



Sukumar Babu & Co.
Chartered Accountants

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Independent Auditors' Report

To The Members of

KNRC Holdings and Investments Private Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **KNRC Holdings and Investments Private Limited** (hereinafter referred to as "the Holding Company") and its Subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2017 the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the

accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group, as at March 31, 2017, and their consolidated loss(financial performance including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears

from our examination of those books and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the subsidiary company, incorporated in India and the operating effectiveness of such controls, our report is based on solely on the corresponding reports of the auditors of subsidiary Company and our opinion is not modified in respect of the above matter.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. There were no pending litigations as at March 31, 2017 which would impact the consolidated financial position of the Group.
 - ii. The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2017.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India during the year ended March 31, 2017.

- iv. The requisite disclosures in Consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) during the period from November 8, 2016 to December 30, 2016 have been provided with respect to holding Company and subsidiary incorporated in India. Based on audit procedures and reliance on management representation, we report that the disclosures are in accordance with books of account and other records maintained by the holding Company and its Subsidiaries and as produced to us by the Management of the Holding Company. Refer note 5 to the consolidated financial statements.

For Sukumar Babu & Co.,

Chartered Accountants

Firm Regn. No.004188S

Sd/-

C. Sukumar Babu

Partner.

Membership No: 024293

Place: Hyderabad

Date: 29-05-2017

KNRC Holdings and Investments Private Limited
Consolidated Balance Sheet as at March 31, 2017

(Rs in Lakhs)

Particulars	Note	As At March 31, 2017	As At March 31, 2016	As At April 01, 2015
I ASSETS				
1) Non-current assets				
a) Property, plant and equipment	3	30.55	0.89	1.19
b) Investment property	3.1	135.59	287.54	287.54
c) Other Intangible assets	3.2	37,616.98	-	-
d) Intangible assets under development	3.2	8,859.74	42,160.79	31,846.09
e) Other non-current assets	4	3.36	3.36	-
Total Non-Current Assets		46,646.22	42,452.58	32,134.82
2) Current assets				
a) Financial assets				
i) Cash and cash equivalents	5	585.54	1,175.24	74.63
ii) Other Financial Assets	6	54.27	127.69	41.56
b) Current tax Asset(net)	7	15.34	19.05	7.69
c) Other current assets	8	1,320.35	1,500.99	1,636.26
Total Current Assets		1,975.50	2,822.97	1,760.14
TOTAL ASSETS		48,621.72	45,275.55	33,894.96
II EQUITY AND LIABILITIES				
Equity				
a) Equity Share capital	9	1.00	1.00	1.00
b) Other equity	10	4,479.70	6,112.28	861.19
Total equity attributable to equity holders of Non-Controlling interests		4,480.70	6,113.28	862.19
Total Equity		10,818.06	14,065.41	9,816.90
Liabilities				
1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	11	33,477.50	27,096.82	22,428.60
ii) Other financial liabilities	12	3,221.07	23.64	22.89
b) Provisions	13	1.98	-	-
Total Non-Current Liabilities		36,700.55	27,120.46	22,451.49
2) Current liabilities				
a) Financial liabilities				
i) Trade Payables	14	25.01	-	-
ii) Other financial liabilities	13	765.95	3,600.97	1,548.13
b) Other current liabilities	15	312.15	488.71	78.44
Total Current Liabilities		1,103.11	4,089.68	1,626.57
TOTAL EQUITY AND LIABILITIES		48,621.72	45,275.55	33,894.96
Corporate information and Significant accounting policies	1 & 2			

See accompanying notes forming part of the financial statements
As per our report of even date attached

For Sukumar Babu & Co.,
Chartered Accountants
(Firm Regn. No. 004188S)

For and on behalf of the Board of Directors

Sd/-
C.Sukumar Babu
Partner
Membership No: 024293
Place : Hyderabad
Date : 29-05-2017

Sd/-
K. Narasimha Reddy
Director
DIN No: 00382412

Sd/-
K. Jalandhar Reddy
Director
DIN No: 00434911

KNRC Holdings and Investments Private Limited
Consolidated Statement of Profit and Loss for the year Ended March 31, 2017

(Rs in Lakhs)

Particulars		Note	Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue from Operations	16	5,606.41	10,657.90
II	Other income	17	71.81	-
III	Total Revenue (I + II)		5,678.22	10,657.90
IV	Expenses			
	Construction Cost		3,707.85	10,657.90
	Operation & Maintenance Expenditure	18	497.78	-
	Employee benefits expense	19	42.35	-
	Finance costs	20	2,512.91	20.71
	Depreciation and amortization expense	3	1,907.60	-
	Other expenses	21	251.33	7.28
	Total expenses (IV)		8,919.82	10,685.89
V	Profit before exceptional items and tax (III - IV)		(3,241.60)	(27.99)
VI	Exceptional items		-	-
VII	Profit/(Loss) before tax (V - VI)		(3,241.60)	(27.99)
VIII	Tax expense			
	1) Current tax	22	4.16	-
	2) Deferred tax		-	-
			4.16	-
IX	Profit/(Loss) for the period (VII - VIII)		(3,245.76)	(27.99)
X	Other Comprehensive Income			
	a) Items that will not be reclassified to profit or loss			
	Actuarial gains and losses	23	(1.66)	-
	Deferred Tax on above items		-	-
	b) Items that will be reclassified to profit or loss			
XI	Total Comprehensive Income for the period (IX+X)		(3,247.42)	(27.99)
	Profit attributable to:			
	Owners of the parent		(1,632.58)	(25.41)
	Non-controlling interests		(1,614.84)	(2.58)
			(3,247.42)	(27.99)
	Total comprehensive income attributable to:			
	Owners of the Company		(1,632.58)	(25.41)
	Non-controlling interests		(1,614.84)	(2.58)
			(3,247.42)	(27.99)
XII	Earnings per equity share : (In Rs.)			
	Equity shares of par value Rs. 10/- each			
	1) Basic		(0.32)	-
	2) Diluted		(0.32)	-

