

M.K. DANDEKER & CO.

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Patel KNR Heavy Infrastructures Limited

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **Patel KNR Heavy Infrastructures Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information for the year ended on that date.

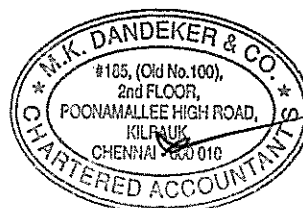
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have nothing to report in this regard.



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M.K. DANDEKER & CO.,
Chartered Accountants

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Board's Report but does not include the financial statements and our auditor's report thereon. The Board report and other reports are expected to be made available to us after the date of this auditor's report.

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

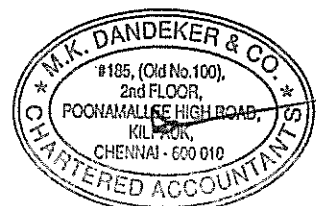
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears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

When we read the Board report and other reports, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

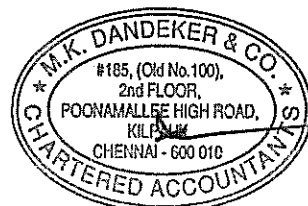


Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

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



- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

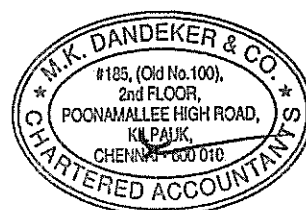
From the matters communicated with those charged with governance, we determine those matters that were of more significance in the audit of the Ind AS financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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.



M.K. DANDEKER & CO.,
Chartered Accountants

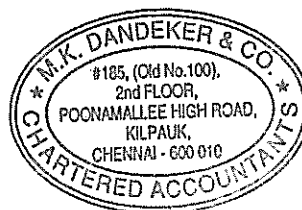
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 30 to the Ind AS financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivate contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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


S. Poosaidurai

Partner
Chartered Accountants
Membership No. 223754

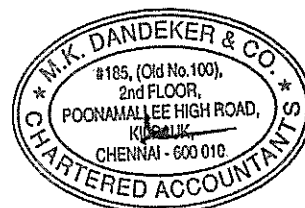
Date: June 08, 2020
Place: Chennai
UDIN: 20223754AAAAEV1841



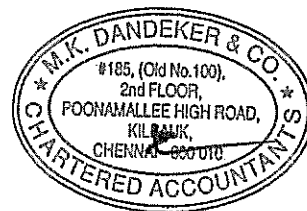
ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- b. The Fixed Assets have been physically verified by the Management at regular intervals and no material discrepancies were noticed on such verification.
- c. The title deeds of immovable properties are held in the name of the Company.
2. The company is engaged in the business of infrastructure development and maintenance and hence clause 3(ii) of Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3 (iii) of Companies (Auditor's Report) Order 2016 are not applicable.
4. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of section 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3 (iv) of Companies (Auditor's Report) Order 2016 is not applicable to the company.
5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.
6. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.



7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
- b. According to the information and explanation given to us, there were no statutory dues pending in respect of income tax, GST, customs duty, cess and any other statutory dues which have not been deposited on account of dispute.
8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders, if any.
9. The Company has not taken any term loans or raised any money by way of initial public offer or further Public offer during the year.
10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.
12. The Company is not a Nidhi Company and hence clause 3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.



M.K. DANDEKER & CO.,
Chartered Accountants

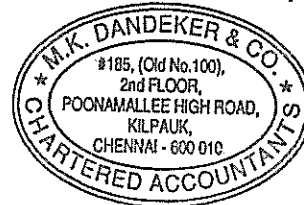
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable.

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


S. Poosaidurai

Partner
Chartered Accountants
Membership No. 223754

Date: June 08, 2020
Place: Chennai
UDIN: 20223754AAAAEV1841



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

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

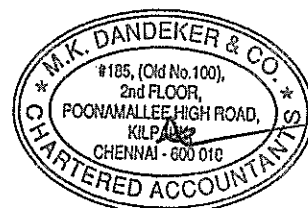
We have audited the internal financial controls over financial reporting of **PATEL KNR Heavy Infrastructures Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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



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

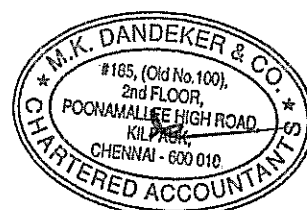
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS 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.



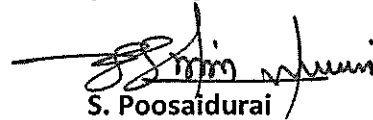
M.K. DANDEKER & CO.,
Chartered Accountants

Opinion

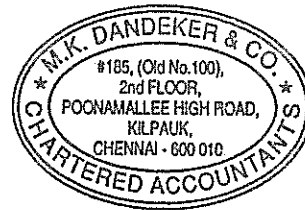
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria 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.

Date: June 08, 2020
Place: Chennai
UDIN: 20223754AAAAEV1841

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



S. Poosaidurai
Partner
Chartered Accountants
Membership No. 223754



PATEL KNR Heavy Infrastructures Ltd.
Balance Sheet as at March 31, 2020

(Rs. in Lakhs)

Particulars	Note No.	As At March 31, 2020	As At March 31, 2019
I ASSETS			
1) NON-CURRENT ASSETS			
a) Property, plant and equipment	4	25.99	30.25
b) Financial Assets			
i) Trade Receivables	5	33,500.22	32,519.25
ii) Other Financial Asset	9	705.96	-
c) Other non-current assets	6	708.22	697.63
		34,940.39	33,247.13
2) CURRENT ASSETS			
a) Financial assets			
i) Investments	7	9,345.62	7,587.62
ii) Trade Receivables	5	379.54	5,214.23
iii) Cash and cash equivalents	8	332.41	219.38
iv) Other Financial Asset	9	1,252.56	1,253.00
b) Current tax asset (net)	10	554.15	595.78
c) Other current assets	11	102.45	8.57
		11,966.73	14,878.58
TOTAL ASSETS(1+2)		46,907.12	48,125.71
II EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share capital	12	2,382.38	2,382.38
b) Instrument entirely equity in nature	12.3	4,104.22	4,104.22
c) Other equity	13	824.26	(117.64)
Total Equity		7,310.86	6,368.96
LIABILITIES			
1) NON - CURRENT LIABILITIES			
a) Financial liabilities			
i) Borrowings	14	31,456.36	35,138.90
ii) Other financial liabilities	15	718.61	758.23
b) Other non-current liabilities	16	120.88	138.15
c) Provisions	17	3,209.49	1,938.98
		35,505.34	37,974.26
2) CURRENT LIABILITIES			
a) Financial liabilities			
i) Trade Payables	18	51.26	48.81
ii) Other financial liabilities	15	3,983.42	3,666.27
b) Other current liabilities	19	56.24	67.41
		4,090.92	3,782.49
Total Liabilities(1+2)		39,596.26	41,756.75
TOTAL EQUITY AND LIABILITIES		46,907.12	48,125.71

