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# PATEL KNR Heavy Infrastructures Limited

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Annual report for the financial year 2017-2018 .



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF PATEL KNR HEAVY INFRASTRUCTURES LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **PATEL KNR HEAVY INFRASTRUCTURES LIMITED** ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information

#### **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 standalone 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

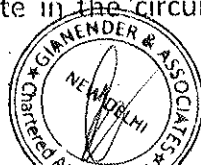
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes



evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us :




- i. The company has no pending litigation which would impact its financial position except those disclosed in financial statements;
  - ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;
  - iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund, and;
2. As required by Section 143(3) of the Act, based on our audit we report that:

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 B, a statement on the matters specified in the paragraph 3 and 4 of the Order.

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



  
Jeetender Kumar Gupta  
(Partner)  
M.No. 092547)

Place: New Delhi  
Date :25<sup>th</sup> May, 2018

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **PATEL KNR HEAVY INFRASTRUCTURES LIMITED** of even date)

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

We have audited the internal financial controls over financial reporting of **PATEL KNR HEAVY INFRASTRUCTURES LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**


Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



  
Jeetender Kumar Gupta  
(Partner)  
M.No. 092547)

Place: New Delhi  
Date :25<sup>th</sup> May, 2018

**Annexure 'B' to the Independent Auditor's Report of PATEL KNR HEAVY INFRASTRUCTURES LIMITED  
for the Year ended as on 31<sup>st</sup> March 2018**

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

- i.
  - a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b) The Fixed Assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification
  - c) The company has no immovable property hence paragraph 3(i)(c) of the Order is not applicable to the company.
- ii. As the company is engage in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.
- v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.
- vi. According to the information and explanations given to us, we are of the opinion that prima facie, cost records prescribed, pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, are made and maintained.
- vii.
  - a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities As on 31<sup>st</sup> March 2018, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.
  - b) According to the information and explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess etc. on account of any dispute.
- viii. During the year the company has not defaulted in repayment of loans or borrowings to the banks. The company has not taken any loan or borrowings from any financial institution or Government during the year. The company has not defaulted in payment of dues to the




debentures holders.

- ix. Money raised by way of term loan were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.
- x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.
- xi. The company has not paid any managerial remuneration. Therefore the provisions of section 197 read with Schedule V of the Companies Act 2013 are not applicable.
- xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information provided to use, the transaction entered with the related parties are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.
- xiv. In our opinion and according to the information provided to us, the company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. According to the information provided to us, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

For Gianender & Associates  
Chartered Accountants  
(Firm's Registration No. 004651N)



  
Jeetender Kumar Gupta  
(Partner)  
M.No. 092547)

Place: New Delhi  
Date :25<sup>th</sup> May, 2018



**PATEL KNR Heavy Infrastructures Ltd.**  
**Balance Sheet as at March 31, 2018**

(Rs. in Lakhs)

| Particulars                             | Note No. | As At March 31, 2018 | As At March 31, 2017 |
|---|----------|----------------------|----------------------|
| <b>I ASSETS</b>                         |          |                      |                      |
| <b>1) NON-CURRENT ASSETS</b>            |          |                      |                      |
| a) Property, plant and equipment        | 4        | 34.50                | 37.43                |
| b) Financial Assets                     |          |                      |                      |
| i) Trade Receivables                    | 5        | 36,373.65            | 39,822.20            |
| c) Other non-current assets             | 6        | 697.31               | 697.31               |
|   |          | <b>37,105.46</b>     | <b>40,556.94</b>     |
| <b>2) CURRENT ASSETS</b>                |          |                      |                      |
| a) Financial assets                     |          |                      |                      |
| i) Investments                          | 7        | 7,121.46             | 6,288.91             |
| ii) Trade Receivables                   | 5        | 4,809.02             | 3,084.41             |
| iii) Cash and cash equivalents          | 8        | 130.69               | 192.75               |
| iv) Other Financial Asset               | 9        | 1,252.56             | 1,252.56             |
| b) Current tax asset (net)              | 10       | 636.60               | 569.05               |
| c) Other current assets                 | 11       | 9.07                 | 8.93                 |
|   |          | <b>13,959.40</b>     | <b>11,396.61</b>     |
| <b>TOTAL ASSETS(1+2)</b>                |          | <b>51,064.86</b>     | <b>51,953.55</b>     |
| <b>II EQUITY AND LIABILITIES</b>        |          |                      |                      |
| <b>EQUITY</b>                           |          |                      |                      |
| a) Equity Share capital                 | 12       | 2,382.38             | 2,382.38             |
| b) Instrument entirely equity in nature | 12.3     | 4,104.22             | 2,584.22             |
| c) Other equity                         | 13       | 765.20               | 1,076.31             |
| <b>Total Equity</b>                     |          | <b>7,251.80</b>      | <b>6,042.91</b>      |
| <b>LIABILITIES</b>                      |          |                      |                      |
| <b>1) NON - CURRENT LIABILITIES</b>     |          |                      |                      |
| a) Financial liabilities                |          |                      |                      |
| i) Borrowings                           | 14       | 38,152.98            | 41,108.65            |
| ii) Other financial liabilities         | 15       | 1,330.09             | 1,771.91             |
| b) Other non-current liabilities        | 16       | 155.42               | 172.69               |
| c) Provisions                           | 17       | 878.56               | -                    |
|   |          | <b>40,517.05</b>     | <b>43,053.25</b>     |
| <b>2) CURRENT LIABILITIES</b>           |          |                      |                      |
| a) Financial liabilities                |          |                      |                      |
| i) Trade Payables                       | 18       | 155.21               | 47.87                |
| ii) Other financial liabilities         | 15       | 3,079.66             | 2,717.78             |
| b) Other current liabilities            | 19       | 61.14                | 91.74                |
|   |          | <b>3,296.01</b>      | <b>2,857.39</b>      |
| <b>Total Liabilities(1+2)</b>           |          | <b>43,813.06</b>     | <b>45,910.64</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>     |          | <b>51,064.86</b>     | <b>51,953.55</b>     |

Corporate information and Significant accounting policies 1 to 3

Notes referred to above form an integral part of the accounts

As per our report of even date attached

**For Gianender & Associates**

Chartered Accountants

(ICAI Registration No.004661N)

**Jeetender Kumar Gupta**

Partner

Membership No: 092547



Place: New Delhi

Date: 25-05-2018

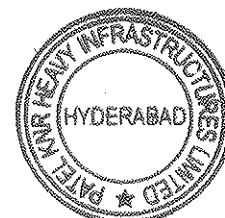
**For and on behalf of the Board**

*K.N Reddy*  
**K.N Reddy**  
 (Director)

*B.S.Reddy*  
**B.S.Reddy**  
 (Director)

*S. Vaikuntanathan*  
**S. Vaikuntanathan**  
 (CFO)

*Vandana Modani*  
**Vandana Modani**  
 (Company Secretary)



**PATEL KNR Heavy Infrastructures Ltd.**  
**Statement of Profit And Loss For The Year Ended March 31, 2018**

(Rs. in Lakhs)

| PARTICULARS |   | Note No | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|-------------|---|---------|------------------------------|------------------------------|
| <b>I</b>    | Gross Revenue from Operations                             | 20      | 5,805.74                     | 8,419.84                     |
| <b>II</b>   | Other income  | 21      | 1,053.85                     | 1,848.35                     |
| <b>III</b>  | <b>Total Revenue (I + II)</b>                             |         | <b>6,859.59</b>              | <b>10,268.19</b>             |
| <b>IV</b>   | <b>Expenses</b>   |         |                              |                              |
|             | Operating & Maintenance expenses                          | 22      | 1,421.75                     | 2,782.14                     |
|             | Employee benefits expenses                                | 23      | 2.40                         | 2.40                         |
|             | Finance costs   | 24      | 5,369.12                     | 6,268.19                     |
|             | Depreciation and amortization expenses                    | 4       | 2.93                         | 2.92                         |
|             | Other expenses  | 25      | 374.50                       | 182.21                       |
|             | <b>Total expenses (IV)</b>                                |         | <b>7,170.70</b>              | <b>9,237.86</b>              |
| <b>V</b>    | <b>Profit before exceptional items and tax (III - IV)</b> |         | <b>(311.11)</b>              | <b>1,030.33</b>              |
| <b>VI</b>   | Exceptional items   |         | -                            | -                            |
| <b>VII</b>  | <b>Profit/(Loss) before tax (V - VI)</b>                  |         | <b>(311.11)</b>              | <b>1,030.33</b>              |
| <b>VIII</b> | <b>Tax expense</b>  | 26      |                              |                              |
|             | 1) Current tax  |         | -                            | 241.08                       |
|             | 2) MAT Credit   |         | -                            | (241.08)                     |
|             | 3) Deferred tax   |         | -                            | -                            |
| <b>IX</b>   | <b>Profit/(Loss) for the period (VII-VIII)</b>            |         | <b>(311.11)</b>              | <b>1,030.33</b>              |
| <b>X</b>    | <b>Other Comprehensive Income</b>                         |         |                              |                              |
|             | Actuarial gains and losses                                |         | -                            | -                            |
| <b>XI</b>   | <b>Total Comprehensive Income for the period (IX+X)</b>   |         | <b>(311.11)</b>              | <b>1,030.33</b>              |
| <b>XII</b>  | <b>Basic Earnings per equity share</b>                    | 32      |                              |                              |
|             | 1) Basic  |         | (1.31)                       | 4.32                         |
|             | 2) Diluted  |         | (1.31)                       | 4.32                         |