Corporate information and Significant accounting policies

1 & 2

See accompanying notes forming part of the financial statements

As per our report of even date attached

For Sukumar Babu & Co.,

Chartered Accountants
(Firm Regn. No. 004188S)

Sd/-
C.Sukumar Babu
Partner
Membership No: 024293
Place : Hyderabad
Date : 29-05-2017

For and on behalf of the Board

Sd/-
K. Narasimha Reddy
Director
DIN No: 00382412

Sd/-
K. Jalandhar Reddy
Director
DIN No: 00434911

KNRC Holdings and Investments Private Limited

Consolidated Statement of Changes In Equity for the year ended March 31, 2017

A - Equity Share Capital

(Rs in Lakhs)

Particulars	Number of Shares	Amount
Balance as at April 01, 2015	10,000	1.00
Add: Equity shares allotted during the year	-	-
Balance as at March 31, 2016	10,000	1.00
Add: Equity shares allotted during the year	-	-
Balance as at March 31, 2017	10,000	1.00

B - Other Equity

(Rs in Lakhs)

Particulars	Deemed Equity	Retained Earnings	Total
Balance as at April 01, 2015	943.37	(82.18)	861.19
Equity Contribution on FV of Interest free USL	5,276.50	-	5,276.50
Total Comprehensive Income for the Year	-	(25.41)	(25.41)
Balance as at March 31, 2016	6,219.87	(107.59)	6,112.28
Balance as at April 01, 2016	6,219.87	(107.59)	6,112.28
Equity Contribution on FV of Interest free USL	-	-	-
Total Comprehensive Income for the Year	-	(1,632.58)	(1,632.58)
Balance as at March 31, 2017	6,219.87	(1,740.17)	4,479.70

KNRC Holdings and Investments Private Limited
Consolidated Cash Flow Statement for the Year Ended March 31,2017

(Rs in Lakhs)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
A) Cash flow from Operating Activities		
Profit before tax	(3,241.60)	(27.99)
Adjustments for :		
Depreciation and impairment of property, plant and equipment	1,907.60	0.30
Profit on sale of asset	(68.90)	-
Interest Income on Fair Value of interest free loans	(2.91)	-
Interest Expense on Fair Value of interest free loans	15.17	20.71
Movements in provisions, gratuity and government grants	0.32	-
Finance costs	2,497.74	-
Operating profit before working capital changes	1,107.42	(6.98)
Changes in working capital:		
(Increase)/Decrease in Other Non-current Assets	-	(3.36)
(Increase)/Decrease in Other financial assets	73.42	(86.13)
(Increase)/Decrease in Other current assets	180.64	135.27
Increase/(Decrease) in Trade payables	25.01	-
Increase/(Decrease) in Other financial liabilities (other than current maturities on borrowings and Interest accrued but not due)	507.37	2,222.11
Increase/(Decrease) in Other current liabilities	(176.56)	410.27
Cash generated/ (used) from Operations	1,717.30	2,671.18
Income Taxes (paid) / Refunds	(0.45)	(11.36)
Net Cash flows from / (used in) Operating Activities- (A)	1,716.85	2,659.82
B) Cash flow from Investing Activities		
Purchase of property, plant and equipment and Capital Work-in-Progress	(31.72)	-
Intangible assets under development	(6,221.47)	(10,314.70)
Proceeds from sale of Property	223.76	-
Equity Investment	-	5,276.50
Net Cash flows from / (used in) Investing Activities- (B)	(6,029.43)	(5,038.20)
C) Cash flow from Financing Activities		
Finance cost paid	(2,757.87)	(172.77)
Proceeds from borrowings	6,380.68	4,647.51
Current maturities of long term debt	100.00	4.25
Non-controlling interest	0.07	(1,000.00)
Net Cash Flows from / (used in) Financing Activities- (C)	3,722.88	3,478.99
Net increase/(decrease) in cash and cash equivalents - (A+B+C)	(589.70)	1,100.61
Cash & Cash Equivalents and at the beginning of the year	1,175.24	74.63
Cash &Cash Equivalents and as at end of the year (Refer note 1)	585.54	1,175.24
Note:		
1 Cash & Cash equivalents includes:		
Cash in Hand	30.29	5.41
Bank Balance -Current Account	457.71	1,169.83
Cheques on hand	97.54	-
	585.54	1,175.24
2 The Cash flow statement is prepared in accordance with the Indirect Method stated in Ind-AS7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.		
3 Previous year's figures have been regrouped, wherever necessary.		
4 Figures in brackets represent cash outflows.		
See accompanying notes forming part of the financial statements As per our report of even date attached For Sukumar Babu & Co., Chartered Accountants (Firm Regn. No. 004188S)	For and on behalf of the Board	
Sd/- C.Sukumar Babu Partner Membership No: 024293 Place : Hyderabad Date : 29-05-2017	Sd/- K. Narasimha Reddy Director DIN No: 00382412	Sd/- K. Jalandhar Reddy Director DIN No: 00434911

KNRC Holdings and Investments Private Limited

Notes forming part of the consolidated financial statements

1) Corporate Information:

KNR Holdings and Investments Private Limited ('the Company') is a company domiciled in India with its registered office at KNR House, 4th Floor, Plot No. 114 Phase - I, Kavuri Hills Hyderabad. The Company has been incorporated under the provisions of Indian Companies Act in 2011. The Company and its subsidiaries collectively referred to as the "Group".

