepaid expenses	52.25	-	52.25	121.77	-	121.77
NHAI	-	-	-	-	-	-
Others	18.55	-	18.55	8.22	-	8.22
Related party	-	-	-	-	-	-
	<b>70.80</b>	-	<b>70.80</b>	<b>129.99</b>	-	<b>129.99</b>
d) Income tax						
Income tax net of provisions	705.48	-	705.48	734.83	-	734.83
	<b>705.48</b>	-	<b>705.48</b>	<b>734.83</b>	-	<b>734.83</b>

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

4 Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
a) Balances with banks	5,518.95	3,287.27
d) Fixed deposits with banks	2,000.00	3,433.20
	<b>7,518.95</b>	<b>6,720.47</b>



PATEL KNR INFRASTRUCTURES LTD.

Notes forming part of Accounts

5 Share Capital

(i) Authorised, issued, subscribed and paid up

(Amount in ₹ Lakhs.)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹	No. of shares	₹
Authorised:				
Equity shares of ₹ 10 each	400.00	4,000.00	400.00	4,000.00
Issued, subscribed and fully paid up	370.00	3,700.00	370.00	3,700.00
Equity shares of ₹ 10 each	370.00	3,700.00	370.00	3,700.00

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹	No. of shares	₹
At the beginning of the year	370.00	3,700.00	370.00	3,700.00
Issued during the year as fully paid	-	-	-	-
Others	-	-	-	-
At the end of the year	370.00	3,700.00	370.00	3,700.00

(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 Year ended 31st March, 2021. (Previous year -₹. Nil)

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹	No. of shares	₹
Patel Engineering Ltd (Holding Company) Equity Share of Rs.10 each.	222.00	2,220.00	222.00	2,220.00
	222.00	2,220.00	222.00	2,220.00

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	%	No. of shares	%
Patel Engineering Ltd	222.00	60%	222.00	60%
KNR Constructions Ltd	148.00	40%	148.00	40%

(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.

Statement of Changes in Equity for the period ended March 31, 2021

6 Other Equity as on 31.03.2021

(Amount in ₹ Lakhs.)

Particulars	Share application money pending allotment	Equity component of compound financial	Reserves & Surplus					Total
			Capital reserve	Securities premium reserve	General Reserve	Revaluation Reserve	Debenture Redemption Reserve	
Balance at the beginning of the reporting period	-	-	-	-	-	-	548.70	1,059.30
Profit for the year	-	-	-	-	-	-	566.90	566.90
Other comprehensive income	-	-	-	-	-	-	(86.99)	(86.99)
Issue of share capital	-	-	-	-	-	-	-	-
Transfer from / (to) debenture redemption reserve	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	-	-	-	-	1,028.61	1,539.21

Other Equity as on 31.03.2020

Particulars	Share application money pending allotment	Equity component of compound financial	Reserves & Surplus					Total
			Capital reserve	Securities premium reserve	General Reserve	Revaluation Reserve	Debenture Redemption Reserve	
Balance at the beginning of the reporting period	-	-	-	-	-	-	-	510.60
Transfer to retained earnings	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	591.40	591.40
Other comprehensive income	-	-	-	-	-	-	(42.70)	(42.70)
Transfer from / (to) debenture redemption reserve	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	-	-	-	-	548.70	1,059.30

The company has issued redeemable non convertible debentures. According to the companies (share capital and debenture) Rules, 2014( as amended), DRR is not required to be created for Listed companies.



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PATEL KNR INFRASTRUCTURES LTD.  
Notes forming part of Accounts

7 Borrowings

(Amount in ₹ Lakhs.)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Current	Non current	Total	Current	Non current	Total
Secured borrowings						
Debentures	2,374.00	18,164.00	20,538.00	2,211.00	20,538.00	22,749.00
Unsecured borrowings						
Loans from related parties	2.54	-	2.54	-	2.45	2.45
	<b>2,376.54</b>	<b>18,164.00</b>	<b>20,540.54</b>	<b>2,211.00</b>	<b>20,540.45</b>	<b>22,751.45</b>

i). The Company has issued 9.57% rated taxable Redeemable Non-Convertible Debentures of face value of Rs.10 Lakhs each amounting to Rs. 409 Crores on April, 2nd 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 14/04/2021.