Corporate information and Significant accounting policies

1 to 3

Notes 4 to 41 form an integral part of the financial statements

As per our report of even date attached

For M.K. Dandekar & Co

Chartered Accountants

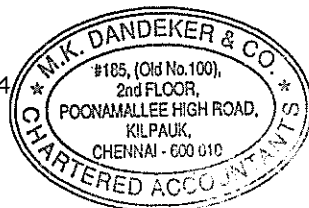
(Firm Registration No. 000679S)

For and on behalf of the Board

S. Poosaidurai

Partner

Membership No: 223754



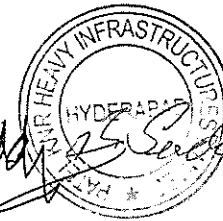
Place: Hyderabad

Date: 08-06-2020

K.N Reddy

(Director)

DIN: 00382412



B.S.Reddy

(Director)

DIN: 01675600

S. Vaikuntanathan
(CFO)

PATEL KNR Heavy Infrastructures Ltd.
Statement of Profit And Loss For The Year Ended March 31, 2020

(Rs. in Lakhs)

PARTICULARS		Note No	Year ended	Year ended
			March 31, 2020	March 31, 2019
			Audited	Audited
I	Revenue from Operations	20	5,193.39	5,598.44
II	Other income	21	2,937.79	1,123.05
III	Total Revenue (I + II)		8,131.18	6,721.49
IV	Expenses			
	Operating & Maintenance expenses	22	1,740.97	1,659.23
	Employee benefits expenses	23	0.40	2.40
	Finance costs	24	4,776.56	5,559.56
	Depreciation	4	4.26	4.25
	Other expenses	25	446.65	378.89
	Total expenses (IV)		6,968.84	7,604.33
V	Profit before exceptional items and tax (III - IV)		1,162.34	(882.84)
VI	Exceptional items		-	-
VII	Profit/(Loss) before tax (V - VI)		1,162.34	(882.84)
VIII	Tax expense			
	1) Current tax	26	220.44	-
	2) MAT Credit		-	-
	3) Deferred tax		-	-
			220.44	-
IX	Profit/(Loss) for the period (VII-VIII)		941.90	(882.84)
X	Other Comprehensive Income			
	Actuarial gains and losses		-	-
XI	Total Comprehensive Income for the period (IX+X)		941.90	(882.84)
XII	Basic Earnings per equity share	32		
	1) Basic		3.95	(3.71)
	2) Diluted		3.95	(3.71)

Corporate information and Significant accounting policies

1 to 3

Notes 4 to 41 form an integral part of the financial statements

As per our report of even date attached

For M.K. Dandeker & Co

Chartered Accountants

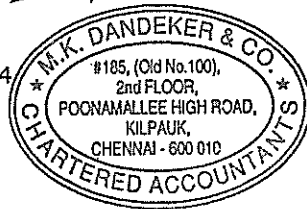
(Firm Registration No. 000679S)

For and on behalf of the Board


S. Poosaidurai

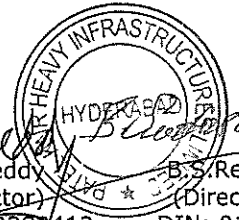


Partner

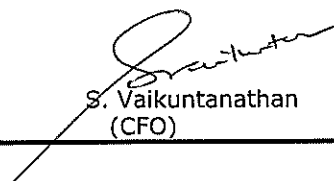
Membership No: 223754



Place: Hyderabad

Date: 08-06-2020


 
 K.M. Reddy (Director) B.S. Reddy (Director)
 DIN: 00382412 DIN: 01675600


 S. Vaikuntanathan
 (CFO)

PATEL KNR Heavy Infrastructures Ltd.
Statement Of Changes In Equity For the Year ended March 31, 2020

A - Equity Share Capital

(Rs. In Lakhs)

Equity Shares of Rs. 10/- each issued, subscribed and fully paid	No. of Shares in Lakhs	Amount in Rs. Lakhs
At 31 March, 2019	238.24	2,382.38
Changes in equity share capital during the year	-	-
At March 31, 2020	238.24	2,382.38

B - Instruments entirely equity in nature

(Rs. In Lakhs)

Particulars	Amount in Rs. Lakhs
Opening as on April 1, 2018	4,104.22
Addition during the year	-
Closing as on March 31, 2019	4,104.22
Opening as on April 1, 2019	4,104.22
Addition during the period	-
Closing as on March 31, 2020	4,104.22

C - Other Equity

(Rs. In Lakhs)

Particulars	Debenture Redemption Reserve	Retained Earning	Other Comprehensive Income	Total
Balance as at 1st, April, 2018	365.00	400.20	-	765.20
Total Comprehensive Income for the Year	-	(882.84)	-	(882.84)
Transfer to Debenture Redemption Reserve	-	-	-	-
Balance as at March 31, 2019	365.00	(482.64)	-	(117.64)
Balance as at 1st, April, 2019	365.00	(482.64)	-	(117.64)
Total Comprehensive Income for the Year	-	941.90	-	941.90
Transfer to Debenture Redemption Reserve	-	-	-	-
Balance as at March 31, 2020	365.00	459.26	-	824.26

Corporate information and Significant accounting policies

Notes 4 to 41 form an integral part of the financial statements

As per our report of even date attached

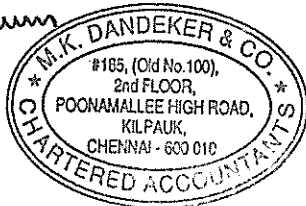
For M.K. Dandekar & Co

Chartered Accountants

(Firm Registration No. 0006795)

For and on behalf of the Board

S. Poosaidurai
 Partner
 Membership No: 223754



Place: Hyderabad
 Date: 08-06-2020

K.N Reddy
 (Director)
 DIN: 00382412

B.S.Reddy
 (Director)
 DIN: 01675600

S. Vaikuntanathan
 (CFO)

PATEL KNR Heavy Infrastructures Ltd.
Cash Flow Statement For The Year Ended March 31, 2020

(Rs. In Lakhs)