2) Significant Accounting Policies

2.1 Statement of Compliance

These financial statements are the Consolidated financial statements of the Group prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Rules, 2016 notified under the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Group's consolidated financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under the Act and other relevant provisions of the Act.

As these are the Group's first consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 33.

2.2 Basis of Preparation & Presentation

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2.3 Basis of Consolidation

The consolidated financial statements have been prepared on the following basis:

i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as disclosed in Note 31. Subsidiaries are consolidated from the date control commences until the date control ceases. Subsidiaries are consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses on intra-group transactions as per Indian Accounting Standard 110.

ii) The financial statements of the Subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Holding Company, i.e. March 31, 2017.

iii) Non-controlling interests in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet under the Total Equity.

iv) Non-controlling interests in the net assets of consolidated subsidiaries consists of:

- a) The amount of equity attributable to Non-controlling holders at the date on which investment in a subsidiary is made; and
- b) The Non-controlling holders share of movements in the equity since the date the parent subsidiary relationship came into existence.

v) The consolidated financial statements are prepared to the extent possible using uniform accounting policies for like transactions and other events in similar circumstances and are presented to extent possible, in the same manner as the Company's separate financial statements. The Subsidiaries considered for consolidated financial statements are given in Note 31.

KNRC Holdings and Investments Private Limited

Notes forming part of the consolidated financial statements

2.4 Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or when applicable, the cost on initial recognition of an investment in an associate.

2.5 Current and Non-Current classification

The group has classified all its assets and liabilities as current or non-current, wherever applicable, as per the operating cycle of the group as per Schedule III to the Act.

2.6 Fair Value Measurement

The group measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within fair value hierarchy based on the low-level of input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (observable input).

Level 3 – Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.7 Property, plant and equipment (PPE)

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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 recognized in profit or loss.

KNRC Holdings and Investments Private Limited

Notes forming part of the consolidated financial statements

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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 except the below mentioned assets, and is generally recognized 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).

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

For the Assets costing up to Rs. 5,000 are depreciated fully in the year of purchase.

2.8 Capital Work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost less refundable taxes.

2.9 Intangible Asset under Service Concession Arrangements (SCA)

The Group recognizes an intangible asset arising from a service concession arrangement to the extent it has a right to charge for use of the concession infrastructure. The fair value, at the time of initial recognition of such an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement, is regarded to be its cost. Subsequent to initial recognition the intangible asset is measured at cost, less any accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

The Group has followed life based amortization for intangible assets which are recognized under service concession arrangements, over the balance concession period.

Government grants – Viability Gap Funding (VGF)

Any VGF in the form of equity support in connection with project construction is accounted as a receivable and is adjusted to the extent of actual receipt.

Accounting for negative grants

The Group is required to make payments to the authority during the period of SCA which is called negative grant as per appendix to Ind-As 11, and the payment is in the form of fixed payment (annual throughout the SCA) and the Group has recognized as a liability with a present value of annual payments payable during the SCA. And the same was capitalized to the intangible assets.

2.10 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the Ind AS 16's requirement for cost model.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

2.11 Financial Instruments

i. Classification and subsequent measurement

Financial assets

Financial asset is

- Cash / Equity Instrument of another Entity,
- Contractual right to –
 - a) receive Cash / another Financial Asset from another Entity, or
 - b) exchange Financial Assets or Financial Liabilities with another Entity under conditions that are potentially favourable to the Entity.

KNRC Holdings and Investments Private Limited

Notes forming part of the consolidated financial statements

On initial recognition, a financial asset is classified as measured at

- Amortized cost;
- FVTOCI – debt investment;
- FVTOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- o the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- o The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- o the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- o The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

Financial liability is Contractual Obligation to

- deliver Cash or another Financial Asset to another Entity, or
- exchange Financial Assets or Financial Liabilities with another Entity under conditions that are potentially unfavourable to the Entity

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

ii. De-recognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

KNRC Holdings and Investments Private Limited

Notes forming part of the consolidated financial statements

iii. Impairment

Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are measured at amortized cost
- Trade receivables

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Impairment of non-financial assets

The Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognized, if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

2.12 Cash and cash equivalents

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

2.13 Provisions

Provisions are recognised only when:

- a) An entity has a present obligation (legal or constructive) as a result of a past event
- b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) A reliable estimate can be made of the amount of the obligation.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

KNRC Holdings and Investments Private Limited

Notes forming part of the consolidated financial statements

2.14 Contingent liability, Contingent Assets and Commitments

Contingent liability is disclosed in case of

- a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation
- b) A present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for
- b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.
- c) Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Contingent liabilities, Contingent assets and Commitments are reviewed at each Balance Sheet date.

2.15 Revenue Recognition

Group's revenue can be recognised when

- (a) the amount of revenue can be measured reliably;
- (b) it is probable that the economic benefits associated with the transaction will flow to the company;

Service concession arrangements (SCA)

Revenue related to construction or upgrade services provided under a service concession arrangement is recognized based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognizing revenue on construction contracts, and the toll revenue is recognized as and when the amount is due and recovery is certain.

Other Income

Interest income: Finance income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable Effective interest rate (EIR). Other income is accounted for on accrual basis. Where the receipt of income is uncertain, it is accounted for on receipt basis

Other Items of Income: Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably

2.16 Employee Benefits

a) Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits. The benefits like salaries, wages, and short term compensated absences etc. Expenses on non-accumulating compensated absences are recognised in the period in which the absences occur.

b) Post-employment benefits:

i. Defined contribution plans: The state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii. Defined benefit plans: The employees' group gratuity fund schemes are managed by Life Insurance Corporation of India (L.I.C), and post-retirement provident fund scheme are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Re measurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (wherever applicable) are recognised in other

KNRC Holdings and Investments Private Limited

Notes forming part of the consolidated financial statements

comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit and loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Group recognizes related restructuring costs or termination benefits.