Corporate information and Significant accounting policies

1 to 3

See accompanying notes forming part of the financial statements

As per our report of even date attached

**For Gianender & Associates**

Chartered Accountants

(ICAI Registration No.004661N)

**Jeetender Kumar Gupta**

Partner

Membership No: 092547



Place: New Delhi

Date: 25-05-2018

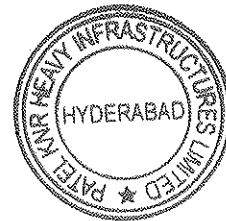
**For and on behalf of the Board**

*K.N Reddy*  
K.N Reddy  
(Director)

*B.S. Reddy*  
B.S.Reddy  
(Director)

*S. Vaikuntanathan*  
S. Vaikuntanathan  
(CFO)

*Vandana Modani*  
Vandana Modani  
(Company Secretary)



**PATEL KNR Heavy Infrastructures Ltd.**  
**Statement Of Changes In Equity For The Year Ended On March 31, 2018**

**A - Equity Share Capital**

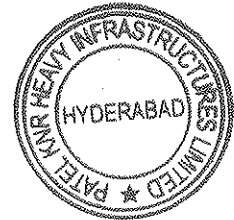
|  | (Rs. In Lakhs)            |                        |
|--|---------------------------|------------------------|
| Equity Shares of Rs. 10/- each issued, subscribed and fully paid | No. of Shares<br>in Lakhs | Amount in Rs.<br>Lakhs |
| At 31 March, 2017  | 238.24                    | 2,382.38               |
| Changes in equity share capital during the year                  | -                         | -                      |
| <b>At 31 March, 2018</b>   | <b>238.24</b>             | <b>2,382.38</b>        |

**B - Instruments entirely equity in nature**

|                                     | (Rs. In Lakhs)         |  |
|-------------------------------------|------------------------|--|
| Particulars                         | Amount in Rs.<br>Lakhs |  |
| Opening as on April 1, 2016         | 2,584.22               |  |
| Addition during the year            | -                      |  |
| <b>Closing as on March 31, 2017</b> | <b>2,584.22</b>        |  |
| Opening as on April 1, 2017         | 2,584.22               |  |
| Addition during the year            | 1,520.00               |  |
| <b>Closing as on March 31, 2018</b> | <b>4,104.22</b>        |  |

**C - Other Equity**

|  | (Rs. In Lakhs)                     |                     |                                  |                 |
|--|------------------------------------|---------------------|----------------------------------|-----------------|
| Particulars                              | Debenture<br>Redemption<br>Reserve | Retained<br>Earning | Other<br>Comprehensive<br>Income | Total           |
| Balance as at 1st, April, 2016           | -                                  | 45.98               | -                                | 45.98           |
| Total Comprehensive Income for the Year  | -                                  | 665.33              | -                                | 665.33          |
| Transfer to Debenture Redemption Reserve | 365.00                             | -                   | -                                | 365.00          |
| <b>Balance as at March 31, 2017</b>      | <b>365.00</b>                      | <b>711.31</b>       | <b>-</b>                         | <b>1,076.31</b> |
| Balance as at 1st, April, 2017           | 365.00                             | 711.31              | -                                | 1,076.31        |
| Total Comprehensive Income for the Year  | -                                  | (311.11)            | -                                | (311.11)        |
| Transfer to Debenture Redemption Reserve | -                                  | -                   | -                                | -               |
| <b>Balance as at March 31, 2018</b>      | <b>365.00</b>                      | <b>400.20</b>       | <b>-</b>                         | <b>765.20</b>   |



**PATEL KNR Heavy Infrastructures Ltd.**  
**Cash Flow Statement for the Year Ended March 31, 2018**

(Rs. In Lakhs)

| PARTICULARS  | For the Year<br>ended March<br>31, 2018 | For the Year<br>ended March 31,<br>2017 |
|--|---|---|
| <b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>                    |   |   |
| Net Profit before Tax  | (311.11)                                | 1,030.33                                |
| <b>Adjustments for</b>   |   |   |
| Depreciation & Amortization Expenses                             | 2.93                                    | 2.92                                    |
| Interest Expenses  | 5,123.60                                | 6,268.19                                |
| Derivative (Gain)/Loss on foreign currency derivatives           | (441.82)                                | (883.36)                                |
| (Gain)/Loss on Foreign currency transaction                      | 97.91                                   | (262.70)                                |
| Provision for Major Maintenance                                  | 878.56                                  |   |
| Liability No longer required written back                        | (0.13)                                  | -                                       |
| Interest Income  | (28.65)                                 | (68.19)                                 |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>           | <b>5,321.29</b>                         | <b>6,087.19</b>                         |
| (Increase)/Decrease in Trade and Other Receivables               | 1,897.32                                | 1,600.15                                |
| Increase/(Decrease) in Trade Payables and Other Liabilities      | 59.28                                   | 256.21                                  |
| <b>CASH GENERATED FROM OPERATIONS</b>                            | <b>7,277.89</b>                         | <b>7,943.55</b>                         |
| Taxes paid   | (241.08)                                | -                                       |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>                     | <b>7,036.81</b>                         | <b>7,943.55</b>                         |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>                    |   |   |
| Purchase of Fixed Assets and Capital Work In Progress            | -                                       | (0.29)                                  |
| Sale/(Purchase)/Proceed From Current Investment                  | (832.55)                                | 569.21                                  |
| Interest Received  | 28.65                                   | 68.19                                   |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                     | <b>(803.90)</b>                         | <b>637.11</b>                           |
| <b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>                    |   |   |
| Long Term Funds Borrowed   | (2,705.14)                              | (2,342.38)                              |
| Instruments entirely equity in nature                            | 1,520.00                                | -                                       |
| Interest Paid  | (5,109.83)                              | (6,268.19)                              |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                        | <b>(6,294.97)</b>                       | <b>(8,610.57)</b>                       |
| <b>Net change in Cash and Cash Equivalents (A+B+C)</b>           | (62.06)                                 | (29.91)                                 |
| Cash and Cash Equivalents as at April 01, 2017 (Opening Balance) | 192.75                                  | 222.66                                  |
| Cash and Cash Equivalents as at March 31, 2018 (Closing Balance) | <b>130.69</b>                           | <b>192.75</b>                           |

**Notes:**

**1 Components of Cash & Cash Equivalents**

|                                |               |               |
|--------------------------------|---------------|---------------|
| Cash in Hand                   | -             | -             |
| Bank Balance - Current Account | 130.69        | 192.75        |
| Deposits with Bank             | -             | -             |
|                                | <b>130.69</b> | <b>192.75</b> |

2 The Cash flow statement is prepared in accordance with the Ind-AS 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.

3 Figures in brackets represent cash outflows.

See accompanying Notes to financial statements  
As per our report of even date attached

**For Gianender & Associates**

Chartered Accountants  
(ICAI Registration No.004661N)

**Jeetender Kumar Gupta**  
Partner  
Membership No: 092547



Place: New Delhi  
Date: 25-05-2018

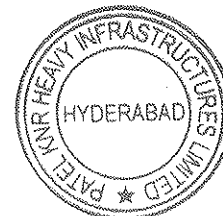
**For and on behalf of the Board**

*K.N Reddy*  
K.N Reddy  
(Director)

*B.S.Reddy*  
B.S.Reddy  
(Director)

*S. Vaikuntanathan*  
S. Vaikuntanathan  
(CFO)

*Vandana Modani*  
Vandana Modani  
(Company Secretary)



**1. Reporting entity**

PATEL KNR Heavy Infrastructures Limited (the 'Company') is a company domiciled in India, with its registered office situated at KNR House, Phase I, Kavuri hills, Jubilee hills, Hyderabad, Telangana. The Company has been incorporated under the provisions of the Companies Act, 1956 as a Special Purpose Vehicle ("SPV") promoted by KNR Constructions Limited('KNR') and Patel Engineering Infrastructures Ltd ('PEL').

The Company has entered into a Service Concession Arrangement("SCA") with National Highway Authority of India ("NHAI") for the Design, Construction, Development, Finance, Operation, and Maintenance of Islam Nagar (KM 230.00) to Kadtal (KM 278.00) of Nagpur –Hyderabad Section on NH-7 in the State of Telangana, Under North-South Corridor (NHDP Phase –II) on BOT (Annuity) basis – Project Reference Number NS-2 /BOT/AP-07. The company achieved Provisional COD with effect from 11th June 2010.

**2. Basis of preparation**

**A. Statement of compliance**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on 25-May-2018.

Details of the Company's accounting policies are included in Note 3.