PARTICULARS	For the year ended March 31, 2020	For the year ended March 31, 2019
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	1,162.34	(882.84)
Adjustments for		
Depreciation	4.26	4.25
Interest Expenses	4,474.32	4,913.39
Derivative (Gain)/Loss on foreign currency derivatives & IRS	(745.57)	(179.68)
Foreign currency transaction loss	98.02	555.24
Provision for Periodic Maintenance	1,069.83	969.49
Unwinding Interest on Periodic maintenance Expense	200.68	90.93
Interest Income	(1,803.43)	(51.76)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4,460.45	5,419.02
(Increase)/Decrease in Trade and Other Receivables	3,043.74	3,489.75
Increase/(Decrease) in Trade Payables and Other Liabilities	703.34	(360.12)
CASH GENERATED FROM OPERATIONS	8,207.53	8,548.65
Taxes paid	(178.81)	-
NET CASH USED IN OPERATING ACTIVITIES	8,028.72	8,548.65
B) CASH FLOW FROM INVESTING ACTIVITIES		
Net Proceeds From Current Investments	(1,758.00)	(466.16)
Interest Received	1,803.43	51.76
NET CASH USED IN INVESTING ACTIVITIES	45.43	(414.40)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Funds Borrowed/(Repaid)	(3,511.25)	(3,145.94)
Interest Paid	(4,449.87)	(4,899.62)
NET CASH FROM FINANCING ACTIVITIES	(7,961.12)	(8,045.56)
Net change in Cash and Cash Equivalents (A+B+C)	113.03	88.69
Cash and Cash Equivalents as at April 01, 2019 (Opening Balance)	219.38	130.69
Cash and Cash Equivalents as at March 31, 2020 (Closing Balance)	332.41	219.38

Notes:

1 Components of Cash & Cash Equivalents

Bank Balance - Current Account	332.41	219.38
Cash in Hand	-	-
	332.41	219.38

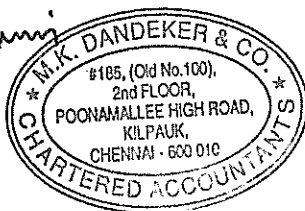
2 The Cash flow statement is prepared in accordance with the Ind-AS 7 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.

3 Figures in brackets represent cash outflows.

Notes 4 to 41 form an integral part of the financial statements
As per our report of even date attached

For M.K. Dandekar & Co
Chartered Accountants
(Firm Registration No. 000679S)

S. Poosaidurai
Partner
Membership No: 223754



For and on behalf of the Board

K.N Reddy
(Director)
DIN: 00382412

B.S.Reddy
(Director)
DIN: 01675600

Place: Hyderabad
Date: 08-06-2020

S. Vaikuntanathan
(CFO)

PATEL KNR Heavy Infrastructures Limited
Notes to the financial statements for the year ended March 31, 2020

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 ('KNRCL') 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 Kadthal (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.

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:

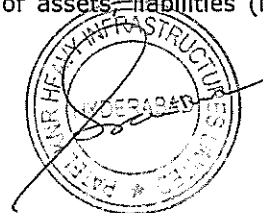
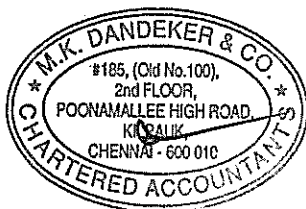
A liability shall be classified as current when it satisfies any of the following criteria:

- (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

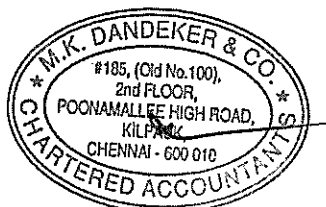
a. Property, plant and equipment

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.



PATEL KNR Heavy Infrastructures Limited
Notes to the financial statements for the year ended March 31, 2020

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.

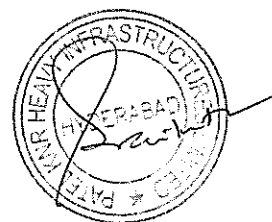
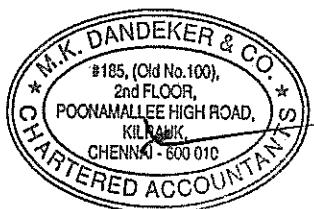
A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition of financial asset.

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



PATEL KNR Heavy Infrastructures Limited
Notes to the financial statements for the year ended March 31, 2020

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

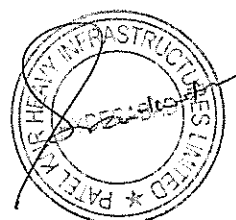
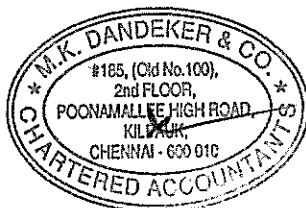
Financial assets

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

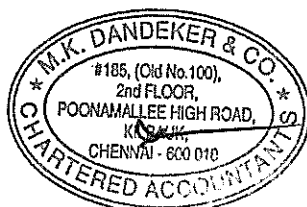
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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.



PATEL KNR Heavy Infrastructures Limited
Notes to the financial statements for the year ended March 31, 2020

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

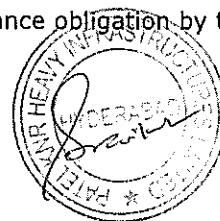
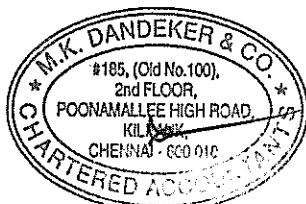
The Company has adopted Ind AS 115 "Revenue from Contracts with Customers" with the date of initial application being April 1, 2018. Ind AS 115, revenue from contracts with customers, mandatory for reporting period beginning on or after April 1, 2018 replaced existing revenue recognition requirements i.e. Ind AS 18 Revenue Recognition and Ind AS 11 Construction Contracts. There were no significant adjustments required to the retained earnings as on April 1, 2018.

Accordingly, the policy for Revenue is amended as under:

To recognize revenue, the Company applies the following five step approach:

- (1) Identify the contract with a customer
- (2) Identify the performance obligations in the contract
- (3) Determine the transaction price
- (4) Allocate the transaction price to the performance obligation in the contract, and
- (5) Recognize revenue when a performance obligation is satisfied.

The Company recognize revenue when the Company satisfies a performance obligation by transferring a promised service (i.e. an asset) to NHA.



Under the terms of contractual arrangements, the Company acts as a service provider. The Company constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. The Company shall recognise and measure revenue for the services it performs. The nature of the consideration determines its subsequent accounting treatment i.e. As financial assets. The Company will recognise a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from the NHAI for the construction services.