2.17 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.

i. Current tax

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 realize the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

iii. Minimum Alternate Tax (MAT)

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 Group 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.

2.18 Leases

Leases in which a substantial portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, in which case the same are recognised as an expense in line with the contractual term.

KNRC Holdings and Investments Private Limited

Notes forming part of the consolidated financial statements

2.19 Cash flow statement

The Consolidated Cash flow statement is prepared in accordance with Ind AS 7 by using indirect method by segregating as cash flows from operating, investing and financing activities. Under the Cash flow from operating activities, the net profit is adjusted for the effects of Non-cash items, Changes in working capital and other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those amounts which are not considered in cash and cash equivalents as on the date of Balance Sheet are included in investing activities.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

2.20 Earnings per share

a) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury share.

b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.21 Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method. Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Key accounting estimates and judgements

The preparation of these consolidated financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. 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 recognized in the periods in which the results are known / materialize. Estimates include the property plant and equipment, inventory, future obligations in respect of retirement benefit plans, provisions, fair value measurement and taxes etc.

a) Property, plant and equipment

The Group reviews the estimated useful lives of property plant and equipment at the end of each reporting period. During the current year, there has been no change in life considered for the assets.

b) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions.

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

c) Provision for employee benefits

The Group uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return on plan assets, rate of increase in compensation levels and mortality rates.

2.23 New standards and interpretations not yet adopted

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

Amendment to Ind AS 7:

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

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

3 Property, Plant and Equipment

	(Rs. in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Fangible Assets			
Furniture and Fixtures	0.51	0.84	0.97
Office equipment	22.14	0.05	0.07
Computers & Accessories	0.20	-	0.15
Fangible Assets under Development	7.70	-	-
	30.55	0.89	1.19

Particulars	(Rs in Lakhs)				
	Furniture and Fixtures	Office equipment	Computers & Accessories	Fangible assets under development	Total
Cost or Deemed cost					
As at April 01, 2015	0.97	0.07	0.15	-	1.19
Additions	-	-	-	-	-
Disposals/adjustments	-	-	-	-	-
As at March 31, 2016	0.97	0.07	0.15	-	1.19
Depreciation					
As at April 01, 2015	-	-	0.15	-	0.30
Charge for the period *	0.13	0.02	-	-	-
Disposals/adjustments	-	-	-	-	-
As at March 31, 2016	0.13	0.02	0.15	-	0.30
Net block					
As at March 31, 2016	0.84	0.05	-	-	0.89
As at April 01, 2015	0.97	0.07	0.15	-	1.19
* Depreciation has been capitalised.					

Particulars	(Rs in Lakhs)				
	Furniture and Fixtures	Office equipment	Computers & Accessories	Fangible assets under development	Total
Cost or Deemed cost					
As at April 01, 2016	0.97	0.07	0.15	-	1.19
Additions	-	22.22	1.33	8.17	31.72
Disposals/adjustments	-	-	-	-	-
As at March 31, 2017	0.97	22.29	1.48	8.17	32.91
Depreciation					
As at April 01, 2016	0.13	0.02	0.15	-	0.30
Charge for the period	0.33	0.13	1.13	0.47	2.06
Disposals/adjustments	-	-	-	-	-
As at March 31, 2017	0.46	0.15	1.28	0.47	2.36
Net block					
As at March 31, 2017	0.51	22.14	0.20	7.70	30.55
As at March 31, 2016	0.84	0.05	-	-	0.89

3.2 Investment Property

	(Rs. in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Investment Property *	135.59	287.54	287.54
	135.59	287.54	287.54

Note: Refer note 11 for details of assets pledged.

(Rs. in Lakhs)	
	Amount
As at April 01, 2015	287.54
Additions	-
Disposals	-
As at March 31, 2016	287.54
Depreciation	
As at April 01, 2015	-
Charge for the period	-
Disposals	-
As at March 31, 2016	-
Net block	
As at March 31, 2016	287.54
As at April 01, 2015	287.54
As at April 01, 2016	287.54
Additions	-
Disposals	(151.95)
As at March 31, 2017	135.59
Depreciation	
As at April 01, 2016	-
Charge for the period	-
Disposals	-
As at March 31, 2017	-
Net block	
As at March 31, 2017	135.59
As at March 31, 2016	287.54

Fair Value of Investment Property

Details and fair value of the investment property as on March 31, 2017 and March 31, 2016 and April 01, 2015 is given below

	(Rs. in Lakhs)			
	Fair value Hierarchy	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Investment Property	Level 3	161.05	347.55	329.22
		161.05	347.55	329.22

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

3.2 Other Intangible assets

	(Rs. in Lakhs)		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Carriage way	37,616.98	-	-
Intangible assets under development	8,859.74	42,160.79	31,846.09
Total	46,476.72	42,160.79	31,846.09

	(Rs. in Lakhs)		
	Carriage way	Intangible assets under development	Total
Cost or Deemed cost			
As at April 01, 2015	-	31,846.09	31,846.09
Additions	-	10,314.70	10,314.70
Disposals	-	-	-
As at March 31, 2016	-	42,160.79	42,160.79
Depreciation			
As at April 01, 2015	-	-	-
Charge for the period	-	-	-
Disposals	-	-	-
As at March 31, 2016	-	-	-
Net block			
As at March 31, 2016	-	42,160.79	42,160.79
As at April 01, 2015	-	31,846.09	31,846.09