**B. Functional and presentation currency**

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

**C. Basis of measurement**

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

| Items                                    | Measurement Basis |
|--|-------------------|
| Certain financial assets and liabilities | Fair value        |

**D. Current Assets and Current Liabilities**

**Current Assets:**

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

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

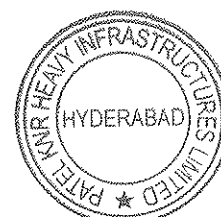
All other assets shall be classified as non-current.

**Current Liabilities:**

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

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

All other liabilities shall be classified as non-current.



**E. Use of estimates and judgment**

The preparation of these 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 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.

**F. Measurement of fair values**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

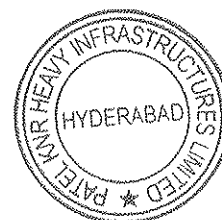
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company 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 Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



### 3. Significant accounting policies

#### a. Property, plant and equipment

##### i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised 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 recognised in profit or loss.

##### ii. Subsequent expenditure

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

##### iii. Depreciation

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.

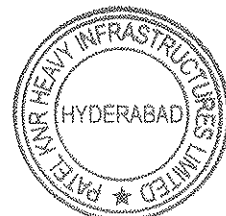
#### b. Rights under Service Concession Arrangements (Annuity Project)

##### i) 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".



**c. Financial instruments**

**i. Recognition and initial measurement**

All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition of financial asset.

**ii. Classification and subsequent measurement**

**Non-Derivative Financial assets**

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

- amortized cost;
- FVOCI - debt investment;
- FVOCI - equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company 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:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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.

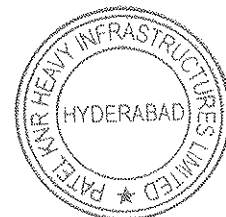
A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 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 amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised 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 recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.





### **iii. De-recognition**

#### **Financial assets**

The Company derecognises 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 Company 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 Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company also derecognises 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 recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

### **iv. Offsetting**

Financial assets and financial liabilities are offset, and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### **v. Non-derivative financial assets – service concession arrangements**

The Company recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor of the concession for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition and classified as trade receivables. Subsequent to initial recognition, such financial assets are measured at amortized cost.

## **d. Impairment**

### **i. Impairment of financial instruments**

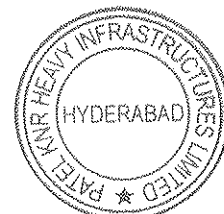
In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
- Trade receivables.

The Company 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 company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

### **Measurement of expected credit losses**

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 Company in accordance with the contract and the cash flows that the Company expects to receive).



**Presentation of allowance for expected credit losses in the Balance Sheet**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

**Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**ii. Impairment of non-financial assets**

The Company'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 recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised 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.

**e. Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in Balance Sheet.

**f. Employee benefits**

**Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

**g. Provisions (other than employee benefits)**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.



## **h. 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.

### ***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.

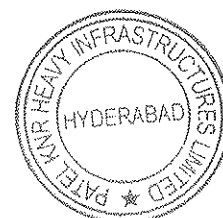
## **i. FOREIGN CURRENCY TRANSACTIONS AND DERIVATIVES**

### ***Foreign Currency transaction and translation expenditure***

At each Balance Sheet date, foreign currency monetary items are reported using the closing rate or at amount likely to be realized from or required to disburse. Exchange differences that arise on settlement of Long Term monetary items or on reporting at each Balance sheet date, of Long Term Monetary items at the closing rate are charged to Profit and loss account.

### ***Forward Exchange Contract/Derivative accounting***

Exchange differences on such contracts are recognized in the statement of profit & loss in the reporting period in which the exchange rates changes.



The Derivatives are recognised at Fair value and the respective Income/ (Expenditure) Has been charged to Profit & Loss Account.

- a) The functional reporting currency of the Company is Indian Rupee.
- b) Foreign Currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate on the date of the transaction.
- c) At each Balance Sheet date, foreign currency monetary items are reported using the closing rate or at amount likely to be realized from or required to disburse. Exchange differences, that arise on settlement of Long Term monetary items or on reporting at each Balance sheet date, of Long Term Monetary items at the closing rate or realizable rate are adjusted in carrying value of the related fixed assets whereas for short term monetary items the same is recognized as income or expense.
- d) Forward Exchange Contract: Exchange differences on such contracts are recognized in the statement of profit & loss in the reporting period in which the exchange rates changes. Any profit or loss arising on the cancellation of such forward contract is recognized as income or expense for the period.
- e) Under Ind AS, foreign exchange forward contracts are mark-to-market as at Balance Sheet date and unrealized net gain or loss is recognised in profit and loss statement. Derivative assets and derivative liabilities are presented on gross basis.

**j. Recognition of interest income or expense**

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset or to the amortised cost of the liability.

**k. Income tax**

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**

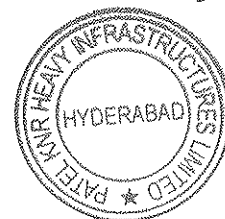
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering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

**ii. Deferred tax**

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.

### **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 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.

### **i. Borrowing cost**

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.

### **m. Segment reporting**

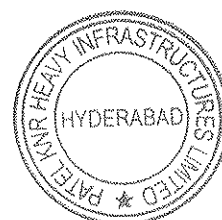
The Board of Directors assess the financial performance of the Company and make strategic decisions and has been identified as being the Chief Operating Decision Maker (CODM). Based on the internal reporting provided to the CODM, the Company has only one reportable segment i.e. the BOT road project and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

### **n. Earnings per share**

The basic earnings per share ("EPS") for the year is computed by dividing the net profit/ (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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



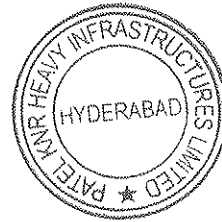
**o. Contingent liabilities and contingent assets**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote.

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.

**p. Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.



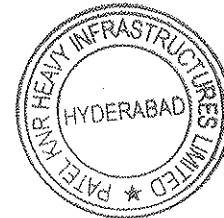
**PATEL KNR Heavy Infrastructures Ltd.**  
**Notes to the financial statements for the year ended March 31, 2018**

**4 - PROPERTY, PLANT AND EQUIPMENT**

**(Rs. In Lakhs)**

| Particulars                 | Tangible Assets |              |                  |              |
|-----------------------------|-----------------|--------------|------------------|--------------|
|                             | Buildings*      | Vehicles     | Office Equipment | Total        |
| <b>Cost</b>                 |                 |              |                  |              |
| As at April 1, 2017         | 28.78           | 14.16        | 0.29             | <b>43.23</b> |
| Additions                   | -               | -            | -                | -            |
| Disposals/Adjustments       | -               | -            | -                | -            |
| <b>As at March 31, 2018</b> | <b>28.78</b>    | <b>14.16</b> | <b>0.29</b>      | <b>43.23</b> |
| <b>Depreciation</b>         |                 |              |                  |              |
| As at April 1, 2017         | 2.04            | 3.72         | 0.04             | <b>5.80</b>  |
| Charge for the period       | 1.02            | 1.86         | 0.05             | <b>2.93</b>  |
| Disposals/Adjustments       | -               | -            | -                | -            |
| <b>As at March 31, 2018</b> | <b>3.06</b>     | <b>5.58</b>  | <b>0.09</b>      | <b>8.73</b>  |
| <b>Net block</b>            |                 |              |                  |              |
| <b>As at March 31, 2018</b> | <b>25.72</b>    | <b>8.58</b>  | <b>0.20</b>      | <b>34.50</b> |
| As at March 31, 2017        | 26.74           | 10.44        | 0.25             | <b>37.43</b> |

\* The flat is mortgaged to Debenture Trustee



5 - TRADE RECEIVABLE

| PARTICULARS                                     | (Rs. In Lakhs)   |                  |
|---|------------------|------------------|
|   | As at            |                  |
|   | March 31, 2018   | March 31, 2017   |
| <b>NON - CURRENT</b>                            |                  |                  |
| Financial Asset Receivable (Refer Note No : 29) | 36,373.65        | 39,822.20        |
|   | <b>36,373.65</b> | <b>39,822.20</b> |
| <b>CURRENT</b>                                  |                  |                  |
| Financial Asset Receivable (Refer Note No : 29) | 4,809.02         | 3,084.41         |
| <b>Total Current Receivables</b>                | <b>4,809.02</b>  | <b>3,084.41</b>  |
| <b>Total</b>                                    | <b>41,182.67</b> | <b>42,906.61</b> |

6 - OTHER NON-CURRENT ASSETS

| PARTICULARS  | (Rs. In Lakhs) |                |
|--------------|----------------|----------------|
|              | As at          |                |
|              | March 31, 2018 | March 31, 2017 |
| MAT Credit   | 697.31         | 697.31         |
| <b>Total</b> | <b>697.31</b>  | <b>697.31</b>  |

7 - INVESTMENTS

| PARTICULARS  | (Rs. In Lakhs)     |                 |                    |                 |
|--|--------------------|-----------------|--------------------|-----------------|
|  | As at              |                 |                    |                 |
|  | No.of Units        | March 31, 2018  | No.of Units        | March 31, 2017  |
| <b>CURRENT</b>   |                    |                 |                    |                 |
| <b>Investment in Mutual Funds(Quoted) (Refer Footnote)</b> |                    |                 |                    |                 |
| -L&T Short Term Opp Fund                                   | 74,88,667          | 1,244.25        | 94,06,785          | 1,472.13        |
| -L&T Resurgent India Corporate Bond Fund                   | 48,96,078          | 636.47          | 26,95,529          | 330.19          |
| -L&T Income Opportunities Fund                             | 2,22,25,565        | 4,424.53        | 3,78,78,507        | 4,245.04        |
| -Kotak Bond Short Term Plan                                | 7,85,880           | 254.92          | 7,85,880           | 241.55          |
| -L&T Floating Rate Fund                                    | 5,52,422           | 94.96           | -                  | -               |
| -Reliance Liquid Fund Growth                               | 6,181              | 260.97          | -                  | -               |
| -Reliance Medium Term Fund                                 | 5,63,540           | 205.36          | -                  | -               |
| <b>Total Current Investments</b>                           | <b>3,65,18,333</b> | <b>7,121.46</b> | <b>5,07,66,702</b> | <b>6,288.91</b> |
| <b>Total</b>   |                    | <b>7,121.46</b> |                    | <b>6,288.91</b> |

Foot Note:

The Company has recognised the investments at Fair Value(Market Value), along with the no.of units as on that date.