The Financial Asset due from the NHAI is accounted and measured at amortised cost. The interest calculated using the effective interest method is recognised in profit or loss. As per the Concession Arrangement, concession support received are accounted for as part of the transaction price.

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

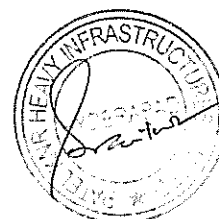
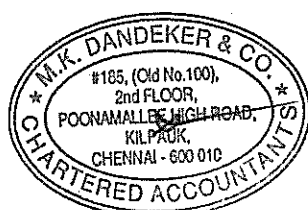
At each Balance Sheet date, foreign currency monetary items are reported using the closing rate or at amount likely to be realized from or required to disburse. Exchange differences that arise on settlement of Long Term monetary items or on reporting at each Balance sheet date, of Long Term Monetary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

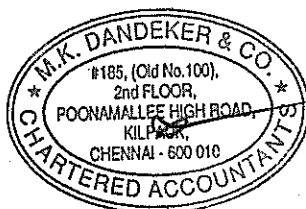
Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized, or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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.

l. 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 adjust 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

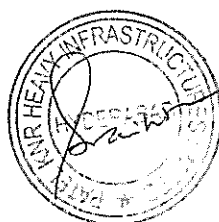
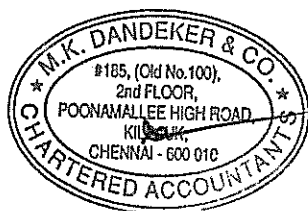
o. Contingent liabilities and contingent assets

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, 2020

4 - PROPERTY, PLANT AND EQUIPMENT

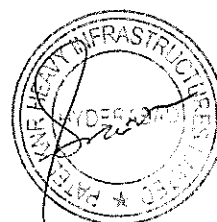
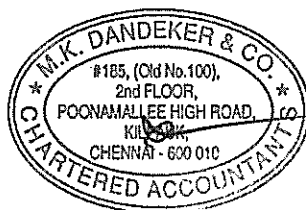
(Rs. In Lakhs)

Particulars	Tangible Assets			
	Buildings*	Vehicles	Office Equipment	Total
Cost				
As at April 1, 2019	28.78	14.16	0.29	43.23
Additions	-	-	-	-
Disposals/Adjustments	-	-	-	-
As at March 31, 2020	28.78	14.16	0.29	43.23
Depreciation				
As at April 1, 2019	5.39	7.44	0.15	12.98
Charge for the period	2.34	1.86	0.06	4.26
Disposals/Adjustments	-	-	-	-
As at March 31, 2020	7.73	9.30	0.21	17.24
Net block				
As at March 31, 2020	21.05	4.86	0.08	25.99
As at March 31, 2019	23.39	6.72	0.14	30.25

* The flat is mortgaged to Debenture Trustee

(Rs. In Lakhs)

Particulars	Tangible Assets			
	Buildings*	Vehicles	Office Equipment	Total
Cost				
As at April 1, 2018	28.78	14.16	0.29	43.23
Additions	-	-	-	-
Disposals/Adjustments	-	-	-	-
As at March 31, 2019	28.78	14.16	0.29	43.23
Depreciation				
As at April 1, 2019	3.06	5.58	0.09	8.73
Charge for the period	2.33	1.86	0.06	4.25
Disposals/Adjustments	-	-	-	-
As at March 31, 2019	5.39	7.44	0.15	12.98
Net block				
As at March 31, 2019	23.39	6.72	0.14	30.25
As at March 31, 2018	25.72	8.58	0.20	34.50



PATEL KNR Heavy Infrastructures Ltd.
Notes to the financial statements for the year ended March 31, 2020

5 - TRADE RECEIVABLE

PARTICULARS	(Rs. In Lakhs)	
	As at	
	March 31, 2020	March 31, 2019
NON - CURRENT		
Financial Asset Receivable (Refer Note No : 29)	33,500.22	32,519.25
CURRENT	33,500.22	32,519.25
Financial Asset Receivable (Refer Note No : 29)	379.54	5,214.23
Total Current Receivables	379.54	5,214.23
Total	33,879.76	37,733.48

6 - OTHER NON-CURRENT ASSETS

PARTICULARS	(Rs. In Lakhs)	
	As at	
	March 31, 2020	March 31, 2019
MAT Credit	697.31	697.31
GST Input credit	10.91	0.32
Total	708.22	697.63

7 - INVESTMENTS

PARTICULARS	(Rs. In Lakhs)			
	As at		As at	
	No. of Units	March 31, 2020	No. of Units	March 31, 2019
CURRENT				
Investment in Mutual Funds(Quoted) (Refer note)				
-L&T Short Term Opp Fund	-	-	3,519,578	628.00
-L&T Resurgent India Corporate Bond Fund	2,200,549	321.91	2,200,549	299.25
-L&T Income Opportunities Fund	-	-	-	-
-Kotak Bond Short Term Plan	-	-	-	-
-L&T Floating Rate Fund	-	-	-	-
-ICICI Prudential Banking & PSU Debt Fund - Regular - Growth	4,294,998	990.20	-	-
-Reliance Medium Term Fund	-	-	-	-
-L&T Short Term Bond Fund - Regular - Growth	41,092,132	8,033.51	31,594,199	6,660.37
Total Current Investments	47,587,679	9,345.62	37,314,325	7,587.62
Total		9,345.62		7,587.62

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, 2020	March 31, 2018
Balances with banks: in current accounts	332.41	219.38
Cash on hand	-	-
Total	332.41	219.38

9 - OTHER FINANCIAL ASSETS

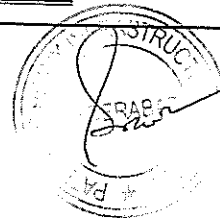
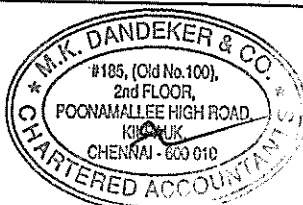
PARTICULARS	(Rs. In Lakhs)	
	As at	
	March 31, 2020	March 31, 2019
NON CURRENT		
Derivative Asset on Forex (Refer Note No : 36)	705.96	-
CURRENT	705.96	-
From related		
Amounts Receivable from Patel Engineering Ltd(Refer Note:34)	912.93	912.93
Amount withheld - NHAI	297.01	297.01
Amount Recoverable from NHAI	42.62	42.62
Other advances	-	0.44
Total Current Financial Asset	1,252.56	1,253.00
Total	1,958.52	1,253.00

10 - CURRENT TAX ASSET(Net)