	(Rs. in Lakhs)		
	Carriage way	Intangible assets under development	Total
Cost or Deemed cost			
As at April 01, 2016	-	42,160.79	42,160.79
Additions	39,522.52	4,221.47	45,743.99
Disposals	-	(39,522.52)	(39,522.52)
As at March 31, 2017	39,522.52	8,859.74	48,382.26
Depreciation			
As at April 01, 2016	-	-	-
Charge for the period	1,905.54	-	1,905.54
Disposals	-	-	-
As at March 31, 2017	1,905.54	-	1,905.54
Net block			
As at March 31, 2017	37,616.98	8,859.74	46,476.72
As at March 31, 2016	-	42,160.79	42,160.79

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

4 - Other Non-current Assets

	(Rs in Lakhs)		
	As at		
	March 31 ,2017	March 31 ,2016	April 01 ,2015
Other Receivables	3.36	3.36	-
Total	3.36	3.36	-

5 - Cash and Cash Equivalents

	(Rs in Lakhs)		
	As at		
	March 31 ,2017	March 31 ,2016	April 01 ,2015
Balances with banks:			
in current accounts	457.71	1,169.83	69.20
Cheques on hand	97.54	-	-
Cash on hand	30.29	5.41	5.43
Total	585.54	1,175.24	74.63

Disclosure of Specified Bank Notes (SBNs)

As per MCA notification G.S.R. 308 (E) dated March 31, 2017, the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, are given below:

Particulars	(Rs. in Lakhs)		
	SBN's	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	10.10	5.75	15.85
(+) Permitted receipts	4.94	225.99	230.93
(+) Non-permitted receipts		-	-
(-) Permitted payments		1.38	1.38
(-) Non-permitted payments		-	-
(-) Amount deposited in Banks	15.04	202.72	217.76
Closing cash in hand as on December 30, 2016	-	27.64	27.64

6 - Other Financial Assets

	(Rs in Lakhs)		
	As at		
	March 31 ,2017	March 31 ,2016	April 01 ,2015
Current			
Receivable from NHAI-Project Director	54.27	6.08	41.56
Amount recoverable from KNRCCL (Creditors for expenses)	-	121.61	-
Total	54.27	127.69	41.56

7 - Current Tax Asset (Net)

	(Rs in Lakhs)		
	As at		
	March 31 ,2017	March 31 ,2016	April 01 ,2015
Current			
TDS Receivable	15.34	19.05	7.69
Total	15.34	19.05	7.69

8 - Other Current Assets

	(Rs in Lakhs)		
	As at		
	March 31 ,2017	March 31 ,2016	April 01 ,2015
Staff Imprest & Salary Advances	2.74	0.99	0.55
Advance to EPC Contractor - JKM	1,312.74	-	-
Mobilization Advance -JKM Infra Projects Ltd	-	1,500.00	1,500.00
Material Advance -JKM Infra Projects Ltd	-	-	135.71
Prepaid Expenses	4.87	-	-
Total	1,320.35	1,500.99	1,636.26

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

9 - Equity Share Capital

Authorised Share capital

10,000 Equity Shares of Rs. 10/- each
 2,79,90,000 Preference Shares of Rs .10/- each

Issued, subscribed & fully paid share capital

10,000 Equity Shares of 10/- each fully Paid up
 (Wholly Owned subsidiary of KNRC Holdings and Investments Private Limited)

Total

9.1 The Company has only one class of shares referred to as equity shares having a par value of Rs.

9.2 The details of equity shares holding more than 5% shares as at March 31, 2017, March 31, 2016

Name of the shareholder	As at March 31, 2017		
	No. of Shares	% held	No. of
KNRC Holdings and Investments Pvt. Ltd.,	10,000	100%	

9.4 The reconciliation of the number of shares outstanding at the beginning and at the end of the year

	As at March 31, 2017		
	No. of Shares	Rupees in Lakhs	No. of
Number of Equity Shares at the beginning	10,000	1.00	
Add: - Number of Shares Issued	-	-	
Less: Number of Shares Bought Back	-	-	
Number of Equity Shares at the end of the year	10,000	1.00	

10 - Other Equity

Deemed Equity (Refer note : 29)

Surplus/(deficit) in the Statement of Profit and Loss

Add: Profit/(Loss) for the year

Less : Preliminary & Preoperative exp w/off

Total

11 - Borrowings

Particulars

Non-current

Secured loans

Form Banks (Rupee Loans) -(Foot Note - 11.1)

Unsecured loans

From related parties (Refer note : 29)

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements
Note - 11.1

Project Loan of Rs.31,800.00 Lakhs sanctioned by Banks to subsidiary company i.e., KNR Muzaffarpur availed an amount of Rs.26,985 Lakhs.

Terms of Security of Project Loan

- i. Mortgage /charge over the company's immovable and movable properties (other than project)
- ii. Charge/assignment of revenues receivables .
- iii. Charge over /assignment of the rights, titles and interests of the company in to and in respect of
- iv. Assignment of insurance policies, interest, benefits, claims, guarantees ,performance bonds
- v. Pledge of 51% of the fully paid up Equity share capital of the company;
The aforesaid charge will rank Pari - Passu with the mortgages and charges created/to be created

Terms of Repayment of Project Loan

The above loan is repayable in fifty quarterly unequal installments ranging from 0.16 crores to 0.25 crores. The numbers of balance installments as on 31st March, 2017 are 50. The interest charged by the banks is as follows:

12 - Other Financial Liabilities

Particulars

Non-current

NHAI Premium Payable
KNR Constructions Ltd.,
JKM Infra Projects Ltd. ,

Total non-current other financial liabilities

Current

Current maturities of long-term debts:

Term loans - from Banks (Refer note - 11.1)
Interest accrued but not due [Term Loans]
Interest accrued and due on borrowings
Advance Received From Related Parties (Refer Note : 29)
Bills Payable (Sub-contractors/Labour)-EPC Contractor
Retention deposit - JKM Infra
Expenses Payable - KNR
Outstanding Expenses

Total current other financial liabilities

Total

13 - Provisions

Provision for Gratuity

Total

14 - Trade Payables

Bills Payable (Sub-contractors/Labour/Service)

Total

15 - Other Current Liabilities

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

24 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the group, the groups policy is to maintain a strong capital base so as to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and for the future development of the Company. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return on capital to shareholders or issue of new shares.