8 - CASH AND CASH EQUIVALENTS

| PARTICULARS                 | (Rs. In Lakhs) |                |
|-----------------------------|----------------|----------------|
|                             | As at          |                |
|                             | March 31, 2018 | March 31, 2017 |
| <b>Balances with banks:</b> |                |                |
| in current accounts         | 130.69         | 192.75         |
| Cash on hand                | -              | -              |
| <b>Total</b>                | <b>130.69</b>  | <b>192.75</b>  |

9 - OTHER FINANCIAL ASSETS

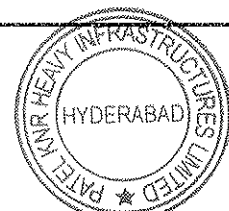
| PARTICULARS   | (Rs. In Lakhs)  |                 |
|---|-----------------|-----------------|
|   | As at           |                 |
|   | March 31, 2018  | March 31, 2017  |
| <b>CURRENT</b>  |                 |                 |
| <b>From related</b>   |                 |                 |
| Amounts Recoverable from Patel Engineering Ltd(Refer Note:34) | 912.93          | 912.93          |
| Amount withheld - NHAI  | 297.01          | 297.01          |
| Amount Recoverable from NHAI                                  | 42.62           | 42.62           |
| <b>Total Current Financial Asset</b>                          | <b>1,252.56</b> | <b>1,252.56</b> |
| <b>Total</b>  | <b>1,252.56</b> | <b>1,252.56</b> |

10 - CURRENT TAX ASSET(Net)

| PARTICULARS       | (Rs. In Lakhs) |                |
|-------------------|----------------|----------------|
|                   | As at          |                |
|                   | March 31, 2018 | March 31, 2017 |
| TDS Receivable    | 636.60         | 810.13         |
| Provision for Tax | -              | (241.08)       |
| <b>Total</b>      | <b>636.60</b>  | <b>569.05</b>  |

11- OTHER CURRENT ASSETS

| PARTICULARS      | (Rs. In Lakhs) |                |
|------------------|----------------|----------------|
|                  | As at          |                |
|                  | March 31, 2018 | March 31, 2017 |
| Prepaid Expenses | 9.07           | 8.93           |
| <b>Total</b>     | <b>9.07</b>    | <b>8.93</b>    |





12 - EQUITY CAPITAL

| PARTICULARS  | (Rs. In Lakhs)  |                 |
|--|-----------------|-----------------|
|  | As at           |                 |
|  | March 31, 2018  | March 31, 2017  |
| <b>EQUITY SHARE CAPITAL</b>                              |                 |                 |
| Authorised Share capital                                 |                 |                 |
| Equity Shares of Rs. 10/- each                           | 3,000.00        | 3,000.00        |
| <b>Issued, subscribed &amp; fully paid share capital</b> |                 |                 |
| Equity Shares of Rs. 10/- each                           | 2,382.38        | 2,382.38        |
| <b>Total</b>   | <b>2,382.38</b> | <b>2,382.38</b> |

12.1 Terms/ Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/-per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, if any proposed, by the board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2018, no dividend is declared by Board of Directors. (Previous year - Nil)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders

12.2 The reconciliation of the number of shares outstanding at the beginning and at the end of the year is set out below

| Particulars                                    | March 31, 2018 |                 | March 31, 2017 |                 |
|--|----------------|-----------------|----------------|-----------------|
|  | No. of Shares  | Amount in Lakhs | No. of Shares  | Amount in Lakhs |
| Number of Equity Shares at the beginning       | 238.24         | 2,382.38        | 238.24         | 2,382.38        |
| Add:- Number of Shares Issued                  | -              | -               | -              | -               |
| Less: Number of Shares Brought Back            | -              | -               | -              | -               |
| Number of Equity Shares at the end of the year | <b>238.24</b>  | <b>2,382.38</b> | <b>238.24</b>  | <b>2,382.38</b> |

The details of shareholder holding by holding and its associates as at March 31, 2018 is set out below:

| Name of the shareholder              | March 31, 2018         |              | March 31, 2017         |              |
|--------------------------------------|------------------------|--------------|------------------------|--------------|
|                                      | No. of Shares in Lakhs | % held       | No. of Shares in Lakhs | % held       |
| KNR Constructions Ltd & its Nominees | 95.30                  | 40.00        | 95.30                  | 40.00        |
|                                      | <b>95.30</b>           | <b>40.00</b> | <b>95.30</b>           | <b>40.00</b> |

The details of shareholder holding more than 5% shares as at March 31, 2018 is set out below:

| Name of the shareholder                              | March 31, 2018         |               | As at March 31, 2017   |               |
|--|------------------------|---------------|------------------------|---------------|
|  | No. of Shares in Lakhs | % held        | No. of Shares in Lakhs | % held        |
| Patel Engineering Infrastructures Ltd & its Nominees | 100.06                 | 42.00         | 100.06                 | 42.00         |
| KNR Constructions Ltd & its Nominees                 | 95.30                  | 40.00         | 95.30                  | 40.00         |
| ENPRO Ltd  | 42.88                  | 18.00         | 42.88                  | 18.00         |
|  | <b>238.24</b>          | <b>100.00</b> | <b>238.24</b>          | <b>100.00</b> |

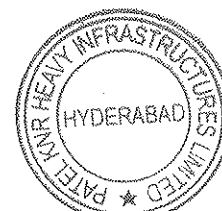
12.3 - Instrument entirely equity in Nature

| PARTICULARS                             | (Rs. In Lakhs)  |                 |
|---|-----------------|-----------------|
|   | As at           |                 |
|   | March 31, 2018  | March 31, 2017  |
| Loan from Promotor Companies            | 4,104.22        | 2,584.22        |
| <b>Balance at the end of the period</b> | <b>4,104.22</b> | <b>2,584.22</b> |

Foot Note : Loans from KNR Constructions Limited, Patel Engineering Infrastructure Limited & Patel KNR JV are in the nature of Sub-debt were recognised as a form of equity contribution from the respective, and the same is repayable at the option of the Company after satisfaction of senior Debt.

13 - OTHER EQUITY

| PARTICULARS                                     | (Rs. In Lakhs) |                 |
|---|----------------|-----------------|
|   | As at          |                 |
|   | March 31, 2018 | March 31, 2017  |
| i) Debenture redemption Reserve                 | 365.00         | 365.00          |
| ii) Surplus in the statement of profit and loss |                |                 |
| Balance at the beginning of the period          | 711.31         | 45.98           |
| Add: (Loss)/ Profit for the period              | (311.11)       | 665.33          |
|   | <b>400.20</b>  | <b>711.31</b>   |
| Balance at the end of the period (i+ii)         | <b>765.20</b>  | <b>1,076.31</b> |



14 - BORROWINGS

| PARTICULARS  | (Rs. In Lakhs)   |                  |
|--|------------------|------------------|
|  | As at            |                  |
|  | March 31, 2018   | March 31, 2017   |
| <b>Financial Liabilities</b>                         |                  |                  |
| <b>NON - CURRENT</b>                                 |                  |                  |
| Secured loans  |                  |                  |
| <b>Debentures (Refer foot Note No : i)</b>           |                  |                  |
| Rated, Listed, Redeemable Non Convertible debentures | 30,680.00        | 32,380.00        |
| <b>From banks (Refer foot Note No : ii)</b>          |                  |                  |
| Foreign Currency Loan                                | 7,472.98         | 8,728.65         |
|  | <b>38,152.98</b> | <b>41,108.65</b> |
| <b>Total non-current borrowings</b>                  | <b>38,152.98</b> | <b>41,108.65</b> |
| <b>Total</b>   | <b>38,152.98</b> | <b>41,108.65</b> |

**Foot Note i**

**Terms of Security**

A first pari passu charge, save and except project assets.