8 Provisions

Particulars	As at March 31, 2021			As at March 31, 2020		
	Current	Non current	Total	Current	Non current	Total
Provision for client Bill Receivable	-					
Provisions for major maintenance reserve	477.14	-	477.14	2,746.46	-	2,746.46
Income Tax	183.59	-	183.59	178.66	-	178.66
	<b>660.73</b>	<b>-</b>	<b>660.73</b>	<b>2,925.12</b>	<b>-</b>	<b>2,925.12</b>

9 Other Financial liabilities

Particulars	As at March 31, 2021			As at March 31, 2020		
	Current	Non current	Total	Current	Non current	Total
i) Interest on Debentures	910.05	-	910.05	1,011.21	-	1,011.21
	<b>910.05</b>	<b>-</b>	<b>910.05</b>	<b>1,011.21</b>	<b>-</b>	<b>1,011.21</b>

10 Other liabilities

Particulars	As at March 31, 2021			As at March 31, 2020		
	Current	Non current	Total	Current	Non current	Total
i) Other liabilities	64.08	-	64.08	5.05	-	5.05
ii) Statutory payables	5.28	-	5.28	13.78	-	13.78
	<b>69.36</b>	<b>-</b>	<b>69.36</b>	<b>18.83</b>	<b>-</b>	<b>18.83</b>

11 Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
	Due to related parties	1,138.14
Others	2.61	60.80
	<b>1,140.75</b>	<b>505.55</b>





PATEL KNR INFRASTRUCTURES LTD.

Notes forming part of Accounts

12 Revenue from operations

(Amount in ₹ Lakhs.)

Particulars	Year ended March 31, 2021 ₹	Year ended March 31, 2020 ₹
<b>Operating revenue:</b>		
IND AS Adjustment (Finance Income)	2,718.76	2,759.00
IND AS Adjustment (O & M Income)	723.70	688.83
	<b>3,442.46</b>	<b>3,447.83</b>

13 Other income

(Amount in ₹ Lakhs.)

Particulars	Year ended March 31, 2021 ₹	Year ended March 31, 2020 ₹
<b>Interest income from:</b>		
Bank deposits	184.55	240.05
Mutual Funds	114.58	227.38
Other Income	-	6.25
	<b>299.13</b>	<b>473.68</b>

14 Operating expenses

(Amount in ₹ Lakhs.)

Particulars	Year ended March 31, 2021 ₹	Year ended March 31, 2020 ₹
<b>Repairs and maintenance</b>		
Regular Maintenance Cost	723.70	688.83
Periodic major maintenance	-	-
Other (USB)	-	2.93
	<b>723.70</b>	<b>691.76</b>

15 Employee benefit expenses

(Amount in ₹ Lakhs.)

Particulars	Year ended March 31, 2021 ₹	Year ended March 31, 2020 ₹
Salaries, wages and bonus	3.00	2.90
	<b>3.00</b>	<b>2.90</b>

16 Finance costs

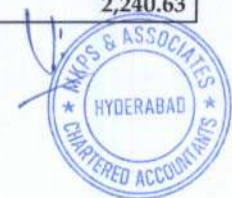
(Amount in ₹ Lakhs.)

Particulars	Year ended March 31, 2021 ₹	Year ended March 31, 2020 ₹
Interest on Non Convertible Debenture	2,023.99	2,240.21
Bank Charges	0.01	0.42
	<b>2,024.00</b>	<b>2,240.63</b>

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## 17 Administration Expenses

(Amount in ₹ Lakhs.)