The Company's adjusted net debt to equity ratio at March 31, 2017, March 31, 2016 and April 01, 2015 was as follows

(Rs. in Lakhs)

	March 31, 2017	March 31, 2016	April 01, 2015
Total Borrowings	33,597.50	27,116.82	22,444.35
Less: cash and cash equivalents	585.54	1,175.24	74.63
Adjusted net debt	33,011.96	25,941.58	22,369.72
Total equity	10,818.06	14,065.41	9,816.90
Adjusted equity	10,818.06	14,065.41	9,816.90
Adjusted net debt to adjusted equity ratio	3.05	1.84	2.28

25 Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(Rs. in Lakhs)

March 31, 2017

Particulars	Carrying amount		
	FVTPL	Amortised Cost	Total carrying amount
Financial assets			
Cash and cash equivalents	-	585.54	585.54
Other financial assets	-	54.27	54.27
	-	639.81	639.81
Financial liabilities			
Trade Payables	-	25.01	25.01
Secured bank loans	-	33,477.50	33,477.50
Other financial liabilities	-	3,987.02	3,987.02
	-	37,489.53	37,489.53

The management assessed the financial assets and liabilities measured at amortised cost are approximate to the fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

(Rs. in Lakhs)

March 31, 2016

Particulars	Carrying amount		
	FVTPL	Amortised Cost	Total carrying amount
Financial assets			
Cash and cash equivalents	-	1,175.24	1,175.24
Other financial assets	-	127.69	127.69
	-	1,302.93	1,302.93
Financial liabilities			
Secured bank loans	-	27,096.82	27,096.82
Other financial liabilities	-	3,624.61	3,624.61
	-	30,721.43	30,721.43

The management assessed the financial assets and liabilities measured at amortised cost are approximate to the fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

(Rs. in Lakhs)

April 01, 2015

Particulars	Carrying amount		
	FVTPL	Amortised Cost	Total carrying amount
Financial assets			
Cash and cash equivalents	-	74.63	74.63
Other financial assets	-	41.56	41.56
	-	116.19	116.19
Financial liabilities			
Secured bank loans	-	22,428.60	22,428.60
Other financial liabilities	-	1,571.02	1,571.02
	-	23,999.62	23,999.62

The management assessed the financial assets and liabilities measured at amortised cost are approximate to the fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

25 Financial instruments - Fair values and risk management

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- a) credit risk
- b) liquidity risk
- c) market risk

The company's focus is to estimate a vulnerability of financial risk and to address the issue to minimize the potential adverse effects of its financial performance.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers; loans and investments in debt securities.

The group is not exposed to credit risk as it has no trade receivable

The group's BOT Projects generally does not have trade receivable as collection of toll income coincide as and when the traffic passes through toll plazas. Hence, the management believes that the company is not exposed to any credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

As at March 31, 2017

(Rs. in Lakhs)

Particulars	Contractual Cash flows				Total
	Carrying Amount	Upto 1 year	1 to 3 Years	More than 3 years	
Non-derivative financial liabilities					
Secured Bank loans	33,477.50	120.00	1,110.00	32,247.50	33,477.50
Trade payables	25.01	17.51	7.50	-	25.01
Other financial liabilities	3,987.02	797.40	2,764.62	425.00	3,987.02
	37,489.53	934.91	3,882.12	32,672.50	37,489.53

As at March 31, 2016

(Rs. in Lakhs)

Particulars	Contractual Cash flows				Total
	Carrying Amount	Upto 1 year	1 to 3 Years	More than 3 years	
Non-derivative financial liabilities					
Secured Bank loans	27,096.82	20.00	478.00	26,598.82	27,096.82
Other financial liabilities	3,624.61	1,449.84	1,749.77	425.00	3,624.61
	30,721.43	1,469.84	2,227.77	27,023.82	30,721.43

As at April 01, 2015

(Rs. in Lakhs)

Particulars	Contractual Cash flows				Total
	Carrying Amount	Upto 1 year	1 to 3 Years	More than 3 years	
Non-derivative financial liabilities					
Secured Bank loans	22,428.60	15.75	140.00	22,272.85	22,428.60
Other financial liabilities	1,571.02	471.31	898.72	200.99	1,571.02
	23,999.62	487.06	1,038.72	22,473.84	23,999.62

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

c) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Groups income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Foreign currency risk

Foreign Currency risk is the risk that fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rate.

The Group is not exposed to foreign currency risk as it has no borrowing or no material payables in foreign currency

ii) Interest rate risk

Interest rate risk is the risk that fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The interest risk arises to the Group mainly from long term borrowings with variable rates. The Group measures risk through sensitivity analysis.

The Group is exposed to Interest rate risk as it has few variable interest rate borrowings.