- By way of mortgage over all immovable properties, both present and future.
- By way of hypothecation over all tangible movable assets, including moveable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other moveable assets, both present and future
- Charge over all accounts including the DSRA, Escrow Account and the Sub-Accounts.
- By way of Hypothecation on all intangible assets of the company including but not limited to the goodwill and undertaking both present and future.
- Pledge of 100% of the share capital of the Company
- Charge over /assignment of the rights, titles, benefits, interests, claims and demand of the Company in the project documents

**Terms of Repayment**

|                            | Series A         | Series B | Series C | Series D        | Series E        | Series F         | Total            |
|----------------------------|------------------|----------|----------|-----------------|-----------------|------------------|------------------|
| <b>Rupees in lakhs</b>     | 18,000.00        | 2,320.00 | 920.00   | 1,630.00        | 3,190.00        | 13,940.00        | 40,000.00        |
| <b>Coupon Rate</b>         | 10.04%           | 9.50%    | 9.75%    | 9.75%           | 10.00%          | 10.35%           |                  |
| <b>Redemption Schedule</b> |                  |          |          |                 |                 |                  |                  |
| <b>30-Sep-18</b>           | 435.00           | -        | -        | 415.00          | -               | -                | 850.00           |
| <b>31-Mar-19</b>           | 435.00           | -        | -        | 415.00          | -               | -                | 850.00           |
| <b>30-Sep-19</b>           | 555.00           | -        | -        | 400.00          | -               | -                | 955.00           |
| <b>31-Mar-20</b>           | 555.00           | -        | -        | 400.00          | -               | -                | 955.00           |
| <b>30-Sep-20</b>           | 585.00           | -        | -        | -               | 445.00          | -                | 1,030.00         |
| <b>31-Mar-21</b>           | 585.00           | -        | -        | -               | 445.00          | -                | 1,030.00         |
| <b>30-Sep-21</b>           | 555.00           | -        | -        | -               | 590.00          | -                | 1,145.00         |
| <b>31-Mar-22</b>           | 555.00           | -        | -        | -               | 590.00          | -                | 1,145.00         |
| <b>30-Sep-22</b>           | 750.00           | -        | -        | -               | 560.00          | -                | 1,310.00         |
| <b>31-Mar-23</b>           | 750.00           | -        | -        | -               | 560.00          | -                | 1,310.00         |
| <b>30-Sep-23</b>           | 1,005.00         | -        | -        | -               | -               | 1,100.00         | 2,105.00         |
| <b>31-Mar-24</b>           | 1,005.00         | -        | -        | -               | -               | 1,100.00         | 2,105.00         |
| <b>30-Sep-24</b>           | 1,480.00         | -        | -        | -               | -               | 1,305.00         | 2,785.00         |
| <b>31-Mar-25</b>           | 1,480.00         | -        | -        | -               | -               | 1,305.00         | 2,785.00         |
| <b>30-Sep-25</b>           | 2,890.00         | -        | -        | -               | -               | -                | 2,890.00         |
| <b>31-Mar-26</b>           | -                | -        | -        | -               | -               | 3,040.00         | 3,040.00         |
| <b>30-Sep-26</b>           | -                | -        | -        | -               | -               | 3,045.00         | 3,045.00         |
| <b>31-Mar-27</b>           | -                | -        | -        | -               | -               | 3,045.00         | 3,045.00         |
| <b>Total</b>               | <b>13,620.00</b> | <b>-</b> | <b>-</b> | <b>1,630.00</b> | <b>3,190.00</b> | <b>13,940.00</b> | <b>32,380.00</b> |

The Company has issued 40,000 Non-Convertible Debentures of face value of Rs.1.00 Lakh each amounting to Rs.40,000 lakhs on 3rd Sep-2013. These Debentures were subsequently listed on 25th Sep, 2013 on BSE. The said debentures are redeemable half yearly with the redemption starting from Sep-2013 and ending on March-2027. Interest due on debentures during the year have been paid fully without delay. The said funds have been utilized in repayment of rupee loan, repayment of promoter's unsecured loan, issue expenses and maintenance of DSRA.

**Foot Note - ii**

**Terms of Security**

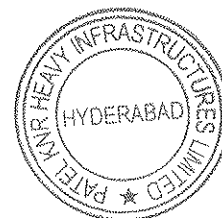
- Mortgage /charge over the company's immovable and movable properties (other than project assets but including all receivables) both present and future.
- Charge/assignment of revenue receivables (including annuity payments received from NHAI).
- Charge over /assignment of the rights, titles and interests of the company in, to and in respect of all project agreements (in accordance with concession agreement).
- Assignment of insurance policies, contractor guarantees, contractor performance bonds and liquidated damages.
- Pledge of 100% share capital of the Company
- Charge over all bank accounts including the Escrow account, all sub- accounts in relation thereto and the Debt Service Reserve account.
- The aforesaid charge will rank pari-passu with the mortgages and charges created/to be created in favor of participating institutions/banks including the swap providers.

**Terms of Repayment**

The above loan is repayable in twenty seven semi-annual unequal installments ranging from \$0.47 Millions to \$1.47 Millions commencing from 30<sup>th</sup> Sep' 2010 and ending on 30<sup>th</sup> Sep'2023. The number of balance installments as on 31st March 2018 is 11. The interest is payable half-yearly.

**Translation of loan Amount**

The Company had hedged the above facility to cover against fluctuation in foreign currency and LIBOR to the satisfaction of the lenders through USD/INR options up to 30th Sep 2023. Loan amount repaid upto 31st March 2016 was hedged at Rs.50.7850/Per USD and balances loan amount repayable from 1st April 2016 to 30th Sep 2023 is hedged at Rs.70/Per USD. The Loan repayable after 31st March 2018 has been translated at closing rate as on 31st March 2018 because the loan repayable is hedged at Rs.70/ Per USD, Whereas the exchange rate as on 31.03.2018 is Rs.65.17/Per USD



**15 - OTHER FINANCIAL LIABILITES**

| PARTICULARS  | (Rs. In Lakhs)  |                 |
|--|-----------------|-----------------|
|  | As at           |                 |
|  | March 31, 2018  | March 31, 2017  |
| <b>NON - CURRENT</b>                                 |                 |                 |
| Derivative Liability on IRS (Refer Note No : 36)     | 894.74          | 1,484.18        |
| Derivative Liability on Forex (Refer Note No : 36)   | 435.35          | 287.73          |
| <b>Total non-current other financial liabilities</b> | <b>1,330.09</b> | <b>1,771.91</b> |
| <b>CURRENT</b>                                       |                 |                 |
| <b>Current maturities of long-term debts:</b>        |                 |                 |
| Debentures   | 1,700.00        | 1,450.00        |
| Term loans - Banks                                   |                 |                 |
| - Foreign Currency Loan                              | 1,354.76        | 1,242.55        |
| Amount payable to Related Parties                    |                 |                 |
| - Patel Engineering Ltd (Refer Note : 34)            | 11.37           | 11.37           |
| - KNR Constructions Limited (Refer Note : 34)        | 1.01            | 5.97            |
| Outstanding Expenses                                 | 12.52           | 7.89            |
| <b>Total current other financial liabilities</b>     | <b>3,079.66</b> | <b>2,717.78</b> |
| <b>Total</b>   | <b>4,409.75</b> | <b>4,489.69</b> |

**16 - OTHER NON - CURRENT LIABILITIES**

| PARTICULARS         | (Rs. In Lakhs) |                |
|---------------------|----------------|----------------|
|                     | As at          |                |
|                     | March 31, 2018 | March 31, 2017 |
| Labour Cess Payable | 155.42         | 172.69         |
| <b>Total</b>        | <b>155.42</b>  | <b>172.69</b>  |

**17 - OTHER NON - CURRENT LIABILITIES**

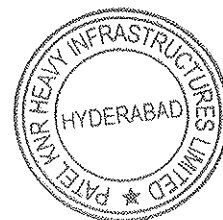
| PARTICULARS       | (Rs. In Lakhs) |                |
|-------------------|----------------|----------------|
|                   | As at          |                |
|                   | March 31, 2018 | March 31, 2017 |
| Provision for MMR | 878.56         | -              |
| <b>Total</b>      | <b>878.56</b>  | <b>-</b>       |

**18 - TRADE PAYABLES**

| PARTICULARS                            | (Rs. In Lakhs) |                |
|--|----------------|----------------|
|  | As at          |                |
|  | March 31, 2018 | March 31, 2017 |
| <b>CURRENT</b>                         |                |                |
| Bills Payable -KNRCL (Refer Note : 34) | 155.21         | 47.87          |
| <b>Total current trade payables</b>    | <b>155.21</b>  | <b>47.87</b>   |
| <b>Total</b>                           | <b>155.21</b>  | <b>47.87</b>   |

**19 - OTHER CURRENT LIABILITIES**

| PARTICULARS                 | (Rs. In Lakhs) |                |
|-----------------------------|----------------|----------------|
|                             | As at          |                |
|                             | March 31, 2018 | March 31, 2017 |
| Labour Welfare Cess Payable | 17.27          | 17.27          |
| <b>Statutory Dues</b>       |                |                |
| TDS/TCS                     | 40.76          | 41.93          |
| VAT / WCT                   | 3.11           | 32.54          |
| <b>Total</b>                | <b>61.14</b>   | <b>91.74</b>   |