Particulars	Year ended March 31, 2021 ₹	Year ended March 31, 2020
Insurance Expenses	126.92	27.51
Printing and stationery	-	0.08
Travel Rail/Road	0.05	3.74
Travell Loading/Boarding	-	4.01
Travel-meals/Food Expenses	0.02	1.25
Listing fee	-	-
General Expenses	1.38	0.13
Other Expenses	0.03	1.43
	<b>128.40</b>	<b>38.15</b>

## 18 Other Expenses

(Amount in ₹ Lakhs.)

Particulars	Year ended March 31, 2021 ₹	Year ended March 31, 2020
Audit fee	5.13	5.13
Certification fee	1.18	0.89
Other Services	-	-
Rates and Taxes	-	0.13
Advertisement	0.20	0.38
Consultation Charges	80.64	73.55
Professional	10.66	50.01
Director's Fees	1.60	1.50
Interest on Delayed payments	0.67	0.08
Conveyance Exp	-	-
Bad debts	-	37.25
Other Expenses	1.81	0.69
	<b>101.89</b>	<b>169.61</b>

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

Particulars	Year ended March 31, 2021 ₹	Year ended March 31, 2020 ₹
a) As auditor	5.13	5.13
b) For Certification matters	1.18	0.89
c) For other services	-	-
<b>Total</b>	<b>6.31</b>	<b>6.02</b>

## 19 Current tax

Particulars	Year ended March 31, 2021 ₹	Year ended March 31, 2020 ₹
Current tax (MAT)	183.59	178.66
<b>Total</b>	<b>183.59</b>	<b>178.66</b>



PATEL - KNR INFRASTRUCTURES LIMITED  
Notes forming part of Accounts

20 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.

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

22 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.

23 Disclosure pursuant to Ind AS 23 "Borrowing Costs"

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

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

The Company is engaged in the business of construction, operation and maintenance of 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.

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

a) List of related parties

Sl. No.	Name of the Related Party	Nature of Relationship
1)	Patel Engineering Limited	Holding Company
2)	KNR Constructions Limited	Associate company
Key Managerial Personnel:		
1)	K.N.Reddy	Director
2)	B.Sudaschander Reddy	Director
3)	Sharad Kumar	Director

b) Disclosure of related party transactions:

Particulars	2020-21	2019-20
	₹	₹
<b>Operation and Maintenance Expenses</b>		
Associate Company		
KNR Constructions Limited	723.70	691.76
<b>Major Maintenance</b>		
Associate Company		
KNR Constructions Limited	2,269.31	2,690.66
<b>Expenses Incurred</b>		
Holding Company		
Patel Engineering Limited	0.08	0.13
Associate company		
KNR Constructions Limited	0.04	0.01
<b>Unsecured loan repaid</b>		
Holding Company		
Patel Engineering Limited	-	-
	<b>2,993.13</b>	<b>3,382.56</b>

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

Particulars	Amounts due (to)/from	
	As at March 31, 2021	As at March 31, 2020
<b>Holding Company</b>		
Patel Engineering Limited	(2.54)	(2.45)
<b>Associate Company</b>		
KNR Constructions Limited	(3056)	(346.63)



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 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020 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.

26 **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.

27 **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	2020-21	2019-20
	₹ in Lakhs	₹ in Lakhs
Basic and Diluted Profit after tax as per accounts (₹) A	566.90	591.41
Weighted average number of shares outstanding B	370.00	370.00
Basic and Diluted EPS(₹) A / B	1.53	1.60
Face value per equity share (₹)	10	10

28 **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.

29 **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.

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 Disclosure of Financial Instruments

31.1 Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2021			31.03.2020		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>Financial asset</b>							
Deposits	3	-	-	2.30	-	-	0.25
Cash and cash equivalents	4	-	-	7,518.95	-	-	6,720.47
Other Current Assets	3	-	-	776.28	-	-	864.82
<b>Total Financial Asset</b>		-	-	<b>8,297.53</b>	-	-	<b>7,585.55</b>
<b>Financial liability</b>							
Borrowings	7	-	-	20,538.00	-	-	22,749.00
Loans from related parties	7	-	-	2.54	-	-	2.45
Other Current Financial Liabilities	9 & 10	-	-	979.41	-	-	1,030.04
Trade Payables	11	-	-	1,140.75	-	-	505.55
<b>Total Financial Liabilities</b>		-	-	<b>22,660.70</b>	-	-	<b>24,287.05</b>

31.2 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.