The Groups exposure to interest rate risk due to borrowings is as follows:

(Rs. in lakhs)

Particulars	Note No.	March 31 ,2017	March 31 ,2016	April 1 ,2015
Borrowings outstanding	11	33,327.32	26,840.81	22,193.29
Borrowings Current maturities	12	120.00	20.00	15.75

Sensitivity analysis

(Rs. in lakhs)

Interest Rate Risk Analysis	Impact on profit/ loss after tax	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Increase or decrease in Interest by 25bp	83.62	67.15

Note : In case of Increase in Interest rate, Profit will reduce and vice versa

iii) 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 Price risk as it has no investments.

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

26 Contingent Liability and Commitments

(Rs. in lakhs)

		As at		
		March 31, 2017	March 31, 2016	April 01, 2015
i)	Contingent Liabilities	Nil	Nil	Nil
ii)	Commitments			
	a) Estimated amount of contracts remaining to be executed on capital account and not provided for	741.48	1,332.53	8,316.78
	Total	741.48	1,332.53	8,316.78

27 Disclosure pursuant to Ind AS 33 "Earnings Per Share(EPS)"

(Rs. in lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
i. Profit (loss) attributable to equity shareholders(basic)	(3,247.43)	(27.99)
ii. Weighted average number of equity shares (basic)	10,000	10,000
Basic EPS	(0.32)	(0.00)
i. Profit (loss) attributable to equity shareholders(diluted)	(3,247.43)	(27.99)
ii. Weighted average number of equity shares (diluted)	10,000	10,000
Diluted EPS	(0.32)	(0.00)

28 Employee Benefits

The disclosure is pursuant to the requirements of Ind AS 19.

The liability for gratuity in respect of following subsidiaries/step down subsidiaries:

- i) KNR Muzaffarpur Barauni Tollway Private Limited for the year ended March 31, 2017 is Rs. 1.98 lakhs (March 31, 2016 is Rs. Nil)

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

29 Disclosure of Related Parties/ Related Party Transactions pursuant to Ind As 24: Related party Disclosure"

A - Names of related parties and nature of relationship					
S.No.	Particulars	Country	Holding as at		
			March 31, 2017	March 31, 2016	April 1, 2015
I) Subsidiaries					
1	Mesmeric Software Solutions Pvt. Ltd.,	India	100%	100%	100%
2	Nag Talent Ventures & Infortech Pvt. Ltd.,	India	100%	100%	100%
3	Roche Polymers and Additives Pvt. Ltd.,	India	100%	100%	100%
4	Gradient Estates Pvt. Ltd.,	India	100%	100%	100%
5	Gradient Realty Ventures Pvt. Ltd.,	India	100%	100%	100%
6	Asara Construction & Projects Pvt. Ltd.,	India	100%	100%	100%
7	KNR Muzaffarpur Holdings Pvt. Ltd.,	India	100%	100%	100%
II) Step down - subsidiaries					
8	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	India	51%	51%	51%
III) Key Management Personnel (KMP)					
	Name of the person	Designation			
1	Sri. K. Narasimha Reddy	Director			
2	Sri K. Jalandhar Reddy	Director			

B - List of transaction with related parties during the year

(Rs. in Lakhs)

S. No	Particulars	Nature of relation	For the Year ended March 31, 2017	For the Year ended March 31, 2016
1	KNR Constructions Limited	Advance received	3.31	1.36
		Unsecured loan Repaid	(105.83)	20.70
		Interest on Unsecured loan	15.17	20.71

C - Outstanding balance with related parties are as follows:

(Rs. in Lakhs)

S.No	Particulars	Nature of Relation	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
1	KNR Constructions Limited	Deemed Equity	6,219.87	6,219.87	943.37
		Advance payable	18.67	15.36	14.00
		Inter corporate loan received	150.18	256.01	235.31
2	KNR Energy Ltd.,	Advance payable	5.00	5.00	5.00

Terms and conditions of transactions with related parties

All Related Party Transactions entered during the year were in ordinary course of the business and are on arm's length basis.

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

30 Disclosure mandated by Schedule III by way of additional information

(Rs. in Lakhs)

Name of the entity in the Group	Net Assets, i.e., (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount in Lakhs	As % of consolidated profit or loss	Amount in Lakhs	As % of consolidated other comprehensive income	Amount in Lakhs	As % of total comprehensive income	Amount in Lakhs
Consolidated	100%	10,818.06	100%	(3,245.76)	100%	(1.66)	100%	(3,247.42)
Parent	0.88%	94.72	(1.51%)	49.14	0.00%	-	(1.51%)	49.14
Subsidiary companies								
Mesmeric Software Solutions Pvt. Ltd.,	-0.04%	(4.62)	0.00%	(0.16)	-	-	0.00%	(0.16)
Nag Talent Ventures & Infortech Pvt. Ltd.,	-0.07%	(7.61)	0.01%	(0.19)	-	-	0.01%	(0.19)
Roche Polymers and Additives Pvt. Ltd.,	-0.01%	(1.11)	0.00%	(0.16)	-	-	0.00%	(0.16)
Gradient Estates Pvt. Ltd.,	-0.04%	(3.85)	0.00%	(0.16)	-	-	0.00%	(0.16)
Gradient Realty Ventures Pvt. Ltd.,	-0.01%	(1.25)	0.00%	(0.16)	-	-	0.00%	(0.16)
Asara Construction & Projects Pvt. Ltd.,	-0.06%	(6.84)	0.00%	(0.16)	-	-	0.00%	(0.16)
KNR Muzaffarpur Holdings Pvt. Ltd.,	40.77%	4,411.26	51.73%	(1,679.07)	100%	(1.66)	51.75%	(1,680.73)
Non-controlling interest in all subsidiaries	58.58%	6,337.36	49.75%	(1,614.84)	-	-	49.73%	(1,614.84)
Total	100.00%	10,818.06	100.00%	(3,245.76)	100.00%	(1.66)	100.00%	(3,247.42)