PARTICULARS	(Rs. In Lakhs)	
	As at	
	March 31, 2020	March 31, 2019
TDS Receivable	554.15	595.78
Total	554.15	595.78

11- OTHER CURRENT ASSETS

PARTICULARS	(Rs. In Lakhs)	
	As at	
	March 31, 2020	March 31, 2019
Prepaid Expenses	11.54	8.57
Mobilisation advance to KNR Constructions Limited (Refer Note:34)	90.91	-
Total	102.45	8.57



PATEL KNR Heavy Infrastructures Ltd.
Notes to the financial statements for the year ended March 31, 2020

12 - EQUITY CAPITAL

PARTICULARS	(Rs. In Lakhs)	
	As at	
	March 31, 2020	March 31, 2019
EQUITY SHARE CAPITAL		
Authorised Share capital Equity Shares of Rs. 10/- each		
Issued, subscribed & fully paid share capital Equity Shares of Rs. 10/- each	3,000.00	3,000.00
	2,382.38	2,382.38
Total	2,382.38	2,382.38

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 ensuring Annual General Meeting.

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, 2020		March 31, 2019	
	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	238.24	2,382.38	238.24	2,382.38

The details of shareholder holding by holding Company and its associates as at March 31, 2020 & March 31, 2019 is set out below:

Name of the shareholder	March 31, 2020		March 31, 2019	
	No. of Shares in Lakhs	% held	No. of Shares in Lakhs	% held
	Nil	Nil	Nil	Nil

The details of shareholder holding more than 5% shares as at March 31, 2020 & March 31, 2019 is set out below:

Name of the shareholder	March 31, 2020		March 31, 2019	
	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
Fornido Developers Ltd (earlier known as "ENPRO Ltd")	42.88	18.00	42.88	18.00
	238.24	100.00	238.24	100.00

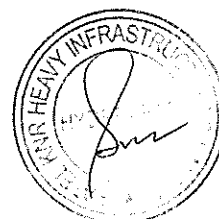
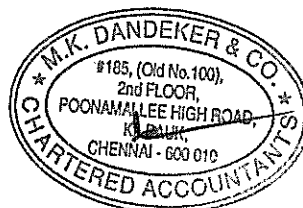
12.3 - Instrument entirely equity in Nature

PARTICULARS	As at	
	March 31, 2020	March 31, 2019
	Loan from Promotor Companies Balance at the end of the period	4,104.22
	4,104.22	4,104.22

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, 2020	March 31, 2019
i) Debenture redemption Reserve	365.00	365.00
ii) Surplus in the statement of profit and loss Balance at the beginning of the period	(482.64)	400.20
Add: (Loss)/ Profit for the period	941.90	(882.84)
	459.26	(482.64)
Balance at the end of the period (i+ii)	824.26	(117.64)



PATEL KNR Heavy Infrastructures Ltd.
Notes to the financial statements for the year ended March 31, 2020
14 - BORROWINGS

PARTICULARS	(Rs. In Lakhs)	
	As at March 31, 2020	March 31, 2019
Financial Liabilities		
NON - CURRENT		
Secured loans		
Debtures (Refer foot Note No : i)		
Rated, Listed, Redeemable Non Convertible debtures	26,710.00	28,770.00
From banks (Refer foot Note No : ii)		
Foreign Currency Loan	4,746.36	6,368.90
	31,456.36	35,138.90
Total non-current borrowings	31,456.36	35,138.90
Total	31,456.36	35,138.90

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
Rupees in lakhs	18,000.00	2,320.00	920.00	1,630.00	3,190.00	13,940.00	40,000.00
Coupon Rate	10.04%	9.50%	9.75%	9.75%	10.00%	10.35%	
Redemption Schedule							
30-Sep-20	585.00	-	-	-	445.00	-	1,030.00
31-Mar-21	585.00	-	-	-	445.00	-	1,030.00
30-Sep-21	555.00	-	-	-	590.00	-	1,145.00
31-Mar-22	555.00	-	-	-	590.00	-	1,145.00
30-Sep-22	750.00	-	-	-	560.00	-	1,310.00
31-Mar-23	750.00	-	-	-	560.00	-	1,310.00
30-Sep-23	1,005.00	-	-	-	-	1,100.00	2,105.00
31-Mar-24	1,005.00	-	-	-	-	1,100.00	2,105.00
30-Sep-24	1,480.00	-	-	-	-	1,305.00	2,785.00
31-Mar-25	1,480.00	-	-	-	-	1,305.00	2,785.00
30-Sep-25	2,890.00	-	-	-	-	-	2,890.00
31-Mar-26	-	-	-	-	-	3,040.00	3,040.00
30-Sep-26	-	-	-	-	-	3,045.00	3,045.00
31-Mar-27	-	-	-	-	-	3,045.00	3,045.00
Total	11,640.00	-	-	-	3,190.00	13,940.00	28,770.00

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.

During the FY 2018-19 the Rating of the company has been downgraded by one notch i.e AAA (SO) to AA+(SO). Hence the company is paying an additional interest on the outstanding NCD @0.30% p.a per each notch downgraded as per NCD Agreement.

Foot Note - ii

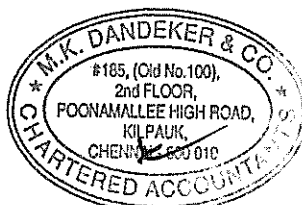
Terms of Security

- 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 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 2020 has been translated at hedged rate as on 31st March 2020 because the loan repayable is hedged at Rs.70/ Per USD, Whereas the exchange rate as on 31.03.2020 is Rs.75.42786/Per USD.



PATEL KNR Heavy Infrastructures Ltd.
Notes to the financial statements for the year ended March 31, 2019

15 - OTHER FINANCIAL LIABILITIES

PARTICULARS	(Rs. In Lakhs)	
	As at	
	March 31, 2020	March 31, 2019
NON - CURRENT		
Derivative Liability on Interest Rate Swap (Refer Note No : 36)	718.61	715.07
Derivative Liability on Forex (Refer Note No : 36)	-	43.16
Total non-current other financial liabilities	718.61	758.23
CURRENT		
Current maturities of long-term debts:		
Debtors		
Term loans - Banks	2,060.00	1,910.00
- Foreign Currency Loan		
Interest accrued and due	1,715.00	1,581.92
Amount payable to Related Parties	10.68	-
- Patel Engineering Ltd (Refer Note : 34)		
- KNR Constructions Limited (Refer Note : 34)	11.37	11.37
Outstanding Expenses	165.01	154.06
	21.36	8.92
Total current other financial liabilities	3,983.42	3,666.27
Total	4,702.03	4,424.50