31.3 Fair value of Financial asset and liabilities at amortized cost

Particulars	Note no.	31.03.2021		31.03.2020	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial Assets</b>					
Deposits	3	2.30	2.30	0.25	0.25
Cash and cash equivalents	4	7,518.95	7,518.95	6,720.47	6,720.47
Other Current Assets	3	776.28	776.28	864.82	864.82
<b>Total Financial Assets</b>		<b>8,297.53</b>	<b>8,297.53</b>	<b>7,585.55</b>	<b>7,585.55</b>
<b>Financial liability</b>					
Borrowings	7	20,538.00	20,538.00	22,749.00	22,749.00
Loans from related parties	7	2.54	2.54	2.45	2.45
Other Current Financial Liabilities	9 & 10	979.41	979.41	1,030.04	1,030.04
Trade Payables	11	1,140.75	1,140.75	505.55	505.55
<b>Total Financial Liabilities</b>		<b>22,660.70</b>	<b>22,660.70</b>	<b>24,287.05</b>	<b>24,287.05</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.






32 Fair Value Measurement

32.1. Fair value hierarchy  
As at March 31, 2021

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	-	2.30	-	2.30
<b>Total of Financial Assets</b>		-	<b>2.30</b>	-	<b>2.30</b>
<b>Financial Liabilities</b>					
Borrowings	8	-	20,538.00	-	20,538.00
Loans from related parties	8	-	2.54	-	2.54
Other Current Financial Liabilities	11	-	979.41	-	979.41
Trade Payables	12	-	1,140.75	-	1,140.75
<b>Total Financial liabilities</b>		-	<b>22,660.70</b>	-	<b>22,660.70</b>

As at March 31, 2020

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	-	0.25	-	0.25
<b>Total Financial Assets</b>		-	<b>0.25</b>	-	<b>0.25</b>
<b>Financial Liabilities</b>					
Borrowings	8	-	22,749.00	-	22,749.00
Loans from related parties	8	-	2.45	-	2.45
Other Current Financial Liabilities	11	-	1,030.04	-	1,030.04
Trade Payables	12	-	505.55	-	505.55
<b>Total Financial Liabilities</b>		-	<b>24,287.05</b>	-	<b>24,287.05</b>

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 period.

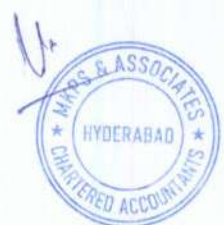
32.2. Valuation technique and inputs used to determine fair value

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

32.3 Asset pledged as security

The Debentures together with the payments to be made are inter alia secured by the first charge created by the company in favour of the debenture Trustee over the mortgage properties together with any immovable property that the company acquires at a future date. In addition as a further security for the redemption and payment of the principal amount and all other amounts payable in connection with the debentures, the following shall be charged to the debenture trustee:

all rights title, interest and benefit in all and singular, the company's moveable plant and machinery whether affixed to earth or not as all tangible moveable assets both present and future ; all intangible assets together with all benefits, rights and incidentals attached thereto which are now or shall at any time thereafter be owned by the company and all estate, right, title, interest, property, claims and demands whatsoever of the company unto and upon the same which description including the above description whether presently in existence or acquired hereafter; all, right, title, interest, property, claims and demands whatsoever of the company in, to, under and in respect of the bank accounts of the company including ESCROW accounts, the sub-accounts, the DSRA account and/or any replacement of any of the said accounts, together with any investment made therefrom and all other assets or securities which represent all amounts in such accounts and all monies securities, investments, instruments and other properties deposited in, credited to or required to be deposited in or credited to such accounts; all amounts owing to or received or receivable by in each case from time to time the company, whether now or at any time during the continuance of this deed, whether in relation to the project or otherwise, including all amounts and monies received or to be received by the company by way of annuity at anytime and all, right, title, interest, claims and demands whatsoever of the company in to or in respect of all the amounts owing to the company and/or received or receivable by the company whether now or any time thereafter.