KNRC Holdings and Investments Private Limited
Notes forming part of the Consolidated financial statements

31 Subsidiaries considered for consolidation

A - Names of related parties and nature of relationship					
S.No.	Particulars	Country	Holding as at		
			March 31, 2017	March 31, 2016	April 1, 2015
	Subsidiaries				
1	Mesmeric Software Solutions Pvt. Ltd.,	India	100%	100%	100%
2	Nag Talent Ventures & Infortech Pvt. Ltd.,	India	100%	100%	100%
3	Roche Polymers and Additives Pvt. Ltd.,	India	100%	100%	100%
4	Gradient Estates Pvt. Ltd.,	India	100%	100%	100%
5	Gradient Realty Ventures Pvt. Ltd.,	India	100%	100%	100%
6	Asara Construction & Projects Pvt. Ltd.,	India	100%	100%	100%
7	KNR Muzaffarpur Holdings Pvt. Ltd.,	India	100%	100%	100%
8	KNR Muzaffarpur-Barauni Tollway Pvt. Ltd.,	India	51%	51%	51%

32 Segment Information

The Group's operations predominantly consist of construction / project activities. Hence there are no reportable segments under Ind AS 108. During the year under report, substantial part of the Group's business has been carried out in India. The conditions prevailing in India being uniform, no separate geographical disclosures are considered necessary.

33 Disclosures as required by Indian Accounting standard (Ind AS) 101 First time adoption of Indian accounting standard

As stated in Note 2, these are the Group's first consolidated financial statements prepared in accordance with Ind AS. For the year ended March 31, 2016 the Group had prepared its Consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('IGAAP').

The accounting policies set out in Note 2 have been applied in preparing these consolidated financial statements for the year ended March 31, 2017 including the comparative information for the year ended March 31, 2016 and the opening Ind AS balance sheet on the date of transition i.e. April 01, 2015.

In preparing its Ind AS balance sheet as at April 01, 2015 and in presenting the comparative information for the year ended March 31, 2016 the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with IGAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with IGAAP, and how the transition from IGAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

Optional exemptions availed and mandatory exceptions

In preparing these consolidated financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

Optional Exemptions

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

The group has elected to avail exemption under Ind AS 101, to use IGAAP carrying value as deemed cost at the date of transition for all the items of property, plant and equipment, as per the statement of financial position prepared in accordance with IGAAP.

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

As permitted by Ind AS 101, the Group has elected to apply Appendix to Ind AS 11 retrospectively at the date of transition to Ind AS for the intangible assets under Service Concession Arrangements.

Mandatory exceptions

Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition shall be consistent with estimates made for the same date in accordance with the IGAAP unless there is objective evidence that those estimates were in error.

De recognition of financial assets and liabilities

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

The Group has elected to apply the de-recognition principles of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

Classification and measurement of financial assets

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

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

a) Reconciliation of Total Equity as at March 31, 2016 and April 01, 2015

(Rs. In Lakhs)

Particulars	Note	As at March 31, 2016	As at April 01, 2015
Net Equity as per IGAAP		(41.57)	(37.19)
Interest Expense on Fair Value of interest free loans	1	(61.50)	(40.79)
Deemed Equity	1	6,219.87	943.37
Preliminary & Preoperative exp w/off	2	(3.52)	(3.20)
Equity reportable under Ind AS		6,113.28	862.19

b) Reconciliation of Statement of Profit and Loss and Other Comprehensive Income
(Rs. In Lakhs)

Particulars	Note	Year ended March 31, 2016
Net Profit under IGAAP		(4.38)
Add: Construction income as per IND-AS 11	3	10,657.90
Less: Construction Cost as per IND-AS 11	3	(10,657.90)
Less: Interest Expenditure on FV of USL	1	(20.71)
Less: Preliminary Expenses Written off	2	(0.32)
Net Profit under IND AS		(25.41)
Other comprehensive income (net of tax)		-
Total comprehensive income as per Ind AS		(25.41)

Notes to Reconciliation

- Under Ind AS, loans are valued at present value as compared to being carried at cost in the IGAAP. This Ind AS adjustment includes the difference between the book value and the present value of an interest free loan given to a subsidiary, which is treated as investment in that subsidiary. The interest on the present value of this loan is recognised over the tenure of the loan using the Effective Interest Rate (EIR) method.
- During the transition to Ind As the outstanding preliminary expenses not written off as per IGAAP has been written off to the extent available.
- Under Ind AS, specific guidance is applicable for accounting by private sector operators involved in provision of public sector infrastructure assets and services. Under IGAAP, there was no authoritative guidance for accounting for such arrangements. Accordingly, the Group has recognized as its intangible asset.

Based on Ind AS the Group has recognized the income of Rs. 10,657.90 lakhs on construction expenses of Rs. 10,657.90 lakhs incurred in the respective financial year.

c) Changes in Statement of cash flow for the year ended March 31, 2016

There are no material adjustments in the statement of cash flow due to adoption of Ind AS.

KNRC Holdings and Investments Private Limited
Notes forming part of the consolidated financial statements

34 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on May 29, 2017

- 35** Previous year's figures have been regrouped/reclassified/rearranged wherever considered necessary.

For Sukumar Babu & Co.,

For and on behalf of the Board

Chartered Accountants

(Firm Registration No. 004188S)

Sd/-

C. Sukumar Babu

Partner

Membership No. 024293

Place: Hyderabad

Date: 29.05.2017

Sd/-

K. Narasimha Reddy

Director

DIN: 00382412

Sd/-

K. Jalandhar Reddy

Director

DIN: 00434911