**PATEL KNR Heavy Infrastructures Ltd.**  
**Notes to the financial statements for the year ended March 31, 2018**

**20 - REVENUE FROM OPERATIONS**

| PARTICULARS                                      | (Rs. In Lakhs)               |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
| Finance Income on Annuity (Refer note : 29)      | 5,195.10                     | 5,293.21                     |
| Operation & maintenance Income (Refer note : 29) | 610.64                       | 579.58                       |
| Major Maintenance Income (Refer note : 29)       | -                            | 2,547.05                     |
| <b>Total</b>                                     | <b>5,805.74</b>              | <b>8,419.84</b>              |

**21 - OTHER INCOME**

| PARTICULARS   | (Rs. In Lakhs)               |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
| Interest Income - IT Refund                                 | 28.65                        | 68.19                        |
| Net Gain/(Loss) on FV of Mutual Fund Units                  | 427.99                       | 598.62                       |
| Liability no longer required written back                   | 0.13                         | 35.48                        |
| Net Gain/Loss on foreign currency transaction & translation | -                            | 262.70                       |
| Derivative gain on IRS (Refer note :36)                     | 589.44                       | 883.36                       |
| Other Income  | 7.64                         | -                            |
| <b>Total</b>  | <b>1,053.85</b>              | <b>1,848.35</b>              |

**22 - OPERATING & MAINTENANCE EXPENSES**

| PARTICULARS                        | (Rs. In Lakhs)               |                              |
|------------------------------------|------------------------------|------------------------------|
|                                    | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
| Carriageway repairs & maintenances |                              |                              |
| - Routine Maintenance              | 543.19                       | 515.72                       |
| - Periodic Maintenance             | 878.56                       | 2,266.42                     |
| <b>Total</b>                       | <b>1,421.75</b>              | <b>2,782.14</b>              |

**23 - EMPLOYEE BENEFITS EXPENSE**

| PARTICULARS                        | (Rs. In Lakhs)               |                              |
|------------------------------------|------------------------------|------------------------------|
|                                    | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
| Salaries, Wages and Other Benefits | 2.40                         | 2.40                         |
| <b>Total</b>                       | <b>2.40</b>                  | <b>2.40</b>                  |

**24 - FINANCE COSTS**

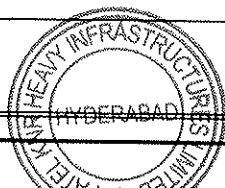
| PARTICULARS                               | (Rs. In Lakhs)               |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
| <b>Interest Expense on</b>                |                              |                              |
| Interest on Debentures                    | 3,395.83                     | 3,520.09                     |
| Interest on ECB Loan                      | 777.34                       | 689.66                       |
| <b>Other Borrowing Costs</b>              |                              |                              |
| Other Financial Charges                   | 1.37                         | 1.96                         |
| Hedging Expenses                          | 949.05                       | 1,130.16                     |
| Foreign currency translation loss         | 97.91                        | -                            |
| Derivative Loss on Forex (Refer note :36) | 147.62                       | 926.32                       |
| <b>Total</b>                              | <b>5,369.12</b>              | <b>6,268.19</b>              |

**25 - OTHER EXPENSES**

| PARTICULARS                               | (Rs. In Lakhs)               |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
| Agency Fee                                | 19.65                        | 40.13                        |
| Consultancy Fee                           | 5.75                         | 22.77                        |
| Advertising & Business Promotion Expenses | 0.40                         | 1.96                         |
| Interest on Income Tax/Service Tax/VAT    | 7.72                         | 3.02                         |
| Independent Engineer Fee                  | 34.86                        | 34.79                        |
| Listing Fee                               | 2.02                         | 2.16                         |
| Rates & Taxes                             | 0.12                         | 5.27                         |
| Insurance Premium                         | 17.37                        | 18.59                        |
| Travelling & Conveyance                   | 0.89                         | 1.72                         |
| Professional Charges                      | 6.89                         | 8.96                         |
| Legal & Professional Charges              | 5.25                         | 13.06                        |
| Arbitration expenses                      | 35.72                        | 14.78                        |
| GST/Service Tax                           | 55.39                        | 9.86                         |
| Modification loss on Financial Asset      | 175.18                       | -                            |
| Other Expenses                            | 7.29                         | 5.14                         |
| <b>Total</b>                              | <b>374.50</b>                | <b>182.21</b>                |

**26 - TAX EXPENSES**

| PARTICULARS              | (Rs. In Lakhs)               |                              |
|--------------------------|------------------------------|------------------------------|
|                          | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
| Tax Expenses - Under MAT | -                            | 241.08                       |
| <b>Total</b>             | <b>-</b>                     | <b>241.08</b>                |



27. Capital management

The Company's 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 31 March 2018 and 31 March 2017 was as follows

|  | (Rs. In Lakhs) |                |
|--|----------------|----------------|
|  | March 31, 2018 | March 31, 2017 |
| Total Debts                                | 41,207.75      | 43,801.20      |
| Less: cash and cash equivalents            | (130.69)       | (192.75)       |
| Adjusted net debt                          | 41,077.06      | 43,608.45      |
| Total equity                               | 7,251.80       | 6,042.91       |
| Adjusted equity                            | 7,251.80       | 6,042.91       |
| Adjusted net debt to adjusted equity ratio | 5.66           | 7.22           |

28. 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.

March 31, 2018

|                              | (Rs. In Lakhs)  |                  |                       | (Rs. In Lakhs)  |         |                  |                  |
|------------------------------|-----------------|------------------|-----------------------|-----------------|---------|------------------|------------------|
|                              | Carrying amount |                  |                       | Fair Value      |         |                  |                  |
|                              | FVTPL           | Amortised Cost   | Total carrying amount | Level 1         | Level 2 | Level 3          | Total            |
| <b>Financial Assets</b>      |                 |                  |                       |                 |         |                  |                  |
| Trade Receivable             | -               | 41,182.67        | 41,182.67             | -               | -       | 41,182.67        | 41,182.67        |
| Investments                  | 7,121.46        | -                | 7,121.46              | 7,121.46        | -       | -                | 7,121.46         |
| Cash and Cash equivalents    | -               | 130.69           | 130.69                | -               | -       | -                | -                |
| Other financial Assets       | -               | 1,252.56         | 1,252.56              | -               | -       | 1,252.56         | 1,252.56         |
|                              | <b>7,121.46</b> | <b>42,565.92</b> | <b>49,687.38</b>      | <b>7,121.46</b> | -       | <b>42,435.23</b> | <b>49,556.69</b> |
| <b>Financial Liabilities</b> |                 |                  |                       |                 |         |                  |                  |
| Non-Convertible Debentures   | -               | 32,380.00        | 32,380.00             | -               | -       | 32,380.00        | 32,380.00        |
| Secured bank loans           | -               | 8,827.75         | 8,827.75              | -               | -       | 8,912.68         | 8,912.68         |
| Derivative Liability         | -               | 1,330.09         | 1,330.09              | -               | -       | 1,330.09         | 1,330.09         |
| Trade payables               | -               | 155.21           | 155.21                | -               | -       | 155.21           | 155.21           |
| Other financial liabilities  | -               | 24.90            | 24.90                 | -               | -       | 24.90            | 24.90            |
|                              | -               | <b>42,717.95</b> | <b>42,717.95</b>      | -               | -       | <b>42,802.88</b> | <b>42,802.88</b> |

i) The carrying amount of financial asset and liability is measured at amortized cost are considered to be the same as there fair values due to their short term nature.

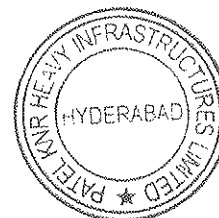
ii) The Carrying value of term loans are at approximate fair value as the Instruments are at prevailing market rate

March 31, 2017

|                              | (Rs. In Lakhs)  |                  |                       | (Rs. In Lakhs)  |         |                  |                  |
|------------------------------|-----------------|------------------|-----------------------|-----------------|---------|------------------|------------------|
|                              | Carrying amount |                  |                       | Fair Value      |         |                  |                  |
|                              | FVTPL           | Amortised Cost   | Total carrying amount | Level 1         | Level 2 | Level 3          | Total            |
| <b>Financial Assets</b>      |                 |                  |                       |                 |         |                  |                  |
| Trade Receivable             | -               | 42,906.61        | 42,906.61             | -               | -       | 42,906.61        | 42,906.61        |
| Investments                  | 6,288.91        | -                | 6,288.91              | 6,288.91        | -       | -                | 6,288.91         |
| Cash and Cash equivalents    | -               | 192.75           | 192.75                | -               | -       | -                | -                |
| Other financial Assets       | -               | 1,252.56         | 1,252.56              | -               | -       | 1,252.56         | 1,252.56         |
|                              | <b>6,288.91</b> | <b>44,351.92</b> | <b>50,640.83</b>      | <b>6,288.91</b> | -       | <b>44,159.17</b> | <b>50,448.08</b> |
| <b>Financial Liabilities</b> |                 |                  |                       |                 |         |                  |                  |
| Non-Convertible Debentures   | -               | 33,830.00        | 33,830.00             | -               | -       | 33,830.00        | 33,830.00        |
| Secured bank loans           | -               | 9,971.20         | 9,971.20              | -               | -       | 10,069.91        | 10,069.91        |
| Derivative Liability         | -               | 1,771.91         | 1,771.91              | -               | -       | 1,771.91         | 1,771.91         |
| Trade payables               | -               | 47.87            | 47.87                 | -               | -       | 47.87            | 47.87            |
| Other financial liabilities  | -               | 25.22            | 25.22                 | -               | -       | 25.22            | 25.22            |
|                              | -               | <b>45,646.20</b> | <b>45,646.20</b>      | -               | -       | <b>45,744.91</b> | <b>45,744.91</b> |

i) The carrying amount of financial asset and liability is measured at amortized cost are considered to be the same as there fair values due to their short term nature.

ii) The Carrying value of term loans are at approximate fair value as the Instruments are at prevailing market rate



**8. Financial instruments - Fair values and risk management****Financial risk management**

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

- credit risk
- liquidity risk
- market risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**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 carrying amounts of financial assets represent the maximum credit risk exposure.