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

**33.1 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.

**33.2 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.

**33.2.1 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.

**33.2.2 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.

**33.2.3 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.

**33.2.4 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, 2021	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>					
Borrowings	20,538.00	2,374.00	2,530.00	10,091.00	5,543.00
Trade Payables	1,140.75	1,140.75	-	-	-
Other financial liabilities	979.41	979.41	-	-	-

As at March 31, 2020	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
<b>Non Derivative Financial Liability</b>					
Borrowings	22,749.00	2,211.00	2,374.00	9,098.00	9,066.00
Trade Payables	505.55	505.55	-	-	-
Other financial liabilities	1,030.04	1,030.04	-	-	-

**33.2.5 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.

10/11



PATEL - KNR INFRASTRUCTURES LIMITED

Notes forming part of Accounts

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

34.1 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.

34.2 Significant Terms of the arrangements

34.2.1 Concession Fee, Other Fees and Excess Revenue Sharing:

As per Article 7 A.1 of the Concession Agreement, the company is liable to pay Concession Fee Re 1 every year. The concession fee shall be paid in advance within 90 days of the commencement of the year for which it is due and payable.

34.2.2 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.

34.2.4 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.

34.2.5 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.

35 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.

35.1 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.

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

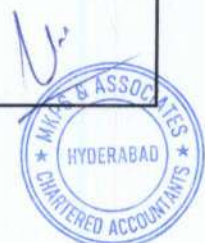
All other assets shall be classified as non-current.

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.





**35.2 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

**35.3 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.

**35.4 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.

**35.5 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.

**35.6 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:

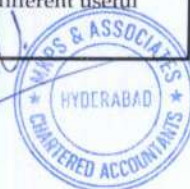
- i. changes during the period in inventories and operating receivables and payables and transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, unrealised foreign currency gains and losses, and undistributed profits of associates; and
- iii. all other items for which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

**35.7 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.

Property, Plant and Equipment not ready for the intended use on the date of the Balance Sheet are disclosed as "Capital work-in-progress".

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.

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

**Financial Asset 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".

**35.8 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.

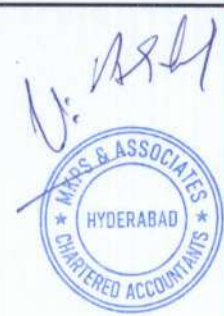
**ii. Service concession arrangements**

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.

*[Handwritten signature]*



**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.

**35.9 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.

**35.10 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.

**35.11 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.

**35.12 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.

**35.13 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.

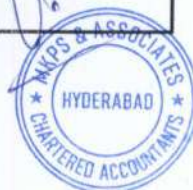
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering 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.

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.

**35.14 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.

**35.15 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.

**35.16 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.

**35.17 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.

**35.18 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.

**35.19 Previous year figures have been re-grouped/ re-classified wherever necessary.**

As per our report attached

M.K.P.S & ASSOCIATES

Chartered Accountants

Firm's Registration No.: 302014E

by the hand of

*Vikash Modi*

Vikash Modi

Partner

Membership No.: 216468

Place: Hyderabad

Date: 19/05/2021



For and on behalf of the Board of Directors

*K.N.Reddy*  
K.N.Reddy

Director

Din - 00382412

*Rishi Vyas*  
Rishi Vyas

Chief Financial Officer

Place: Hyderabad

Date: 19/05/2021

*B.Sudaschander Reddy*  
B.Sudaschander Reddy

Director

Director

Din - 01675600

*Anurag Rankaria*  
Anurag Rankaria

Company Secretary