16 - OTHER NON - CURRENT LIABILITIES

PARTICULARS	(Rs. In Lakhs)	
	As at	
	March 31, 2020	March 31, 2019
Labour Cess Payable	120.88	138.15
Total	120.88	138.15

17 - PROVISIONS

PARTICULARS	(Rs. In Lakhs)	
	As at	
	March 31, 2020	March 31, 2019
Provision for MMR	3,209.49	1,938.98
Total	3,209.49	1,938.98

Foot Note:

Movement of Provision for Major Maintenance

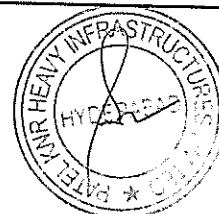
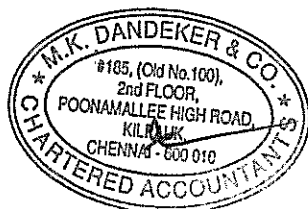
PARTICULARS	As at	
	March 31, 2020	March 31, 2019
	Balance as at 1 April	
Provision made during the year	1,938.98	878.56
Un winding Interest on MMR	1,069.83	969.49
Provision utilised during the year	200.68	90.93
Provision reversed during the year	-	-
Balance as at 31 March	3,209.49	1,938.98

18 - TRADE PAYABLES

PARTICULARS	(Rs. In Lakhs)	
	As at	
	March 31, 2020	March 31, 2019
CURRENT		
Bills Payable -KNRCL (Refer Note : 34)	51.26	48.81
Total current trade payables	51.26	48.81
Total	51.26	48.81

19 - OTHER CURRENT LIABILITIES

PARTICULARS	(Rs. In Lakhs)	
	As at	
	March 31, 2020	March 31, 2019
Labour Welfare Cess Payable		
Statutory Dues	17.27	17.27
TDS		
VAT / GST	38.97	45.10
	-	5.04
Total	56.24	67.41



PATEL KNR Heavy Infrastructures Ltd.
Notes to the financial statements for the year ended March 31, 2020

20 - REVENUE FROM OPERATIONS

(Rs. In Lakhs)		
PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Finance Income on Annuity (Refer note : 29)	4,519.63	4,956.34
Operation & maintenance Income (Refer note : 29)	673.76	642.10
Major Maintenance Income (Refer note : 29)		
Total	5,193.39	5,598.44

21 - OTHER INCOME

(Rs. In Lakhs)		
PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income on IT Refund	10.60	51.76
Net Gain/(Loss) on FV of Mutual Fund Units	359.14	402.74
Net Gain/(Loss) on sale of Mutual Fund Units	19.41	39.43
Net Gain/Loss on foreign currency transaction & translation	-	-
Derivative gain on FV of Interest rate swaps (Refer note :36)	-	179.68
Derivative gain on FV of Forex options (Refer note :36)	749.12	392.20
Other Income	6.69	57.24
Interest Income on Arbitrational claims	1,792.83	-
Total	2,937.79	1,123.05

22 - OPERATING & MAINTENANCE EXPENSES

(Rs. In Lakhs)		
PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Carriageway repairs & maintenances		
- Routine Maintenance	671.14	632.49
- Provision for Periodic Maintenance	1,069.83	969.49
COS Expenses	-	57.25
Total	1,740.97	1,659.23

23 - EMPLOYEE BENEFITS EXPENSES

(Rs. In Lakhs)		
PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, Wages and Other Benefits	0.40	2.40
Total	0.40	2.40

24 - FINANCE COSTS

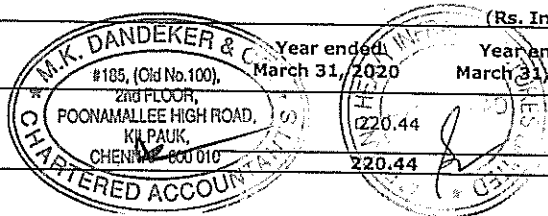
(Rs. In Lakhs)		
PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expense on		
Interest on Debentures	3,171.39	3,382.05
Interest on ECB Loan	646.92	728.48
Other Borrowing Costs		
Other Financial Charges	14.39	14.33
Hedging Expenses	641.62	788.53
Foreign currency translation loss	98.02	555.24
Un Winding Interest on Periodic Maintenance Exp	209.68	90.93
Derivative loss on FV of Interest Rate Swaps (Refer note :36)	3.54	-
Total	4,776.56	5,559.56

25 - OTHER EXPENSES

(Rs. In Lakhs)		
PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Agency Fee	22.77	20.89
Rating fee	9.50	17.00
Consultancy Fee	5.00	7.00
Advertising & Business Promotion Expenses	0.34	0.38
Interest on Income Tax/Service Tax/VAT	0.00	0.47
Independent Engineer Fee	26.47	32.51
Listing Fee	1.14	1.97
Rates & Taxes	0.18	0.47
Insurance Premium	20.20	17.33
Travelling & Conveyance	-	0.62
Audit Fee	6.13	6.16
Legal & Professional Charges	8.90	11.54
Arbitration expenses	139.98	68.27
GST Expenses	29.05	17.55
Modification loss on Financial Asset	173.11	173.63
Other Expenses	3.88	3.10
Total	446.65	378.89

26 - TAX EXPENSES

(Rs. In Lakhs)		
PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
Tax Expenses - Under MAT	220.44	-
Total	220.44	-



PATEL KNR Heavy Infrastructures Ltd.

Notes to the financial statements for the year ended March 31, 2020

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 2020 and 31 March 2019 was as follows

	(Rs. In Lakhs)	
	March 31, 2020	March 31, 2019
Total Debts	35,231.36	38,630.82
Less: cash and cash equivalents	(332.41)	(219.38)
Adjusted net debt	34,898.95	38,411.44
Total equity	7,310.86	6,368.96
Adjusted equity	7,310.86	6,368.96
Adjusted net debt to adjusted equity ratio	4.77	6.03

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, 2020

	(Rs. In Lakhs)			(Rs. In Lakhs)			
	FVTPL	Amortised Cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial Assets							
Trade Receivable	-	33,879.77	33,879.77	-	-	33,879.77	33,879.77
Derivative Asset	-	705.96	705.96	-	-	705.96	705.96
Investments	9,345.62	-	9,345.62	9,345.62	-	-	9,345.62
Cash and Cash equivalents	-	332.41	332.41	-	-	-	-
Other financial Assets	-	1,252.56	1,252.56	-	-	1,252.56	1,252.56
	9,345.62	36,170.70	45,516.31	9,345.62	-	35,838.29	45,183.91
Financial Liabilities							
Non-Convertible Debentures	-	28,770.00	28,770.00	-	-	28,770.00	28,770.00
Secured bank loans	-	6,461.36	6,461.36	-	-	6,461.36	6,461.36
Derivative Liability	-	718.61	718.61	-	-	718.61	718.61
Trade payables	-	51.26	51.26	-	-	51.26	51.26
Other financial liabilities	-	208.42	208.42	-	-	208.42	208.42
	-	36,209.65	36,209.65	-	-	36,209.65	36,209.65