**Financial asset receivable**

The Company has a financial asset receivable, which will be recovered on the fixed payments from the authority(NHAI) in the form of annuity throughout the concession period. The Management believes that the credit risk is negligible since its main receivable is from the grantor of the Concession which is Government authority.

**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 optimizing its cash return on investments.

**Exposure to liquidity risk**

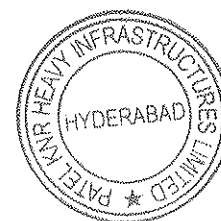
The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the company may be required to pay.

**March 31, 2018****(Rs. In Lakhs)**

|   | Carrying Amount  | Contractual Cashflows |                  |                   |
|---|------------------|-----------------------|------------------|-------------------|
|   |                  | Upto 1 year           | 1 to 3 Years     | More than 3 years |
| Derivative Liability                        | 1,330.09         | -                     | -                | 1,330.09          |
| <b>Non-derivative financial liabilities</b> |                  |                       |                  |                   |
| Non-Convertible Debentures                  | 32,380.00        | 4,946.09              | 9,921.36         | 37,153.43         |
| Secured bank loans                          | 8,827.75         | 2,288.21              | 4,478.66         | 5,128.68          |
| Derivative Liability                        | 1,330.09         | -                     | -                | 1,330.09          |
| Trade payables                              | 155.21           | 155.21                | -                | -                 |
| Other financial liabilities                 | 24.90            | 24.90                 | -                | -                 |
|   | <b>44,048.03</b> | <b>7,414.41</b>       | <b>14,400.02</b> | <b>44,942.29</b>  |

**March 31, 2017****(Rs. In Lakhs)**

|   | Carrying Amount  | Contractual Cashflows |                  |                   |
|---|------------------|-----------------------|------------------|-------------------|
|   |                  | Upto 1 year           | 1 to 3 Years     | More than 3 years |
| Derivative Liability                        | 1,771.91         | -                     | -                | 1,771.91          |
| <b>Non-derivative financial liabilities</b> |                  |                       |                  |                   |
| Non-Convertible Debentures                  | 33,830.00        | 4,845.83              | 9,928.62         | 35,774.26         |
| Secured bank loans                          | 9,971.20         | 2,019.89              | 4,551.09         | 7,245.37          |
| Derivative Liability                        | 1,771.91         | -                     | -                | 1,771.91          |
| Trade payables                              | 47.87            | 47.87                 | -                | -                 |
| Other financial liabilities                 | 25.22            | 25.22                 | -                | -                 |
|   | <b>47,418.11</b> | <b>6,938.81</b>       | <b>14,479.71</b> | <b>46,563.45</b>  |



**Notes to the financial statements for the year ended March 31, 2018**

The following table details the company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

**March 31, 2018**

(Rs. In Lakhs)

|                           | Carrying Amount  | Contractual Cashflows |                  |                   |
|---------------------------|------------------|-----------------------|------------------|-------------------|
|                           |                  | Upto 1 year           | 1 to 3 Years     | More than 3 years |
| <b>Financial Assets</b>   |                  |                       |                  |                   |
| Trade Receivable          | 41,182.67        | 9,751.20              | 11,058.50        | 49,423.54         |
| Investments               | 7,121.46         | 7,121.46              | -                | -                 |
| Cash and Cash equivalents | 130.69           | 130.69                | -                | -                 |
| Other financial Assets    | 1,252.56         | 1,252.56              | -                | -                 |
|                           | <b>49,687.38</b> | <b>18,255.91</b>      | <b>11,058.50</b> | <b>49,423.54</b>  |

**March 31, 2017**

(Rs. In Lakhs)

|                           | Carrying Amount  | Contractual Cashflows |                  |                   |
|---------------------------|------------------|-----------------------|------------------|-------------------|
|                           |                  | Upto 1 year           | 1 to 3 Years     | More than 3 years |
| Trade Receivable          | 42,906.61        | 6,744.05              | 17,951.44        | 52,281.80         |
| Investments               | 6,288.91         | 6,288.91              | -                | -                 |
| Cash and Cash equivalents | 192.75           | 192.75                | -                | -                 |
| Other financial Assets    | 1,252.56         | 1,252.56              | -                | -                 |
|                           | <b>50,640.83</b> | <b>14,478.27</b>      | <b>17,951.44</b> | <b>52,281.80</b>  |

**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 Company's 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 optimizing the return.

**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 Company is exposed to foreign currency risk as it has borrowing and options to payable in foreign currency

**The company's exposure to foreign currency rate risk due to borrowings and options is as follows:**

| Particulars                                      | Note No. | (Rs. In Lakhs) |                |
|--|----------|----------------|----------------|
|  |          | March 31, 2018 | March 31, 2017 |
| Foreign currency Borrowings outstanding          | 15       | 7,472.98       | 8,728.65       |
| Foreign currency Borrowings - Current maturities | 16       | 1,354.76       | 1,242.55       |

|  |  |        |        |
|--|--|--------|--------|
| Foreign currency Borrowings outstanding in USD |  | 136.75 | 155.88 |
|--|--|--------|--------|

**Sensitivity analysis**

(Rs. In Lakhs)

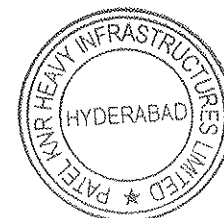
| Interest Rate Risk Analysis | Impact on profit/ loss after tax                 |            |
|-----------------------------|--|------------|
|                             | FY 2017-18                                       | FY 2016-17 |
|                             | Increase or decrease in foreign currency by Rs.1 | 146.32     |

Note : In case of Decease in Foreign currency rate, Profit will increase and vice versa

**Interest rate risk**

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

The interest risk arises to the company mainly from long term borrowings with variable rates. The Company measures risk through The Company is not exposed to Interest rate risk as it is not having any variable interest rate borrowings.



**Notes to the financial statements for the year ended March 31, 2018****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 exposed to price risk due to investments in mutual funds and classified as fair value through profit and loss.

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

**The company's exposure to price risk due to investments in mutual fund is as follows:**

(Rs. In Lakhs)

| Particulars                 | Note No. | March 31, 2018 | March 31, 2017 |
|-----------------------------|----------|----------------|----------------|
| Investments in Mutual Funds | 6        | 7,121.46       | 6,288.91       |

**Sensitivity analysis**

(Rs. In Lakhs)

| Price Rate Risk Analysis          | Impact on profit/ loss after tax |            |
|-----------------------------------|----------------------------------|------------|
|                                   | FY 2017-18                       | FY 2017-18 |
| Increase or decrease in NAV by 2% | 134.10                           | 131.47     |

Note : In case of Decease in NAV, Profit will reduce and vice versa

**29. Service concession arrangement**

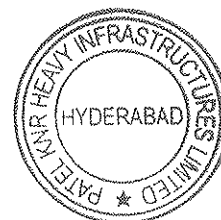
The Company has entered into a Service Concession Arrangement("SCA") with National Highway Authority of India ("NHAI") for the Design, Construction, Development, Finance, Operation, and Maintenance of Islam Nagar (KM 230.00) to Kadtal (KM 278.00) of Nagpur -Hyderabad Section on NH-7 in the State of Telangana, Under North-South Corridor (NHDP Phase -II) on BOT (Annuity) basis - Project Reference Number NS-2 /BOT/AP-07 for a period of Twenty (20) years from commencement date i.e. 02-Mar-2008 including construction period and The company achieved PCOD with effect from 11th June 2010 and final COD on 27th December 2016.

The Company has right to receive an annuity payment of INR 8874.00 Lakhs from the grantor/authority. Accordingly, the Company has recognised its financial asset. At the end of the concession period the toll road will become the property of the grantor and the Company will have no further involvement in its operation or maintenance.

During the year, the Company has recorded revenue of Rs. 5,805.74 Lakhs, consisting of Rs. 5,195.10 Lakhs as a Income on financial asset, Rs. 610.64 Lakhs as a income on operation & maintenance and Rs. Nil Lakhs as a income on Major Maintenance.

The revenue recognised in relation to construction represents the fair value of the construction services provided in constructing the toll road.

The Company has a financial asset receivable of Rs. 41182.67 Lakhs as on March 31, 2018.





**30 Contingent Liability and Commitments and Contingent Assets**

(Rs. in Lakhs)

| Particulars                    | 2017-18 | 2016-17 |
|--------------------------------|---------|---------|
| <b>a) Contingent Liability</b> |         |         |
| Claims against the company     | Nil     | Nil     |
| <b>b) Contingent Assets</b>    |         |         |
| Claims made by company         | Nil     | Nil     |

**31 Remuneration paid to the Statutory Auditors excluding Taxes**

(Rs. in Lakhs)

| Audit and Other Fees   | 2017-18 | 2016-17 |
|------------------------|---------|---------|
| Statutory Audit Fees   | 4.50    | 4.50    |
| Other Services         | 2.24    | 3.29    |
| Out of Pocket Expenses | 0.15    | 0.84    |

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

(Rs. in Lakhs)

| Particulars   | 2017-18       | 2016-17     |
|---|---------------|-------------|
| i. Profit (loss) attributable to equity shareholders(basic)   | (311.11)      | 1030.33     |
| ii. Weighted average number of equity shares (basic)          | 238.24        | 238.24      |
| <b>Basic EPS</b>  | <b>(1.31)</b> | <b>4.32</b> |
| i. Profit (loss) attributable to equity shareholders(diluted) | (311.11)      | 1030.33     |
| ii. Weighted average number of equity shares (diluted)        | 238.24        | 238.24      |
| <b>Diluted EPS</b>  | <b>(1.31)</b> | <b>4.32</b> |

**33 Employee Benefits**

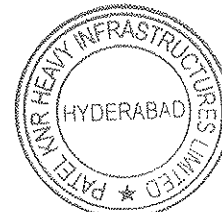
Actuarial valuation for gratuity to the company is not applicable during the year because the numbers of Employees are less than ten.

So, the disclosure is pursuant the requirements of Ind AS - 19 is not required.

**34 Related Party Transactions:**

**List of related parties and nature of relationship**

| S. No. | Name of the related party                  | Nature of relationship                 |
|--------|--|--|
| 1      | KNR Constructions Limited                  | Associate Company and O & M Contractor |
| 2      | PATEL Engineering & Infrastructure Limited | Associate Company                      |
| 3      | Patel – KNR JV                             | Associate Entity                       |
|        | <b>KEY MANAGEMENT PERSONNEL</b>            |  |
| 3      | Mr. ASHWIN RAMANLAL PARMAR                 | Director                               |
| 4      | Mr. B.S. REDDY                             | Director                               |
| 5      | Mr. K.N. REDDY                             | Director                               |
| 6      | S. Vaikuntanathan                          | CFO                                    |
| 7      | Vandana Modani                             | Company Secretary                      |



PATEL KNR Heavy Infrastructures Limited

Notes to the financial statements for the year ended March 31, 2018

**Transactions during the year**

(Rs. In Lakhs)

| S. No. | Name of the related party                  | Nature of transactions                 | March 31, 2018 | March 31, 2017 |
|--------|--|--|----------------|----------------|
| 1      | KNR Constructions Limited                  | Share Capital                          | -              | -              |
|        |  | Instrument entirely equity in nature   | -              | -              |
|        |  | Operation & Maintenance Expenditure    | 543.19         | 515.72         |
|        |  | Periodic Maintenance Expenditure       | -              | 2266.42        |
|        |  | Reimbursement of Expenditure           | 206.39         | 65.66          |
|        |  | Remuneration - Company Secretary - KMP | 2.40           | 2.40           |
| 2      | PATEL Engineering & Infrastructure Limited | Share Capital                          | -              | -              |
|        |  | Instrument entirely equity in nature   | -              | -              |
| 3      | Patel KNR JV                               | Instrument entirely equity in nature   | 1520.00        | -              |

**Balances outstanding**

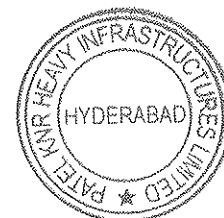
(Rs. In lakhs)

| S. No. | Name of the related party                  | Nature of transactions                           | March 31, 2018 | March 31, 2017 |
|--------|--|--|----------------|----------------|
| 1      | KNR Constructions Limited                  | Share Capital                                    | 1000.60        | 1,000.60       |
|        |  | Instrument entirely equity in nature             | 1550.53        | 1,550.53       |
|        |  | Operation & maintenance & Other Expenses Payable | 155.21         | 47.87          |
|        |  | Periodic Maintenance Expenditure Payable         | -              | -              |
|        |  | Reimbursement of Expenditure                     | 1.01           | 5.97           |
|        |  | Remuneration Payable- Company Secretary - KMP    | 0.20           | 0.20           |
| 2      | PATEL Engineering & Infrastructure Limited | Share Capital                                    | 1000.60        | 1,000.60       |
|        |  | Instrument entirely equity in nature             | 1550.53        | 1,550.53       |
|        |  | Advance Recoverable                              | 912.93         | 912.93         |
|        |  | With-hold amount                                 | 11.28          | 11.28          |
|        |  | Reimbursement of Expenditure                     | 0.09           | 0.09           |
| 3      | Patel KNR JV                               | Instrument entirely equity in nature             | 1520.00        | -              |

**35 Foreign Currency Transactions:**

(Rs. In Lakhs)

| S. No. | Particulars  | 2017-18 | 2016-17 |
|--------|--|---------|---------|
| 1      | Foreign exchange outgo<br>- Principal loan repayment | 2909.03 | 2951.62 |
| 2      | Expenditure in Foreign Currency                      |         |         |
|        | i) Agency Fee  | 17.63   | 36.05   |
|        | ii) Interest payment                                 | 687.21  | 609.25  |
|        | iii) Hedging premium Expense                         | 949.05  | 1130.16 |
| 3      | Earnings in Foreign Currency                         | Nil     | Nil     |



**36 Foreign Exchange transaction, translation and Hedge accounting**

The company has a foreign currency monetary loan with standard chartered bank, the principal loan amount and interest is being hedged at Rs.70 till the end of the tenure of loan.

As per Ind-As the loan amount was being re-stated at fair value (at the closing rate) and the gain or loss on foreign currency translation amount was accounted through Profit and Loss.

**Derivative Instruments – Foreign Exchange Forward contracts**

Under Ind AS, foreign exchange forward contracts are mark-to-market as at each Balance Sheet date and unrealized net gain or loss is recognized. Derivative assets and derivative liabilities are presented on gross basis.

**37 Due to Micro, Small and Medium Enterprises**

There has been no claimed transaction during the period with MICRO, Small and Medium Enterprises covered under the MICRO, Small and Medium Enterprises Development Act. (MSMED Act, 2006) Hence, reporting details of principal and interest does not arise

**38 Reconciliation between the Opening and Closing balances in the financial statement for Liabilities and Financial Assets arising from Financial Activities (Ind AS – 7)**

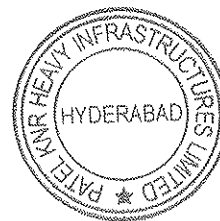
| Particulars                      | Long Term Borrowings | Instrument entirely equity in Nature | Interest Accrued |
|----------------------------------|----------------------|--------------------------------------|------------------|
| <b>Opening Balance</b>           | 43,801.20            | 2,584.22                             | -                |
| Interest Accrued during the year |                      |                                      | 5,123.60         |
| <b>Cash flows</b>                | -                    |                                      |                  |
| Received                         |                      | 1,520.00                             |                  |
| Repayment                        | (2,705.14)           |                                      |                  |
| Interest paid                    | -                    |                                      | (5,109.83)       |
| <b>Non Cash items</b>            |                      |                                      |                  |
| Foreign Exchange                 | 97.91                |                                      |                  |
| Impact of EIR                    | 13.77                |                                      | (13.77)          |
| <b>Closing Balance</b>           | <b>41,207.75</b>     | <b>4,104.22</b>                      | -                |

**39 Segment Information**

The Company is into the business of developing the Infrastructure facility on BOT basis, and there are no separate reportable operating segments hence no separate disclosures are required under Ind AS 108.

**40 Taxes on Income**

The Company has taxable income under Minimum Alternative Tax (MAT) 115JB and accordingly the MAT Credit has been made. The Company is eligible for deduction under section 80IA of Income Tax Act and the tax holiday period of the company's project falls within the concession period of the company as defined in Section 80IA. Since deferred tax on Timing differences between Accounting Income and Taxable Income that arise during the year is reversing during such tax holiday period, no deferred tax asset/liability arises and accordingly no provision is made in the accounts.



**PATEL KNR Heavy Infrastructures Limited**

**Notes to the financial statements for the year ended March 31, 2018**

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

**For Gianender & Associates**

Chartered Accountants

ICAI Regn. No.004661N



**Jeetender Kumar Gupta**

Partner

M.No. 092547

Place: New Delhi

Date: 25.05.2018

**For and on behalf of the Board**

**K. N. Reddy**

(Director)

**B. S. Reddy**

(Director)

**S. Vaikuntanathan**

(CFO)

**Vandana Modani**

(Company Secretary)