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

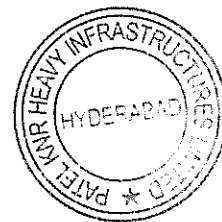
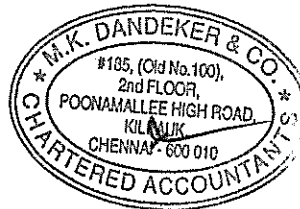
ii) The Carrying value of term loans are at approximate fair value as the instruments are at prevailing market rate

March 31, 2019

	(Rs. In Lakhs)			(Rs. In Lakhs)			
	FVTPL	Amortised Cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial Assets							
Trade Receivable	-	37,733.49	37,733.49	-	-	37,733.49	37,733.49
Investments	7,587.62	-	7,587.62	7,587.62	-	-	7,587.62
Cash and Cash equivalents	-	219.38	219.38	-	-	-	-
Other financial Assets	-	1,253.00	1,253.00	-	-	1,253.00	1,253.00
	7,587.62	39,205.87	46,793.49	7,587.62	-	38,986.49	46,574.11
Financial Liabilities							
Non-Convertible Debentures	-	30,680.00	30,680.00	-	-	30,680.00	30,680.00
Secured bank loans	-	7,950.82	7,950.82	-	-	7,950.82	7,950.82
Derivative Liability	-	758.23	758.23	-	-	758.23	758.23
Trade payables	-	48.81	48.81	-	-	48.81	48.81
Other financial liabilities	-	174.35	174.35	-	-	174.25	174.35
	-	39,612.21	39,612.21	-	-	39,612.21	39,612.21

i) The carrying amount of financial asset and liability is measured at amortized cost are considered to be the same as their 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



28. Financial instruments - Fair values and risk management

....(contd.)

B. Financial risk management

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

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

The Company's 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

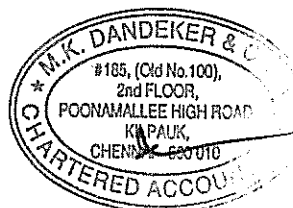
The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required 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, 2020

	Carrying Amount	Contractual Cashflows		
		Upto 1 year	1 to 3 Years	More than 3 years
Derivative Liability	718.61	-	-	718.61
Non-derivative financial liabilities				
Non-Convertible Debentures	28,770.00	2,060.00	4,910.00	21,800.00
Secured bank loans	6,461.36	1,715.00	3,876.25	870.11
Trade payables	51.26	51.26	-	-
Other financial liabilities	208.42	208.42	-	-
	36,209.65	4,034.68	8,786.25	23,388.72

March 31, 2019

	Carrying Amount	Contractual Cashflows		
		Upto 1 year	1 to 3 Years	More than 3 years
Derivative Liability	758.23	-	-	758.23
Non-derivative financial liabilities				
Non-Convertible Debentures	30,680.00	1,910.00	4,350.00	24,420.00
Secured bank loans	7,950.82	1,581.92	3,535.55	2,833.35
Trade payables	48.81	48.81	-	-
Other financial liabilities	174.35	174.35	-	-
	39,612.21	3,715.08	7,885.55	28,011.58



PATEL KNR Heavy Infrastructures Limited

Notes to the financial statements for the year ended March 31, 2020

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, 2020

(Rs. In Lakhs)

	Carrying Amount	Contractual Cashflows		
		Upto 1 year	1 to 3 Years	More than 3 years
Financial Assets				
Trade Receivable	33,879.77	4,377.76	16,221.03	33,202.50
Derivative Asset	705.96	-	-	705.96
Investments	9,345.62	9,345.62	-	-
Cash and Cash equivalents	332.41	332.41	-	-
Other financial Assets	1,252.56	1,252.56	-	-
	45,516.32	15,308.35	16,221.03	33,908.46

March 31, 2019

(Rs. In Lakhs)

	Carrying Amount	Contractual Cashflows		
		Upto 1 year	1 to 3 Years	More than 3 years
Trade Receivable	37,733.49	9,719.74	10,987.51	41,294.29
Investments	7,587.62	7,587.62	-	-
Cash and Cash equivalents	219.38	219.38	-	-
Other financial Assets	1,253.00	1,253.00	-	-
	46,793.49	18,779.74	10,987.51	41,294.29

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 is as follows:

Particulars	Note No.	(Rs. In Lakhs)	
		March 31, 2020	March 31, 2019
Foreign currency Borrowings outstanding	15	4,746.36	6,368.90
Foreign currency Borrowings - Current maturities	16	1,715.00	1,581.92

Foreign currency Borrowings outstanding in USD		93.13	116
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Sensitivity analysis

(Rs. In Lakhs)

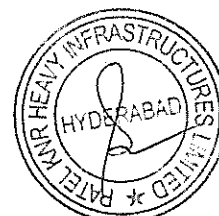
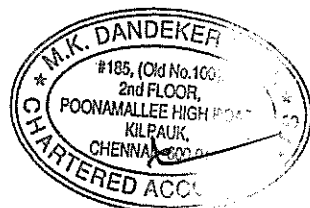
Interest Rate Risk Analysis	Impact on profit/ loss after tax	
	FY 2019-20	FY 2018-19
	Increase or decrease in foreign currency by Rs.1	104.56

Note : In case of Decrease 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.



PATEL KNR Heavy Infrastructures Limited
Notes to the financial statements for the year ended March 31, 2020

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:

Particulars	Note No.	(Rs. In Lakhs)	
		March 31, 2020	March 31, 2019
Investments in Mutual Funds	6	9,345.62	7,587.62

Sensitivity analysis

(Rs. In Lakhs)

Price Rate Risk Analysis	Impact on profit/ loss after tax	
	FY 2019-20	FY 2018-19
	Increase or decrease in NAV by 2%	169.33

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

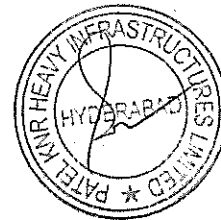
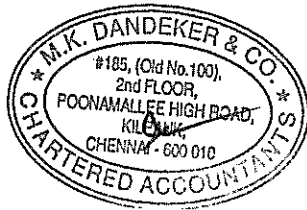
29. Service concession arrangement

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. 5,193.39 Lakhs, consisting of Rs. 4,519.63 Lakhs as a Income on financial asset, Rs. 673.76 Lakhs as a income on operation & maintenance and Rs. Nil Lakhs as a income on Major Maintenance.

The Company has a financial asset receivable of Rs. 33,879.76 Lakhs as on March 31, 2020.



30 Contingent Liability and Commitments and Contingent Assets

Particulars	(Rs. in Lakhs)	
	2019-20	2018-19
a) Contingent Liability		
Arbitral award passed in the favour of SPV to be passed on to EPC Contractor.	8,908.73	8,908.73
b) Contingent Assets		
Arbitral award passed in the favour of SPV	8,908.73	8,908.73

Note: The Above Arbitration claims are excluding of interest @SBI PLR+2% p.a

31 Remuneration paid to the Statutory Auditors excluding Taxes

Audit and Other Fees	(Rs. in Lakhs)	
	2019-20	2018-19
Statutory Audit Fees	3.75	4.50
Other Services	1.68	1.56
Out of Pocket Expenses	0.70	0.10

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

Particulars	(Rs. in Lakhs)	
	2019-20	2018-19
i. Profit (loss) attributable to equity shareholders(basic)	941.90	(882.84)
ii. Weighted average number of equity shares (basic)	238.24	238.24
Basic EPS	3.95	(3.71)
i. Profit (loss) attributable to equity shareholders(diluted)	941.90	(882.84)
ii. Weighted average number of equity shares (diluted)	238.24	238.24
Diluted EPS	3.95	(3.71)

33 Employee Benefits

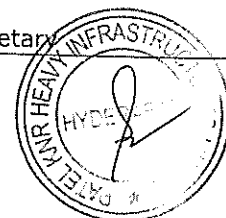
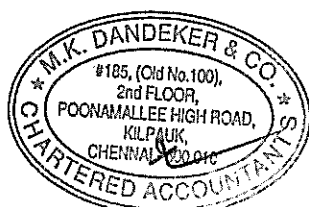
Actuarial valuation for gratuity to the company is not applicable during the year because the numbers of Employees are less than ten.

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	Share Holder
2	PATEL Engineering & Infrastructure Limited	Share Holder
3	Patel - KNR JV	Fellow Associate Entity
	KEY MANAGEMENT PERSONNEL	
4	Mr. B.S. REDDY	Director
5	Mr. K.N. REDDY	Director
6	Mr. Chittaranjan Kumar Singh	Director
7	Ms. Venkata Padma Daruvuri	Director
8	Ms. Radhika Bajentri Singanamala	Director
9	S. Vaikuntanathan	CFO
10	M.S. Suthar	Company Secretary



PATEL KNR Heavy Infrastructures Limited

Notes to the financial statements for the year ended March 31, 2020

Transactions during the year

(Rs. In Lakhs)

S. No.	Name of the related party	Nature of transactions	March 31, 2020	March 31, 2019
1	KNR Constructions Limited	Operation & Maintenance Expenditure	671.14	632.49
		Reimbursement of Expenditure	64.38	68.65
		Mobilisation advance	101.82	-
		COS Expenses	-	27.56
2	Company Secretary - KMP	Remuneration	0.40	2.40

Balances outstanding

(Rs. In lakhs)

S. No.	Name of the related party	Nature of transactions	March 31, 2020	March 31, 2019
1	KNR Constructions Limited	Share Capital	952.95	952.95
		Instrument entirely equity in nature	1033.69	1033.69
		Operation & maintenance & Other Expenses Payable	51.26	48.81
		Reimbursement of Expenditure	70.87	59.60
		Mobilisation advance	90.91	-
		COS Expenses payable	6.26	6.26
		Royalty Reimbursement	87.88	87.88
2	PATEL Engineering & Infrastructure Limited	Share Capital	1000.60	1000.60
		Instrument entirely equity in nature*	1550.53	1550.53
		Advance Recoverable*	912.93	912.93
		With-hold amount payable	11.28	11.28
		Reimbursement of Expenditure	0.09	0.09
3	Patel - KNR JV	Instrument entirely equity in nature	1520.00	1520.00
4	Company Secretary - KMP	Remuneration Payable	-	0.20

*Confirmation not obtained

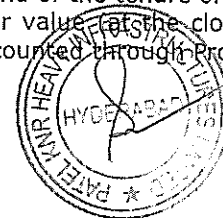
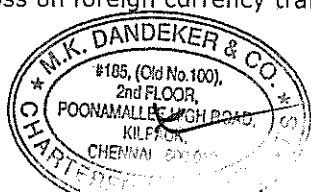
35 Foreign Currency Transactions:

(Rs. In Lakhs)

S. No.	Particulars	2019-20	2018-19
1	Foreign exchange outgo(Principal + Expenses)	2845.52	2908.84
2	Expenditure in Foreign Currency		
	i) Agency Fee	20.43	18.74
	ii) Interest payment	582.22	655.63
	iii) Hedging premium Expense	641.62	788.53
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
Opening Balance	38,630.82	4,104.22	-
Interest Accrued during the year			
Cash flows			4474.32
Received			
Repayment	(3511.25)		
Interest paid			
Non Cash items			(4449.87)
Foreign Exchange	98.02		
Impact of EIR	13.77		
Closing Balance	35,231.36	4,104.22	10.68

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.

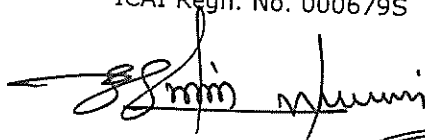
40 Taxes on Income

The Company 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.

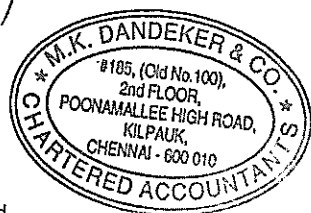
41 Previous year's figures have been regrouped/reclassified/rearranged wherever considered necessary.

For M.K. Dandeker & Co

Chartered Accountants
ICAI Regn. No. 000679S




S. Poosaidurai
M.No. 223754




Place: Hyderabad
Date: 08.06.2020

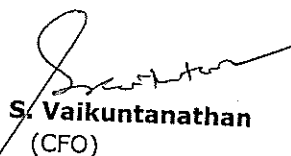
For and on behalf of the Board



K. N. Reddy
(Director)
DIN: 00382412



B. S. Reddy
(Director)
DIN: 01675600



S. Vaikuntanathan
(CFO)